

SEC Number: 133653
File Number: _____

ASIAN TERMINALS, INC.
(Company's Full Name)

A. Bonifacio Drive, Port Area, Manila
(Company's Address)

8528-6000
(Telephone Number)

December 31
Calendar Year Ending
(Month & Day)

SEC Form 17-A
Form Type

NA
Amendment Designation (if applicable)

December 31, 2023
Period Ended Date

N/A
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC Form 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended : December 31, 2023
2. SEC Identification Number : 133653
3. BIR Tax Identification Code : 000-132-413
4. Name of Issuer as Specified in its Charter : ASIAN TERMINALS, INC.
5. Province, Country or other jurisdiction of
Incorporation or organization : Manila, Philippines
6. Industry Classification Code (SEC use only) : _____
7. Address of Principal Office : A. Bonifacio Drive
Port Area, Manila 1018
8. Registrant's telephone number : (632) 8528-6000
9. Former name, address and fiscal year, if
changed since last report : N/A
10. Securities registered pursuant to Section 8 and 12 of the Code or Sections 4 and
8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	2,000,000,000 shares

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes [X] No []

If yes, disclose the name of such Stock Exchange and the class of securities listed therein: Philippine Stock Exchange, Inc.; common shares

12. Check whether the issuer

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder of Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports):

Yes [X] No []

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [X]

No []

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

Number of non-affiliate shares as of December 31, 2022	326,985,481
Closing price per share as of March 27, 2024 (last trading day)	P17.98
Market value of stocks held by non-affiliates as of March 31, 2024	P5.88B

PART I- BUSINESS AND GENERAL INFORMATION

Item 1. Business

Asian Terminals, Inc. (ATI), formerly known as Marina Port Services, Inc. (MPSI), was incorporated on July 9, 1986 to provide general services with respect to the operation and management of port terminals in the Philippines. In August 1990, a consortium of local and foreign companies acquired all the issued and outstanding capital stock of ATI.

South Harbor

ATI manages and operates the South Harbor pursuant to the Third Supplement to the Contract for Cargo Handling Services and Related Services granted by the Philippine Ports Authority (PPA) extending ATI's South Harbor concession for twenty-five (25) years or until May 2038.

The Container Terminal Division handles stevedoring, arrastre, warehousing, storage, crantage, container freight station (CFS) and other port-related services for international cargoes. ATI's 5-year lease contract commencing in 2011 over two parcels of land located in Sta. Mesa, City of Manila continued and is extended until January 2027. This land is being used exclusively as an off-dock container depot.

General Stevedoring operations provides arrastre, stevedoring and storage services to international shipping lines.

The ATI South Harbor Eva Macapagal Terminal handles international cruise ships for homeporting and transit calls.

The ATI South Harbor facility is certified compliant with the International Ship and Port Facility Security (ISPS) Code issued by the Office for Transportation Security, DOTC valid until January 2025.

The ATI South Harbor facility is certified with ISO 14001:2015 (Environment), ISO 45001:2018 (Occupational Health and Safety), ISO 9001: 2015 (Quality) and ISO 28000: 2007 (Supply Chain Security). The certificates are valid until March and April 2025.

Inland Clearance Depot and Empty Container Depot (Laguna)

The Inland Clearance Depot (ICD) was established pursuant to Customs Memorandum Order No. 11-97 which designated ICD as an extension of the Port of Manila and as a customs bonded facility. This permits the immediate transfer of cargoes to the facility while still being cleared by customs in Manila. This provides savings on storage charges and efficient just-in-time delivery for clients in the CALABARZON area. The facility provides storage, trucking, just-in-time delivery, brokerage and maintenance and repair services for its clients. Customs Memorandum Order No. 23-2003 expanded the operations of the ATI-Calamba ICD to include servicing the Port of Batangas, in addition to the Port of Manila.

The facility is equipped with CCTV cameras for security monitoring.

The Inland Clearance Depot is certified with ISO 14001:2015 (Environment), ISO 45001:2015 (Health and Safety), ISO 9001: 2015 (Quality) and ISO 28000: 2007 (Supply Chain Security). The certificates are valid until March and April 2025.

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Port of Batangas

ATI Batangas, Inc. (ATIB), a 99.17%-owned subsidiary of ATI, is the sole cargo handling contractor operating at the Port of Batangas. ATI provides management services to ATIB relating to operations, marketing, training and administration.

ATIB had a 10-year Cargo Handling Contract in Phase 1 of the Port of Batangas effective until October 2015, under which it provides arrastre, stevedoring, storage and related cargo handling services. By virtue of the same contract, ATIB was also given the right to manage and operate the Fastcraft Passenger Terminal and to provide specific services and amenities to all passengers, both for fastcraft and RORO vessels.

A Lease Agreement for the management and operation of additional assets and facilities in Phase 1 was signed by ATIB effective August 1, 2009 and co-terminous with the above-mentioned 10-year agreement. Pursuant to this Lease Agreement, the Passenger Terminal Building 2 was turned over to ATIB in May 2010. On January 18, 2010, the PPA issued to ATI the Notice to Proceed to Award the Contract for the Management, Operation, Maintenance, Development and Promotion of the Container Terminal "A-1", Phase II of the Port of Batangas for a period of 25 years. The contract was signed on March 25, 2010 and is effective for a term of 25 years. The Notice to Proceed dated June 16, 2010 allowed ATI to start and commence operations at the Terminal on July 1, 2010.

On October 2, 2015, ATIB and ATI signed a Contract for the Management, Operation, Maintenance and Development of Phase I, Port of Batangas for a term commencing October 1, 2015 until September 30, 2025. This contract effectively consolidates the above-mentioned contracts of ATIB in Phase 1, Port of Batangas, and included the contract to lease the Main Passenger Terminal Building mentioned in the narrative below. On December 20, 2019, Asian Terminals, Inc., its subsidiary ATI Batangas, Inc., and the Philippine Ports Authority have signed the First Amendment to said contract extending the term for an additional 10 years from September 30, 2025 up to June 30, 2035.

The container terminal handles stevedoring, arrastre, storage, container freight station (CFS) and other port related activities for domestic and international shipping lines. Other special services include ship's husbanding, maintenance and repair services, and trucking.

ATI's 5-year lease agreement with PPA effective April 3, 2012 covering a land adjacent to the CFS area of the Container Terminal "A-1" has been extended until April 2, 2022. ATI's occupancy continues under the same terms until the end of this reporting period and to date. This area is being utilized as storage for completely built units (CBU) of vehicles.

On February 1, 2021, PPA issued to ATI a Permit to Occupy over an 80,000 square meter area in Phase II of the Port of Batangas, effective for the period February 1, 2021 to January 31, 2022 and the same was renewed for another period from February 2022 to January 2023. ATI continues under the same terms to date. PPA likewise issued to ATI a Permit to Occupy for a 20,000 square meter area in Phase II of the Port of Batangas effective for the period June 1, 2022 to December 31, 2022. ATI's occupancy continues under the same terms to date. The above-mentioned areas are used as storage area of cargoes being handled by ATI as port operator of Phases I and II of Port of Batangas.

ATIB and Batangas Container Terminal is certified with ISO 14001:2015 (Environment), ISO 45001:2018 (Occupational Health and Safety), ISO 9001: 2015 (Quality) and ISO 28000: 2007 (Supply Chain Security). The certificates are valid until March and April 2025.

ATIB and Batangas Container Terminal are certified compliant with the International Ship and Port Facility Security (ISPS) Code issued by the Office for Transportation Security, DOTC. The certificates are valid until April 2028 for ATI Batangas and October 2027 for Batangas Container Terminal.

Batangas Supply Base

On May 1, 2000, ATIB entered into a contract to lease the Main Passenger Terminal Building for the purpose of operating a supply base for companies engaged in oil and gas exploration. The contract was initially effective for five (5) years and had been extended several times until 2012. The contract was renewed in 2012 until 2015 and was extended for two consecutive years. The contract was again renewed on December 1, 2017 effective until February 29, 2024.

ATI operates and manages the Batangas Supply Base within the Port of Batangas under a contract with Shell Philippines Exploration B.V. (SPEX) (succeeded by Prime Energy Resources Development BV in 2023). The contract has been extended until February 2025. The Supply Base provides logistics support to the Malampaya Gas-to-Power-Project which includes cargo-handling, crane and equipment hire, transport, labor and waste management. The life of the Malampaya Gas field is approximately 20 years.

Batangas Supply Base is certified with ISO 14001:2015 (Environment), ISO 45001:2018 (Occupational Health and Safety), ISO 9001: 2015 (Quality) and ISO 28000: 2007 (Supply Chain Security). The certificates are valid until March and April 2025.

Tanza Barge Terminal

In line with its continuous business expansion and to support the growth of its customers, ATI built up a barge terminal in Tanza, Cavite which is envisioned to deliver smarter trade connectivity to customers in the industrial and economic zones of Cavite and surrounding environs.

The Tanza Container Terminal Inc. (TCTI) features a concrete container yard, docking facilities with harbor cranes and supported by reach-stackers, loaders, internal transfer vehicles among other operations-critical equipment.

Once fully operational, TCTI will be directly linked to Manila South Harbor and Batangas via barges, thus enabling the efficient transfer of containers while contributing to traffic reduction along metro roads.

Tanza Container Terminal, Inc. was incorporated on January 18, 2018 and is a wholly-owned subsidiary of ATI.

South Cotabato Integrated Port Services, Inc.

ATI owns 35.71% of the issued and outstanding capital stock of South Cotabato Integrated Port Services, Inc. (SCIPSI).

SCIPSI is the existing cargo handling operator at the Makar Wharf in the Port of General Santos, General Santos City. It is located near the business center of the city and caters to the needs of local businesses (which are engaged mainly in agriculture, fisheries, livestock and poultry) as well as importers and exporters.

The services provided by SCIPSI include container terminal handling, arrastre, stevedoring, bagging, domestic cargo handling and equipment services.

SCIPSI is certified with ISO 14001:2015(Environment): ISO 45001:2018 (Occupational Health and Safety) and ISO 9001:2015 (Quality). It is Investors in People (IiP) certified beginning June 16, 2009. In November 2021, SCIPSI won the IiP Gold Employer of the Year (International) Award in June 2016, the IiP Excellence in Social Responsibility Award in November 2018, the IiP Reward and Recognition Award in November 2019, and the Community Employee of the Year in 2021 and 2023 in London, UK. Also in 2023, SCIPSI was a finalist for HR Person of the Year Award.

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SCIPSI also won the People Investor of the Year Award during the first IIP Philippines Awards in July 2023. In addition, SCIPSI was a National Finalist for Outstanding LMC and received a Special Award during the National Conciliation and Mediation Board (NCMB) and the Philippine League of Labor-Management Cooperation Practitioners' (PHILAMCOP) 2023 Twin Search for Outstanding Labor-Management Cooperation (LMC).

The International Ship and Port Facility Security Code compliance certificate for the Port of General Santos issued by the Office of Transport Security (OTS) is valid until September 11, 2027.

Breakdown of Consolidated Revenues

Based on accounting records, the following is the breakdown of consolidated revenues (in '000 PHP) by service type for the year ended December 31, 2023:

Service	2023		2022		2021	
	Amount	% to Total	Amount	% to Total	Amount	% to Total
Stevedoring	6,587,928	43%	5,862,108	43%	4,775,548	43%
Arrastre	5,960,647	39%	5,532,700	41%	4,587,974	41%
Logistics	160,055	1%	188,913	1%	106,907	1%
Special/Other Services	2,743,170	18%	2,038,983	15%	1,692,315	15%
TOTAL	15,451,800	100%	13,622,704	100%	11,162,744	100%

Source	2023		2022		2021	
	Amount	% to Total	Amount	% to Total	Amount	% to Total
Domestic	815,833	5%	637,552	5%	408,632	4%
Foreign	14,635,967	95%	12,985,153	95%	10,754,112	96%
TOTAL	15,451,800	100%	13,622,704	100%	11,162,744	100%

Competition

ATI manages the South Harbor at the Port of Manila. Its major competitor on the container business is International Container Terminal Services, Inc., which operates the Manila International Container Terminal; and on the non-containerized business, Harbour Centre Port Terminal Inc., which operates a private commercial port at the northern end of the Manila North Harbor.

At the Port of Batangas, ATIB competes with two (2) major private commercial ports on breakbulk cargoes - Philippine National Oil Corporation Energy Base and Bauan International Port Inc. The Batangas Container Terminal has no direct competitor.

Both the Inland Clearance Depot (ICD) and Empty Container Depot (ECD) compete with ICTSI's Laguna Gateway Inland Container Terminal (LGICT) located in Calamba, Laguna. The LGICT is an extension of the seaport operations of the MICT.

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Effect of existing or probable governmental regulations on the business

Various laws, orders, rules and regulations govern ATI's business and operations. ATI's commitments and authority to manage, operate, maintain, develop and promote its business are based on the terms provided in its various contracts with and the administrative rules issued by the Philippine Ports Authority (PPA). The regulatory powers of government agencies namely the Department of Labor and Employment (DOLE), Department of Environment and Natural Resources (DENR), Securities and Exchange Commission (SEC), Bureau of Customs (BOC), Philippine Competition Commission, as well as the concerned Local Government Units (LGU) over various aspects of its business and intended projects, facilitate and ensure observance of existing laws.

Employees

ATI has a total manpower complement of 1,816 as of December 31, 2023. Of the total, 1,476 are in Operations, 212 are in Maintenance and 128 are in Management and Administration. The projected headcount for the next 12 months is 1,934.

About 76% of the existing manpower is covered by collective bargaining agreement with the following unions:

TYPE OF WORKER	UNION
Equipment operators and dockworkers	Associated Workers Union (AWU)
Stevedores	Samahan ng Trabahador at Empleyado sa Pantalan (STEP)
Field Supervisors	Associated Skilled and Technical Employees Union (ASTEU)
Checkers	South Harbor Independent Port Checkers Union (SHIPCU)
Stevedores and dockworkers	Batangas Pier Stevedores and Labor Union (BPSLU)

There were no labor strikes for the past twenty-eight (28) years.

Costs and Effects of Compliance with Environmental Laws

In 2023 ATI incurred approximately P17.6 million for various environmental activities and other environment related projects. The Company also participated in Corporate Social Responsibility activities benefiting nearby communities.

ATI business units maintain its current certifications to ISO 14001:2015 Environmental Management System.

Business Risks

The Company regularly undertakes a Business Risk Profile review where risks are identified by priority based on a systematic assessment of probability and impact. Control strategies are identified and action points established with the designated accountable persons. Results and developments are monitored during quarterly reviews through an innovative risk system, Workiva, which highlights the key priority risks and presents the Company's current risk landscape.

Adequate bonds and insurance coverage with business interruption clauses and global umbrella scope, structural testing and improvement of facilities and equipment, compliance with government regulations, asset management systems, business continuity plans, disaster recovery procedures, safety and health management systems, emergency response procedures and security management systems are in place, reviewed and updated to meet operational contingencies and business developments brought by rapidly changing market conditions.

Process controls, intensified collection efforts, rationalization of capital and operational spending, close monitoring of economic indicators and financial planning and budget controls are practiced to address financial and strategic contingencies. Regular monitoring and updating of system, assets and policies are ensured to maintain order and implement improvements in response to the growing market.

Aggressive marketing approach and customer relations, regular dialogue with and active participation in the initiatives of concerned government entities and port users, productivity and efficiency improvements are initiated as far as commercial and legal contingencies are concerned.

Item 2. Properties

PROPERTIES

The Company has outstanding leases and subleases covering land, buildings, and offshore areas in Manila (Sta. Mesa), Laguna (Calamba), Batangas (Sta. Clara) and Cavite (Tanza). Rental expenses on these properties in 2022 totaled P225.8 million. The current lease agreements have various expiration dates with the longest term expiring in August 2043. The leases are renewable upon mutual agreement with the lessor. There is no intention to purchase any of the real property currently being leased.

Main Facilities

South Harbor

The Container Terminal operates a facility with 4 container berths. It has 975 meters of quay line equipped with twin-lift capable ship-to-shore gantry cranes. Capacity was 1.03m prior to 2013 and has now been brought up to 1.4m through developments since 2013. With the development of 2 RTG blocks in the Engineering Island Basin, the facility can accommodate additional 408 twenty-footer ground slots (on top of existing 10,320 TGS). South Harbor provides optimal service through modern equipment comprising of 9 ship-to-shore cranes, 28 rubber-tired gantry cranes, 5 container stackers, 16 empty handlers, and 63 internal transfer vehicles and 8 forklifts. The Truck Holding Area can accommodate up to 100 trucks. South Harbor has a Container Freight Station (CFS) and a Designated Examination Area (DEA) with two pass-through container x-ray portals and backup mobile x-ray machines operated by the Bureau of Customs. The South Harbor facility offers efficient gate access through five corridors connecting to main roadways. The Terminal Operating System (TOS) is powered by Zodiac, an innovative system developed inhouse by DP World in partnership with ATI which has more advanced features to boost terminal efficiency and productivity.

The General Stevedoring Division (GSD) occupies a single pier at the Manila South Harbor with a total of 5 berths and a beaching area for landing craft. It is equipped with annually certified lifting gears and 19 heavy forklifts rated up to 30 tons. GSD resumed services to international cruise vessels last February 2023.

Inland Clearance Depot (Laguna)

Inland Clearance Depot (ICD) is a 4.2-hectare container yard facility. It has a maximum capacity of 2,500 TEUs. It is equipped with two (2) reachstackers and one (1) unit of 3-tonner forklift to service the logistics requirement of clients. The core activities of ICD, among others, include the “Just-in-Time-Deliveries” for CALABARZON based consignees using the Ports of Batangas and Manila.

Port of Batangas (Phase 1) (ATIB)

The domestic terminal has 230-meter and 185-meter berths and three general cargo berths with lengths ranging from 130 meters to 180 meters. It has a storage area totaling 62,500 square meters (sqm) and a transit shed measuring 3,000 square meters. Additional services, through partnerships, include operating an offshore supply base.

ATIB operates an integrated passenger terminal for high-speed inter-island ferries and RORO vessels. It has seven fast craft berths with a total length of 540 meters and a draft of five meters. It has a 124 meters-long ferry berth with five meters draft and six RORO berths with a total length of 680 meters. The passenger terminal facility includes a 25,000 sqm. marshalling area for RORO vehicles.

In 2018, ATI unveiled a modern Multilevel Car Storage Facility in ATIB, which has since increased the port’s capacity to handle around 13,000 completely built imported car units at any one time.

In line with government’s port modernization program, ATIB unveiled a bigger, better, and smarter Batangas Passenger Terminal (BPT) in June 2022 with a floor area of 15,000 sqm. BPT is equipped with world-class facilities such as an expansive and fully-airconditioned passenger lounge, orderly ticketing offices, clean and gender-neutral restrooms, provisions for free wi-fi and clean drinking water, and mobility features for the elderly and differently abled, among others. It also has huge overhead digital boards advising passengers on the schedule of departing vessels, their designated boarding gates, and other relevant announcements. The terminal connects Luzon via Batangas to nearby islands like Mindoro, Masbate, Iloilo, Boracay, and other Visayas locations through fast-crafts and domestic roll-on/roll-off vessels calling the port.

Batangas Container Terminal (Container Terminal “A-1”, Phase II of the Port of Batangas) (BCT)

The Batangas Container Terminal (“A-1”, Phase 2) is the preferred international gateway terminal for South Luzon and Calabarzon (Cavite, Laguna, Batangas, Rizal and Quezon).

ATI in 2019 has expanded BCT in response to growing market demand. BCT has a quay length spanning 670 meters with a draft of 13 meters. BCT’s approximate area of 180,000 sqm include the container yard, working apron, maintenance and control buildings, gates and roadways. The terminal has a total ground slots for 2,870 twenty-foot equivalent container units. Efficient operations are complemented by four ship-to-shore cranes, 8 rubber-tired gantry cranes and other container handling equipment. The terminal is also equipped with 10 reefer platforms with 352 plugs, with back-up generator sets and covered by a network of CCTV cameras. The Terminal Operating System is powered by Zodiac OPS7. In 2022, BCT implemented CARGOES AVA+ Auto Gate System. This is the first AI-powered automated gate system.

Tanza Container Terminal

The Tanza Container Terminal Inc. (TCTI) facility features a 4.1-hectare landside facility supported by reach-stackers, internal transfer vehicles, fire truck among other operations-critical equipment, and a 3.3-hectare seaside area with 150-meter jetty head/ docking facilities with harbor cranes and a 350-meter trestle that connects the jetty head to the land area.

Batangas Supply Base

ATI operates and manages the Batangas Supply Base within the Port of Batangas under a contract with Shell Philippines Exploration B.V. (SPEX) (succeeded by Prime Energy Resources Development BV in 2023). The contract has been extended until February 2025.

South Cotabato Integrated Port Services Inc.

South Cotabato Integrated Port Services, Inc. (SCIPSI) operates the Makar Wharf in General Santos City. Cargoes are loaded or unloaded using ships gears. It has a total berth length of 850 meters. SCIPSI receives and handles cargoes through the use of their various lifting equipment with capacities ranging from 3 tons to 40 tons.

Item 3. Legal Proceedings

The Company is a party to legal proceedings which arose from normal business activities. However, Management believes that the ultimate liability, if any, resulting therefrom, has no material effect on the Company's financial position.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II- OPERATIONAL AND FINANCIAL INFORMATION**Item 5. Market for Issuer's Common Equity and Related Stockholder Matters**

1. The Company's common equity is traded at the Philippine Stock Exchange. Following are the high and low sales prices for each quarter within the last two fiscal years:

2022	High	Low
First Quarter (Jan. - Mar.)	14.40	13.36
Second Quarter (Apr. - June)	14.08	13.02
Third Quarter (July - Sept.)	13.98	13.58
Fourth Quarter (Oct. - Dec.)	13.92	12.92
2023	High	Low
First Quarter (Jan. - Mar.)	13.98	13.54
Second Quarter (Apr. - June)	15.10	13.70
Third Quarter (July - Sept.)	15.58	14.00
Fourth Quarter (Oct. - Dec.)	16.00	15.00

The number of stockholders as of December 31, 2023 was 821. Of the 2,000,000,000 common shares outstanding as of December 31, 2023, a total of 739,339,502 or 36.97% are foreign-owned.

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Top 20 stockholders as of December 31, 2023:

	Name	Shares	%age
1	DP World Australia (POAL) Pty. Ltd	346,466,600	17.32%
2	ATI Holdings, Inc.	291,371,229	14.57%
3	Pecard Group Holdings, Inc.	198,203,968	9.91%
4	Philippine Seaport Inc.	196,911,524	9.85%
5	PCD Filipino	158,466,973	7.92%
6	Daven Holdings, Inc.	155,906,071	7.80%
7	SG Holdings, Inc.	130,000,000	6.50%
8	Kayak Holdings, Inc.	109,500,000	5.48%
9	PCD Foreign	100,521,529	5.03%
10	Morray Holdings, Inc.	100,000,000	5.00%
11	Harbourside Holdings Corp.	80,000,000	4.00%
12	Aberlour Holding Company, Inc.	71,517,463	3.58%
13	Rescom Developers, Inc.	26,627,884	1.33%
14	Tanco, Eusebio H.	15,257,663	0.76%
15	Seawood Resources, Inc.	7,179,000	0.36%
16	Granite Realty Corporation	1,000,000	0.05%
17	Luym, Douglas	800,000	0.04%
18	Tanco, Joseph Luym	795,000	0.04%
19	Oben, Reginaldo &/Or Teresa Oben	784,266	0.04%
20	Vica Services And Management Co., Inc.	600,000	0.03%

2. The cash dividends declared and paid out by the Company during the two (2) most recent fiscal years were as follows:

Date	Dividend Per Share (PHP)	Record Date
April 28, 2022	0.808	May 25, 2022
April 27, 2023	1.00	May 26, 2023

Under the Company's By-Laws, dividends shall be declared only from unrestricted earnings, and shall be payable at such time and in such manner and in such amounts as the Board of Directors shall determine. No dividends shall be declared which would impair the capital of the Company.

3. Recent Sale of Unregistered Securities or Exempt Securities, including recent Issuances of Securities Constituting an Exempt Transaction (within 3 years).

No unregistered or exempt securities including recent issuance of securities constituting an exempt transaction were sold in 2023, 2022 and 2021.

ASIAN TERMINALS, INC.**Securities and Exchange Commission Form 17-A****Item 6. Management Discussion and Analysis****ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in Thousands, Except Per Share Data)

	Years Ended December 31			
	2023	2022	Change	% Change
REVENUES FROM OPERATIONS	P15,451,800	P13,622,704	P1,829,096	13.4%
GOVERNMENT SHARE IN REVENUES	(2,669,519)	(2,468,762)	200,757	8.1%
	12,782,281	11,153,942	1,628,339	14.6%
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	(6,628,665)	(6,176,412)	452,253	7.3%
OTHER INCOME AND EXPENSES				
Finance income	189,142	45,496	143,646	315.7%
Finance cost	(503,531)	(505,572)	(2,041)	-0.4%
Others - net	40,328	(529,694)	(570,022)	-107.6%
	(274,061)	(989,770)	(715,709)	-72.3%
CONSTRUCTION REVENUES	1,920,973	1,928,019	(7,046)	-0.4%
CONSTRUCTION COSTS	(1,920,973)	(1,928,019)	(7,046)	-0.4%
	-	-	-	
INCOME BEFORE INCOME TAX	5,879,555	3,987,760	1,891,795	47.4%
INCOME TAX EXPENSE	1,441,737	959,604	482,133	50.2%
NET INCOME	P4,437,818	P3,028,156	P1,409,662	46.6%
Income Attributable to				
Equity holders of the Parent Company	P4,435,986	P3,024,811	P1,411,175	46.7%
Non-controlling interest	1,832	3,345	(1,513)	-45.2%
	P4,437,818	P3,028,156	P1,409,662	46.6%
Basic/Diluted Earnings per Share Attributable to Equity Holders of the Parent Company	P2.22	P1.51	P0.71	47.0%

Revenues for the year ended December 31, 2023, of P15,451.8 million went up by 13.4% from P13,622.7 million in 2022. Revenues from South Harbor (SH) international containerized cargo and Batangas Container Terminal (BCT) increased from last year by 12.0% and 38.1%, respectively, on account of higher container volume while revenues from ATI Batangas were lower than last year by 3.8% on account of lower RORO volumes partly offset by higher number of passengers.

Port authorities' share in revenues in 2023 of P2,669.5 million increased by 8.1% from P2,468.8 million in 2022 as a result of higher revenues subject to port authorities' share.

Cost and expenses in 2023 amounted to P6,628.7 million, 7.3% higher than P6,176.4 million in 2022. Depreciation and amortization in 2023 increased by 4.2% to P1,989.1 million from P1,908.8 million in 2022. Labor costs in 2023 of P1,759.7 million were higher by 7.8% compared to P1,633.1 million in 2022 due to salary rate increases and higher volumes. Equipment running in 2023 went up by 3.1% to P850.1 million from P824.5 million in 2022 due to the following: i) higher usage of equipment spare parts and consumables; and ii) higher electricity related to higher reefer volume and higher container volume. Facilities-related expenses in 2023 went up by 14.4% to P309.3 million from P270.3 million in 2022 due to higher repairs and maintenance costs for buildings and surface pavements as well as higher IT costs. Insurance of P276.0 million in 2023 increased by 29.4% compared to P213.4 million last year due to higher insurance premiums. General transport of P212.9 million in 2023 were higher by 18.8% than of P179.3 million in 2022 on account of higher trucking costs. Security, health, environment and safety in 2023 of P183.3 million were higher by 9.5% compared to P167.5 million due to higher security costs related to higher passenger volume. Marketing, commercial, and promotion in 2023 increased by 118.5% to P22.7 million from P10.4 million in 2022 due to higher advertising cost to various clients. Other expenses in 2023 totaled P221.2 million, went up by 25.4% from P176.4 million in 2022 due to higher general operations with corresponding revenues.

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Management fees in 2023 increased by 49.5% to P259.2 million from P173.4 million in 2022 following higher earnings before tax.

Meanwhile, taxes and licenses in 2023 decreased by 8.3% to P503.5 million from P549.2 million in 2022 due to lower permits and licenses. Rentals of P10.9 million in 2023 went down by 67.8% compared to P33.7 million in 2022 as last year included rental of generator set for the new Passenger Terminal Building. Professional fees in 2023 of P21.8 million went down by 14.1% from P25.4 million last year due to lower consultancy fees. Entertainment, amusement and recreation in 2023 of P8.8 million went down by 12.1% from P10.1 million last year.

Finance income in 2023 of P189.1 million was higher by 315.7% than P45.5 million last year due to higher interest rates on money market placements and higher cash balance. Finance costs in 2023 of P503.5 million were lower by 0.4% against P505.6 million last year. Others-net was at positive P40.3 million in 2023 from negative P529.7 million in 2022 mainly due to higher unrealized foreign exchange gain on the fair value of concession liability and accrued interest following the appreciation of the Philippine Peso against the US Dollar.

Income before income tax in 2023 of P5,879.6 million was higher by 47.4% compared to P3,987.8 in 2022. Provision for income tax increased by 50.2% to P1,441.7 million in 2023 from P959.6 million in the same period last year due to higher results.

Net income for the year ended December 31, 2023 increased by 46.6% to P4,437.8 million from P3,028.2 million last year. Earnings per share increased to P2.22 in 2023 from P1.51 in 2022.

Key Variable and Other Qualitative and Quantitative Factors

(i) Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

- There had been no known trends, events or uncertainties that had or are reasonably expected to have a material favorable or unfavorable impact on the Company's, other than those discussed in this report.

(ii) Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

- There had been no event known to management that could trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

(iii) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period

- There had been no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the period that would address the past and would have a material impact on future operations.

(iv) Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures

- This includes the completion of the Batangas Passenger Terminal Phase 2, expansion of existing port facilities, acquisition of additional modern equipment, implementation of smart IT systems as well as the construction of Cavite Barge Terminal which will be completed in 2024 using the Company's internal funds.

v) Any Known Trends, Events or Uncertainties (Material Impact on Sales)

- There had been no known trends, events or uncertainties that had or are reasonably expected to have a material favorable or unfavorable impact on the Company's revenues from continuing operations, other than those discussed in this report.

vi) Any Significant Elements of Income or Loss (from continuing operations)

- There had been no significant elements of income that did not arise from the Company's continuing operations.

(vii) Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%) – refer to discussion on Results of Operations, Financial Condition and Cash Flows.

(viii) Seasonal Aspects that has Material Effect on the FS

- There had been no seasonal factor that had a material effect on the financial condition and results of operations.

Plans for 2024

Asian Terminals Inc. (ATI) delivers comprehensive, innovative, and sustainable ports and logistics products and services for a robust and resilient Philippine supply-chain, building on its experience and expertise as a leading smart trade enabler for nearly 40 years.

Anchored on its port-centric and customer-focused business philosophy, ATI continuously enhances its trade and transportation infrastructure in Manila and Batangas which primarily serve as premier gateways for mega-Manila and Calabarzon, respectively. ATI's strategic capacity, capability, and technology upgrades in its containerized cargo, non-containerized cargo, and passenger handling operations support customer growth, prepare for future market demand, and contribute to the country's inclusive economic growth.

In 2024, ATI is investing an estimated P2.7 billion in step with its growth strategy and in line with its investment commitment with government through the port authorities. The capital investment will support the expansion of seaside and landside facilities, acquisition of more modern and greener equipment to boost its carbon reduction program, progression of its auto-gate infrastructure and other smart IT systems, and execution of integrated logistics solutions leveraged on ATI's port infrastructure.

In line with its long-term sustainability, ATI explores new business growth drivers, including developing smart cargo storage spaces within and outside port zones, offering ancillary services anchored on its core competencies and exploring new port operations locally or overseas, given the right opportunity.

Combining the best Filipino talent and the global leadership of its strategic foreign equity shareholder, DP World, ATI is committed to optimizing its resources, management capabilities, and industry experience to deliver greater value to its shareholders, customers, and communities.

In 2023, ATI invested a total of P2.2 billion capital expenditures in line with its investment commitment with the Philippine Ports Authority. This includes the substantial completion of the Batangas Passenger Terminal Phase 2, expansion of existing port facilities, acquisition of additional modern equipment, implementation of smart IT systems as well as the construction of Cavite Barge Terminal which were completed in 2023. The decrease in actual investment in 2023 of P2.2 billion versus Plans for 2023 of P5.2 billion is mainly due to delay in expansion projects such as Pier 3 Berth Extension (due to change in design) and delay in acquisition of cargo handling equipment (due to delay in Pier 3 Berth Extension).

ASIAN TERMINALS, INC.**Securities and Exchange Commission Form 17-A****Consolidated Financial Condition****ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Amounts In Thousands)

	December 31			
	2023	2022	Change	% Change
ASSETS				
Current Assets				
Cash and cash equivalents	P5,424,938	P4,600,267	P824,671	17.9%
Trade and other receivables - net	830,653	905,985	(75,332)	-8.3%
Spare parts and supplies	1,066,535	1,081,456	(14,921)	-1.4%
Prepaid expenses	2,776,433	2,503,263	273,170	10.9%
Total Current Assets	10,098,559	9,090,971	1,007,588	11.1%
Noncurrent Assets				
Investment in an associate	65,436	55,282	10,154	18.4%
Property and equipment - net	2,511,749	2,566,211	(54,462)	-2.1%
Intangible assets - net and goodwill	21,595,130	21,080,924	514,206	2.4%
Right of use asset - net	726,211	775,248	(49,037)	-6.3%
Deferred tax assets - net	1,002,295	975,876	26,419	2.7%
Other noncurrent assets	73,551	86,759	(13,208)	-15.2%
Total Noncurrent Assets	25,974,372	25,540,300	434,072	1.7%
TOTAL ASSETS	36,072,931	P34,631,271	P1,441,660	4.2%
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	P2,934,416	P3,292,607	(358,191)	-10.9%
Provisions for claims	58,873	61,044	(2,171)	-3.6%
Port concession rights payable - current portion	455,254	423,028	32,226	7.6%
Income and other taxes payable	100,052	210,629	(110,577)	-52.5%
Lease Liabilities - Current	46,615	118,066	(71,451)	-60.5%
Total Current Liabilities	3,595,210	4,105,374	(510,164)	-12.4%
Noncurrent Liabilities				
Port concession rights payable - net of current portion	7,011,351	7,510,283	(498,932)	-6.6%
Pension liability	236,779	207,409	29,370	14.2%
Lease liabilities - Non current	678,189	647,026	31,163	4.8%
Total Noncurrent Liabilities	7,926,319	8,364,718	(438,399)	-5.2%
	11,521,529	12,470,092	(948,563)	-7.6%
Equity				
Equity Attributable to Equity Holders of the Parent Company				
Capital stock	2,000,000	2,000,000	-	0.0%
Additional paid in capital	264,300	264,300	-	0.0%
Retained earnings	22,276,607	19,887,619	2,388,988	12.0%
Fair value reserve	(5,820)	(5,820)	-	0.0%
	24,535,087	22,146,099	2,388,988	10.8%
Non-controlling Interest	16,315	15,080	1,235	8.2%
Total Equity	24,551,402	22,161,179	2,390,223	10.8%
TOTAL LIABILITIES AND EQUITY	P36,072,931	P34,631,271	P1,441,660	4.2%

Total assets as of December 31, 2023 increased by 4.2% to P36,073.0 million from P34,631.3 million as of December 31, 2022. Total current assets as of December 31, 2023 up by 11.1% to P10,098.6 million from P9,091.0 million as of December 31, 2022. Cash and cash equivalents as of December 31, 2023 were higher by 17.9% to P5,424.9 million from P4,600.3 million as of December 31, 2022. Trade and other receivables - net as of December 31, 2023 down by 8.3% to P830.7 million from P906.0 million as of December 31, 2022. Spare parts and supplies - net as of December 31, 2023 of P1,066.5 million were lower by 1.4% compared to P1,081.5 million as of December 31, 2022 due to management cost savings initiatives. Prepaid expenses of P2,776.4 million as of

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December 31, 2023 went up by 10.9% from P2,503.3 million as of December 31, 2022 on account of higher input taxes on PPA fees and various purchases of capital expenditures.

Total non-current assets of P25,974.4 million as of December 31, 2023, were higher by 1.7% compared to P25,540.3 million as of December 31, 2022. Property and equipment-net decreased by 2.1% to P2,511.7 million as of December 31, 2023 from P2,566.2 million as of December 31, 2022. Additions to property and equipment which were not subject to the service concession arrangement totaled P262.7 million in 2023. Intangible assets - net as of December 31, 2023 of P21,595.1 million were higher by 2.4% compared to P21,080.9 million as of December 31, 2022. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P1,939.9 million in 2023. Right-of-use assets – net was at P726.2 million as of December 31, 2023, was lower by 6.3% compared to P775.2 million as of December 31, 2022. Deferred tax assets - net as of December 31, 2023 of P1,002.3 million went up by 2.7% to P975.9 million as of December 31, 2022, pertaining to adjustment on deferred tax on unrealized foreign exchange gain on fair value of concession liability and accrued interest. Other noncurrent assets as of December 31, 2023 decreased by 15.2% to P73.6 million from P86.8 million as of December 31, 2022.

Total liabilities went down by 7.6% to P11,521.5 million as of December 31, 2023 from P12,470.1 million as of December 31, 2022. Trade and other payables as of December 31, 2023 of P2,934.4 million were lower by 10.9% than P3,292.6 million as of December 31, 2022. Trade and other payables are covered by agreed payment schedules. Provision for claims went down to P58.9 million as of December 31, 2023 from P61.0 million as of December 31, 2022. Income and other taxes payable decreased by 52.5% to P100.1 million as of December 31, 2023 from P210.6 million as of December 31, 2022 due to higher income before tax. Port concession rights payable (current and noncurrent) as of December 31, 2023 totaled P7,466.6 million, 5.9% lower than P7,933.3 million as of December 31, 2022. Lease liabilities (current and noncurrent) were at P724.8 million as of December 31, 2023, decreased by 5.3% from P765.1 million as of December 31, 2022 due to amortization of lease contracts. Pension liability as of December 31, 2023, of P236.8 million was higher by 14.2% compared to P207.4 million as of December 31, 2022.

Consolidated Cash Flows

Net cash provided by operating activities increased by 3.1% to P6,067.2 million in 2023 from P5,886.8 million in 2022 due to higher operating income and increase in trade and other receivables.

Net cash used in investing activities in 2023 of P2,062.8 million were 25.2% lower than P2,757.8 million in 2022 due to lower acquisitions of intangible assets and property and equipment.

Cash used in financing activities in 2023 of P3,165.8 million was higher by 20.0% than the P2,639.0 million in 2022 due to higher payments of cash dividends and higher payments of concession liabilities.

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards starting January 1, 2023 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

- *Definition of Accounting Estimates (Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)*. To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2, Making Materiality Judgements)*. The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures, assisting companies to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Group reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information disclosed in Note 4 Material Accounting Policies in certain instances in line with the amendments.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, Income Taxes)*. The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations.

For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Amendments to Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Group has not early adopted the following amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these

are expected to have a significant impact on the Group's consolidated financial statements.

Effective January 1, 2024

- *Classification of Liabilities as Current or Noncurrent - 2020 amendments and Noncurrent Liabilities with Covenants - 2022 amendments (Amendments to PAS 1).* To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
 - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

Key Performance Indicators (KPIs)

KPIs discussed below were based on consolidated amounts as portions pertaining to the Company's subsidiary, ATI Batangas, Inc. (ATIB) were not material. As of end 2023:

- ATIB's total assets were only 9.7% of the consolidated total assets.
- Income before other income and expense from ATIB was only 5.2% of consolidated income before other income and expense.¹

Consolidated KPI	Manner of Calculation	2023	2022	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	18.9%	16.3%	Increased due to higher income before interest and taxes during the period.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to	19.0%	14.1%	Improved due to higher net income.

¹ Income before interest and tax excludes also net unrealized foreign exchange losses and others.

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	equity holders of the parent			
Current ratio	Ratio of current assets over current liabilities	2.81 : 1.00	2.21 : 1.00	Increased due to higher current assets.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.47 : 1.00	1.56 : 1.00	Decreased due to higher increase in equity.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.47 : 1.00	0.56 : 1.00	Decreased due to lower liabilities and higher equity.
Day Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	10 days	11 days	Decreased due to improved collections.
Net Income Margin	Net income over revenues less government share in revenues	34.7%	27.1%	Increased due to higher net income growth.
Reportable Injury Frequency Rate (RIFR) ²	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	0.87	0.52	Increased due to a higher number of injuries.

Summary of Selected Financial Data (in millions)

<i>Description</i>	<i>Year ended December 31, 2023</i>	<i>Year ended December 31, 2022</i>
<i>Revenues</i>	<i>P15,451.8</i>	<i>P13,622.7</i>
<i>Net income</i>	<i>4,437.8</i>	<i>3,028.2</i>
<i>Total assets</i>	<i>36,072.9</i>	<i>34,631.3</i>
<i>Total liabilities</i>	<i>11,521.5</i>	<i>12,470.1</i>

² RIFR is the KPI for injuries introduced in 2014 to replace LTIFR. RIFR is a more stringent KPI as it covers not only Lost Time Injuries (LTIs) but also Medically Treated Injuries (MTIs) and Fatalities incidents.

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Years ended December 31, 2022 and 2021

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in Thousands, Except Per Share Data)

	Year Ended December 31			
	2022	2021	Change	% Change
REVENUES FROM OPERATIONS	P13,622,704	P11,162,744	P2,459,960	22.0%
GOVERNMENT SHARE IN REVENUES	(2,468,762)	(1,947,677)	521,085	26.8%
	11,153,942	9,215,067	1,938,875	21.0%
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	(6,176,412)	(5,426,240)	750,172	13.8%
OTHER INCOME AND EXPENSES				
Finance income	45,496	5,758	39,738	690.1%
Finance cost	(505,572)	(504,068)	1,504	0.3%
Others - net	(529,694)	(254,907)	274,787	107.8%
	(989,770)	(753,217)	236,553	31.4%
CONSTRUCTION REVENUES	1,928,019	546,474	1,381,545	252.8%
CONSTRUCTION COSTS	(1,928,019)	(546,474)	1,381,545	252.8%
	-	-	-	
INCOME BEFORE INCOME TAX	3,987,760	3,035,610	952,150	31.4%
INCOME TAX EXPENSE				
Current	1,137,822	716,918	420,904	58.7%
Deferred	(178,218)	80,963	(259,181)	-320.1%
	959,604	797,881	161,723	20.3%
NET INCOME	P3,028,156	P2,237,729	P790,427	35.3%
Income Attributable to				
Equity Holders of the Parent Company	P3,024,811	P2,236,720	P788,091	35.2%
Non-controlling interest	3,345	1,009	2,336	231.5%
	P3,028,156	P2,237,729	P790,427	35.3%
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	P1.51	P1.12	P0.39	34.8%

Revenues for the year ended December 31, 2022, of P13,622.7 million went up by 22.0% from P11,162.7 million in 2021. Revenues from South Harbor (SH) international containerized cargo and Batangas Container Terminal (BCT) increased from last year by 19.2% and 12.7%, respectively, on account of higher container volume while revenues from ATI Batangas were higher than last year by 65.9% on account of higher RORO volumes and higher number of passengers.

Port authorities' share in revenues in 2022 of P2,468.8 million increased by 26.8% from P1,947.7 million in 2021 as a result of higher revenues subject to port authorities' share.

Cost and expenses in 2022 amounted to P6,176.4 million, 13.8% higher than P5,426.2 million in 2021. Depreciation and amortization in 2022 increased by 3.2% to P1,908.8 million from P1,849.7 million in 2021. Labor costs in 2022 of P1,633.1 million were higher by 9.2% compared to P1,495.2 million in 2021 due to salary rate increases and higher volumes. Equipment running in 2022 went up by 23.9% to P824.5 million from P665.4 million in 2021 due to the following: i) higher usage of equipment spare parts and consumables; and ii) higher fuel costs related to higher volume and higher fuel price. Taxes and licenses in 2022 increased by 30.9% to P549.2 million from P419.7 million in 2021 due to higher real property taxes related to additional equipment and improvements in South Harbor and Batangas and higher business taxes. Facilities-related expenses in 2022 went up by 26.1% to P270.3 million from P214.4 million in 2021 due to higher repairs and maintenance costs for lightings and wharves related to safety as well as higher IT costs. Insurance of P213.4 million in 2022 increased by 7.6% compared to P198.4 million last year due to higher insurance premiums. General transport of P179.3 million in 2022 were higher by 53.8% than P116.5 million in 2021 on account of higher trucking costs. Management fees in 2022 increased by 29.8% to P173.4 million from P133.6 million in 2021 following higher earnings before tax. Security, health, environment and safety in 2022 of P167.5 million were higher by 9.8% compared to P152.5 million in due to higher security costs related to higher passenger volume. Rentals of P33.7 million in 2022 went up by 141.7% compared to P14.0 million in the same period last year due to rental of a generator set used in the new Passenger Terminal Building in Batangas. Professional fees in 2022 of P25.4 million went up by 97.0% from P12.9 million last year due to higher consultancy fees related to Business Development Projects. Marketing, commercial, and promotion in 2022 increased by 48.1% to P10.4 million from P7.0 million due to higher advertising costs. Entertainment, amusement and recreation in 2022 of P10.1 million went up by 191.5% from P3.5 million last year. Other expenses in 2022 totaled P176.4 million, went up by 29.5% from P136.2 million in 2021 due to higher general operations and higher brokerage and handling fees with corresponding revenues.

Finance income in 2022 of P45.5 million was higher by 690.1% than P5.8 million last year due to higher interest rates on money market placements and higher cash balance. Finance costs in 2022 of P505.6 million were higher by 0.3% against P504.1 million last year. Others-net was at negative P529.7 million in 2022 from negative P254.9 million in 2021 mainly due to higher unrealized foreign exchange losses on the fair value of concession liability and accrued interest following the depreciation of the Philippine Peso against the US Dollar.

Income before income tax in 2022 of P3,987.8 million was higher by 31.4% compared to P3,035.6 in 2021. Provision for income tax increased by 20.3% to P959.6 million in 2021 from P797.9 million in the same period last year due to higher results.

Net income for the year ended December 31, 2022 increased by 35.3% to P3,028.2 million from P2,237.7 million last year. Earnings per share increased to P1.51 in 2022 from P1.12 in 2021.

Key Variable and Other Qualitative and Quantitative Factors

(i) Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

- There had been no known trends, events or uncertainties that had or are reasonably expected to have a material favorable or unfavorable impact on the Company's, other than those discussed in this report.

(ii) Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

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- There had been no event known to management that could trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- (iii) *All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period*
- There had been no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the period that would address the past and would have a material impact on future operations.
- (iv) *Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures*
- This includes the completion of the Batangas Passenger Terminal Phase 1, expansion of existing port facilities, acquisition of additional modern equipment, implementation of smart IT systems as well as the construction of Cavite Barge Terminal which will be completed in 2023 using the Company's internal funds.
- v) *Any Known Trends, Events or Uncertainties (Material Impact on Sales)*
- There had been no known trends, events or uncertainties that had or are reasonably expected to have a material favorable or unfavorable impact on the Company's revenues from continuing operations, other than those discussed in this report.
- vi) *Any Significant Elements of Income or Loss (from continuing operations)*
- There had been no significant elements of income that did not arise from the Company's continuing operations.
- (vii) *Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%) – refer to discussion on Results of Operations, Financial Condition and Cash Flows.*
- (viii) *Seasonal Aspects that has Material Effect on the FS*
- There had been no seasonal factor that had a material effect on the financial condition and results of operations.

COVID-19 has impacted the business operations of the company and its offsite facilities. South Harbor volume was impacted by the surge in Covid-19 cases in China for the first half of 2022. In general, China port operations slowed down, and in some ports had to suspend operations for days. Business operations continue following existing government regulations and guidelines. The measures undertaken by the company and its offsites include the implementation of its Business Continuity Plan for COVID-19. The company also has a Prevention and Control Plan for COVID-19 and other communicable diseases in place as well as emergency response procedures for situations concerning public health and safety. This includes mandatory thermal scanning prior to entry into our gates and offices, regular sanitization of offices and facilities, social distancing, remote modes of communication such as teleconference and videocalls and sustained information campaign on COVID 19 and proper personal hygiene. Aligned with the government's COVID-19 vaccination efforts, ATI has attained 99.9% vaccination rate for its employees through its own corporate initiatives and in partnership with industry groups and local government units. A continuous campaign for booster administration is likewise being undertaken. The company also continuously maintains close coordination with relevant government entities.

ASIAN TERMINALS, INC.**Securities and Exchange Commission Form 17-A****Consolidated Financial Condition****ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Amounts In Thousands)

	December 31			
	2022	2021	Change	% Change
ASSETS				
Current Assets				
Cash and cash equivalents	P4,600,267	P3,954,166	P646,101	16.3%
Trade and other receivables - net	905,985	809,229	96,756	12.0%
Spare parts and supplies	1,081,456	935,478	145,978	15.6%
Prepaid expenses	2,503,263	2,149,009	354,254	16.5%
Total Current Assets	9,090,971	7,847,882	1,243,089	15.8%
Noncurrent Assets				
Investment in an associate	55,282	58,373	(3,091)	-5.3%
Property and equipment - net	2,566,211	1,890,714	675,497	35.7%
Intangible assets - net and goodwill	21,080,924	20,551,531	529,393	2.6%
Right of use asset - net	775,248	458,999	316,249	68.9%
Deferred tax assets - net	975,876	801,324	174,552	21.8%
Other noncurrent assets	86,759	102,037	(15,278)	-15.0%
Total Noncurrent Assets	25,540,300	23,862,978	1,677,322	7.0%
TOTAL ASSETS	P34,631,271	P31,710,860	P2,920,411	9.2%
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	P3,292,607	P2,379,928	912,679	38.3%
Provisions for claims	61,044	63,216	(2,172)	-3.4%
Port concession rights payable - current portion	423,028	368,778	54,250	14.7%
Income and other taxes payable	210,629	132,693	77,936	58.7%
Lease Liabilities - Current	118,066	85,028	33,038	38.9%
Total Current Liabilities	4,105,374	3,029,643	1,075,731	35.5%
Noncurrent Liabilities				
Port concession rights payable - net of current portion	7,510,283	7,333,393	176,890	2.4%
Pension liability	207,409	241,609	(34,200)	-14.2%
Lease liabilities - Non current	647,026	367,609	279,417	76.0%
Total Noncurrent Liabilities	8,364,718	7,942,611	422,107	5.3%
	12,470,092	10,972,254	1,497,838	13.7%
Equity				
Equity Attributable to Equity Holders of the Parent Company				
Capital stock	2,000,000	2,000,000	-	0.0%
Additional paid in capital	264,300	264,300	-	0.0%
Retained earnings	19,887,619	18,467,868	1,419,751	7.7%
Fair value reserve	(5,820)	(5,820)	-	0.0%
	22,146,099	20,726,348	1,419,751	6.8%
Non-controlling Interest	15,080	12,258	2,822	23.0%
Total Equity	22,161,179	20,738,606	1,422,573	6.9%
TOTAL LIABILITIES AND EQUITY	P34,631,271	P31,710,860	P2,920,411	9.2%

Total assets as of December 31, 2022 increased by 9.2% to P34,631.3 million from P31,710.9 million as of December 31, 2021. Total current assets as of December 31, 2022 up by 15.8% to P9,091.0 million from P7,847.9 million as of December 31, 2021. Cash and cash equivalents as of December 31, 2022 were higher by 16.3% to P4,600.3 million from P3,954.2 million as of December 31, 2021. Trade and other receivables - net as of December 31, 2022 up by 12.0% to P906.0 million from P809.2 million as of December 31, 2021. Spare parts and supplies - net as of December 31, 2022 of P1,081.4 million were higher by 15.6% compared to P935.5 million as of December 31, 2021 in support of operational requirements and equipment maintenance program. Prepaid expenses of P2,503.3 million as of December 31, 2022 went up by 16.5% from P2,149.0 million as of December 31, 2021 on account of higher input taxes on PPA fees and various purchases of capital expenditures.

Total non-current assets of P25,540.3 million as of December 31, 2022, were higher by 7.0% compared to P23,863.0 million as of December 31, 2021. Property and equipment-net increased by 35.7% to P2,566.2 million as of December 31, 2022 from P1,890.7 million as of December 31, 2021. Additions to property and equipment which were not subject to the service concession arrangement totaled P829.7 million in 2022. Intangible assets - net as of December 31, 2022 of P21,080.9 million were higher by 2.6% compared to P20,551.5 million as of December 31, 2021. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P1,986.9 million in 2022. Right-of-use assets – net was at P775.2 million as of December 31, 2022, was higher by 68.9% compared to P459.0 million as of December 31, 2021. Deferred tax assets - net as of December 31, 2022 of P975.9 million went up by 21.8% to P801.3 million as of December 31, 2021, pertaining to adjustment on deferred tax on unrealized foreign exchange loss on fair value of concession liability and accrued interest. Other noncurrent assets as of December 31, 2022 decreased by 15.0% to P86.8 million from P102.0 million as of December 31, 2021.

Total liabilities went up by 13.7% to P12,470.1 million as of December 31, 2022 from P10,972.3 million as of December 31, 2021. Trade and other payables as of December 31, 2022 of P2,379.9 million were higher by 38.3% than P2,379.9 million as of December 31, 2021. Trade and other payables are covered by agreed payment schedules. Provision for claims went down to P61.0 million as of December 31, 2022 from P63.2 million as of December 31, 2021. Income and other taxes payable increased by 58.7% to P210.6 million as of December 31, 2022 from P132.7 million as of December 31, 2021 due to higher income before tax. Port concession rights payable (current and noncurrent) as of December 31, 2022 totaled P7,933.3 million, 3.0% higher than P7,702.2 million as of December 31, 2021. Lease liabilities (current and noncurrent) were at P765.1 million as of December 31, 2022, increased by 69.0% from P452.6 million as of December 31, 2021 due to renewal of lease contracts. Pension liability as of December 31, 2022, of P207.4 million was lower by 14.2% compared to P241.6 million as of December 31, 2021.

Consolidated Cash Flows

Net cash provided by operating activities increased by 36.0% to P5,886.8 million in 2022 from P4,328.7 million in 2021 due to higher operating income and increase in trade and other payables.

Net cash used in investing activities in 2022 of P2,757.8 million were 9.3% higher than P2,523.1 million in 2021 due to higher acquisitions of intangible assets and property and equipment.

Cash used in financing activities in 2022 of P2,639.0 million was higher by 9.8% than the P2,403.5 million in 2021 due to higher payments of cash dividends and payments of lease liabilities.

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards starting January 1, 2022 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

- *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16, Property, Plant and Equipment)*. The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- *Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37, Provisions, Contingent Liabilities and Contingent Assets)*. The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprises both incremental costs and an allocation of other direct costs.

The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- *Annual Improvements to PFRS Standards 2018-2020*. This cycle of improvements contains amendments to four standards, of which are applicable to the Group:
 - *Subsidiary as a First-time Adopter (Amendment to PFRS 1, First-time Adoption of Philippine Financial Reporting Standards)*. The amendment simplifies the application of PFRS 1 for a subsidiary that becomes a first-time adopter of PFRS later than its parent. The subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to PFRS.
 - *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, Financial Instruments)*. The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. It applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- *Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16, Leases)*. The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.
- *Reference to the Conceptual Framework (Amendment to PFRS 3 Business Combinations)*. The amendments:
 - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework;
 - added a requirement that, for transactions and other events within the scope of PAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
 - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

Amendments to Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2022. However, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

Effective January 1, 2023

- *Classification of Liabilities as Current or Non-current (Amendments to PAS 1, Presentation of Financial Statements)*. To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and
 - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

In November 2021, the International Accounting Standards Board issued the Exposure Draft, *Non-Current Liabilities with Covenants* after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1 as follows:

- Conditions which the entity must comply within twelve months after the reporting period will have no effect on the classification as current or non-current.
- Additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become

repayable within twelve months.

- The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.
- The 2022 amendments are not yet locally adopted as part of PFRS.
- *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).* To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures.

The amendments are effective from January 1, 2023. Earlier application is permitted.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12 Income Taxes).* The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Deferral of the local implementation of Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures)*. The amendments address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Key Performance Indicators (KPIs)

KPIs discussed below were based on consolidated amounts as portions pertaining to the Company's subsidiary, ATI Batangas, Inc. (ATIB) were not material. As of end 2022:

- ATIB's total assets were only 9.4% of the consolidated total assets.
- Income before other income and expense from ATIB was only 11.1% of consolidated income before other income and expense.³

Consolidated KPI	Manner of Calculation	2022	2021	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	16.3%	13.2%	Increased due to higher income before interest and taxes during the period.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of the parent	14.1%	11.0%	Improved due to higher net income.
Current ratio	Ratio of current assets over current liabilities	2.21 : 1.00	2.59 : 1.00	Decreased due to higher current liabilities.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.56 : 1.00	1.53 : 1.00	Increased due to increase in total assets.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.56 : 1.00	0.53 : 1.00	Increased due to increase in liabilities.

³ Income before interest and tax excludes also net unrealized foreign exchange losses and others.

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Day Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	11 days	9 days	Increase due to higher revenues.
Net Income Margin	Net income over revenues less government share in revenues	27.1%	24.3%	Increased due to higher net income growth.
Reportable Injury Frequency Rate (RIFR) ⁴	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	0.52	0.56	Improved as a result of extensive safety campaign and strict implementation of HSES policies.

Summary of Selected Financial Data (in millions)

<i>Description</i>	<i>Year ended December 31, 2022</i>	<i>Year ended December 31, 2021</i>
<i>Revenues</i>	<i>P13,622.7</i>	<i>P11,162.7</i>
<i>Net income</i>	<i>3,028.2</i>	<i>2,237.7</i>
<i>Total assets</i>	<i>34,631.3</i>	<i>31,710.9</i>
<i>Total liabilities</i>	<i>12,470.1</i>	<i>10,972.2</i>

⁴ RIFR is the KPI for injuries introduced in 2014 to replace LTIFR. RIFR is a more stringent KPI as it covers not only Lost Time Injuries (LTIs) but also Medically Treated Injuries (MTIs) and Fatalities incidents.

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Years ended December 31, 2021 and 2020

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in Thousands, Except Per Share Data)

	Year Ended December 31			
	2021	2020	Change	% Change
REVENUES FROM OPERATIONS	P11,162,744	P10,960,959	P201,785	1.8%
GOVERNMENT SHARE IN REVENUES	(1,947,677)	(1,805,558)	142,119	7.9%
	9,215,067	9,155,401	59,666	0.7%
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	(5,426,240)	(5,062,192)	364,048	7.2%
OTHER INCOME AND EXPENSES				
Finance income	5,758	28,554	(22,796)	-79.8%
Finance cost	(504,068)	(544,101)	(40,033)	-7.4%
Others - net	(254,907)	599,339	(854,246)	-142.5%
	(753,217)	83,792	(837,009)	-998.9%
CONSTRUCTION REVENUES	546,474	1,595,105	(1,048,631)	-65.7%
CONSTRUCTION COSTS	(546,474)	(1,595,105)	(1,048,631)	-65.7%
	-	-	-	
INCOME BEFORE INCOME TAX	3,035,610	4,177,001	(1,141,391)	-27.3%
INCOME TAX EXPENSE				
Current	716,918	1,102,599	(385,681)	-35.0%
Deferred	80,963	118,366	(37,403)	-31.6%
	797,881	1,220,965	(423,084)	-34.7%
NET INCOME	P2,237,729	P2,956,036	P (718,307)	-24.3%
Income Attributable to				
Equity Holders of the Parent Company	P2,236,720	P2,954,904	P (718,184)	-24.3%
Non-controlling interest	1,009	1,132	(123)	-10.9%
	P2,237,729	P2,956,036	P (718,307)	-24.3%
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	P1.12	P1.48	P (0.36)	-24.3%

Revenues for the year ended December 31, 2021 of P11,162.7 million went up by 1.8% from P10,961.0 million in 2020. Revenues from international containerized cargo operations in South Harbor (SH) and Batangas Container Terminal (BCT) increased from last year by 2.8% on account of higher container volumes. Container volumes at SH and BCT increased by 3.9% and 3.8% respectively.

Port authorities' share in revenues in 2021 of P1,947.7 million increased by 7.9% from P1,805.6 million in 2020 as a result of higher revenues subject to port authorities' share.

Cost and expenses in 2021 amounted to P5,426.2 million, 7.2% higher than P5,062.2 million in 2020. Depreciation and amortization in 2021 increased by 6.7% to P1,849.7 million from P1,733.7 million in 2020. Equipment running in 2021 went up by 21.4% to P665.4 million from P548.3 million in 2020 due to the following: i) higher usage of equipment spare parts and consumables; and ii) higher fuel costs related to higher volume and higher fuel price. Facilities-related expenses in 2021 went up by 37.8% to P214.4 million from P155.6 million in 2020 due to higher repairs and maintenance costs for building, surface/pavement, lightings and wharves related to safety as well as higher IT costs. Insurance of P198.4 million in 2021 increased by 37.6% compared to P144.2 million last year due to higher insurance premiums. Labor costs in 2021 of P1,495.2 million were higher by 3.3% compared to P1,447.0 million in 2020 due to salary rate increases. Taxes and licenses in 2021 increased by 1.8% to P419.7 million from P412.4 million in 2020 due to higher real property taxes and business taxes. General transport of P116.5 million in 2021 were higher by 6.7% than P109.2 million in 2020 on account of higher trucking costs. Provision for claims of P7.2 million in 2021 increased by 208.2% compared to P2.3 million last year due to higher provision for claims. Entertainment, amusement and recreation in 2021 of P3.5 million went up by 49.7% from P2.3 million last year. Other expenses in 2021 totaled P136.2 million, went up by 22.8% from P111.0 million in 2020 due to higher general operations.

Meanwhile, management fees in 2021 decreased by 27.5% to P133.6 million from P184.4 million in 2020 following lower earnings before tax. Security, health, environment and safety in 2021 of P152.5 million were lower by 8.7% compared to P167.0 million in due to lower security costs related to lower passenger volume and continued cost savings initiatives. Professional fees in 2021 of P12.9 million went down by 7.6% from P14.0 million last year due to lower consultancy fees related to Business Development Projects. Marketing, commercial, and promotion in 2021 decreased by 27.7% to P7.0 million from P9.7 million due to lower advertising costs. Rentals of P14.0 million in 2021 declined by 33.9% compared to P21.1 million in the same period last year due to lower rental costs of generator sets and shuttles to services to employees during pandemic.

Finance income amounted to P5.8 million in 2021, 79.8% down from P28.6 million in 2020 due to lower interest rates for money market placements and lower cash balance. Finance costs in 2021 of P504.1 million were lower by 7.4% compared to P544.1 million in 2020. Others-net was lower was negative P254.9 million in 2021 from P599.4 million in 2020 mainly due to unrealized foreign exchange losses on fair value of concession liability and accrued interest following the depreciation of the Philippine Peso against the US Dollar.

Income before income tax in 2021 of P3,035.6 million was lower by 27.3% compared to P4,177.0 in 2020. Provision for income tax decreased by 34.7% to P797.9 million in 2021 from P1,221.0 million in the same period last year due to lower results and decrease in income tax rate to 25% due to the implementation of CREATE LAW

Net income for the year ended December 31, 2021 decreased by 24.3% to P2,237.7 million from P2,956.0 million last year. Earnings per share was down to P1.12 in 2021 from P1.48 in 2020.

Key Variable and Other Qualitative and Quantitative Factors

(i) Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

- There had been no known trends, events or uncertainties that had or are reasonably expected to have a material favorable or unfavorable impact on the Company's, other than those discussed in this report.

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(ii) *Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation*

- There had been no event known to management that could trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

(iii) *All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period*

- There had been no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the period that would address the past and would have a material impact on future operations.

(iv) *Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures*

- This includes the construction of the Batangas Passenger Terminal Phase 1, expansion of existing port facilities, acquisition of additional modern equipment, implementation of smart IT systems as well as the construction of Cavite Barge Terminal using the Company's internal funds.

(v) *Any Known Trends, Events or Uncertainties (Material Impact on Sales)*

- There had been no known trends, events or uncertainties that had or are reasonably expected to have a material favorable or unfavorable impact on the Company's revenues from continuing operations, other than those discussed in this report.

(vi) *Any Significant Elements of Income or Loss (from continuing operations)*

- There had been no significant elements of income that did not arise from the Company's continuing operations.

(vii) *Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%) – refer to discussion on Results of Operations, Financial Condition and Cash Flows.*

(viii) *Seasonal Aspects that has Material Effect on the FS*

- There had been no seasonal factor that had a material effect on the financial condition and results of operations.

COVID-19 has impacted the business operations of the company and its offsite facilities. Business operations continue following existing government regulations and guidelines. The measures undertaken by the company and its offsites include the implementation of its Business Continuity Plan for COVID-19. The company also has a Prevention and Control Plan for COVID-19 and other communicable diseases in place as well as emergency response procedures for situations concerning public health and safety. This includes: mandatory thermal scanning prior to entry into our gates and offices, thermal imaging equipment deployed in areas where there is a heavy volume of people, issuance of personal protective equipment, work from home and four-day work week, regular sanitization of offices and facilities, social distancing, remote modes of communication such as teleconference and videocalls and sustained information campaign on COVID 19 and proper personal hygiene. The company also continuously maintains close coordination with relevant government entities.

ASIAN TERMINALS, INC.**Securities and Exchange Commission Form 17-A****Consolidated Financial Condition****ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Amounts In Thousands)

	December 31			
	2021	2020	Change	% Change
ASSETS				
Current Assets				
Cash and cash equivalents	P3,954,166	P4,437,874	P (483,708)	-10.9%
Trade and other receivables - net	809,229	624,516	184,713	29.6%
Spare parts and supplies	935,478	890,289	45,189	5.1%
Prepaid expenses	2,149,009	1,731,317	417,692	24.1%
Total Current Assets	7,847,882	7,683,996	163,886	2.1%
Noncurrent Assets				
Investment in an associate	58,373	45,115	13,258	29.4%
Property and equipment - net	1,890,714	1,198,815	691,899	57.7%
Intangible assets - net and goodwill	20,551,531	20,226,591	324,940	1.6%
Right of use asset - net	458,999	615,510	(156,511)	-25.4%
Deferred tax assets - net	801,324	880,505	(79,181)	-9.0%
Other noncurrent assets	102,037	173,875	(71,838)	-41.3%
Total Noncurrent Assets	23,862,978	23,140,411	722,567	3.1%
TOTAL ASSETS	P31,710,860	P30,824,407	P886,453	2.9%
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	P2,379,928	P2,114,850	265,078	12.5%
Provisions for claims	63,216	58,024	5,192	8.9%
Port concession rights payable - current portion	368,778	327,521	41,257	12.6%
Income and other taxes payable	132,693	311,097	(178,404)	-57.3%
Lease Liabilities - Current	85,028	134,452	(49,424)	-36.8%
Total Current Liabilities	3,029,643	2,945,944	83,699	2.8%
Noncurrent Liabilities				
Port concession rights payable - net of current portion	7,333,393	7,312,248	21,145	0.3%
Pension liability	241,609	188,090	53,519	28.5%
Lease liabilities - Non current	367,609	465,323	(97,714)	-21.0%
Total Noncurrent Liabilities	7,942,611	7,965,661	(23,050)	-0.3%
	10,972,254	10,911,605	60,649	0.6%
Equity				
Equity Attributable to Equity Holders of the Parent Company				
Capital stock	2,000,000	2,000,000	-	0.0%
Additional paid in capital	264,300	264,300	-	0.0%
Retained earnings	18,467,868	17,642,548	825,320	4.7%
Fair value reserve	(5,820)	(5,820)	-	0.0%
	20,726,348	19,901,028	825,320	4.1%
Non-controlling Interest	12,258	11,774	484	4.1%
Total Equity	20,738,606	19,912,802	825,804	4.1%
TOTAL LIABILITIES AND EQUITY	P31,710,860	P30,824,407	P886,453	2.9%

Total assets as of December 31, 2021 increased by 2.9% to P31,710.9 million from P30,824.4 million as of December 31, 2020. Total current assets as of December 31, 2021 up by 2.1% to P7,847.9 million from P7,684.0 million as of December 31, 2020. Cash and cash equivalents as of December 31, 2021 were lower by 10.9% to P3,954.2 million from P4,437.9 million as of December 31, 2020. Trade and other receivables - net as of December 31, 2021 up by 29.6% to P809.2 million from P624.5 million as of December 31, 2020. Spare parts and supplies - net as of December 31, 2021 of P935.5 million were higher by 5.1% compared to P890.3 million as of December 31, 2020 in support of operational requirements and equipment maintenance program. Prepaid expenses of P2,149.0 million as of December 31, 2021 went up by 24.1% from P1,731.3 million as of December 31, 2020 on account of higher input taxes on PPA fees and various purchases and advance payment on real property taxes for 2021 for South Harbor.

Total non-current assets of P23,863.0 million as of December 31, 2021, were higher by 3.1% compared to P23,140.4 million as of December 31, 2020. Property and equipment-net increased by 57.7% to P1,890.7 million as of December 31, 2021 from P1,198.8 million as of December 31, 2020. Additions to property and equipment which were not subject of the service concession arrangement totaled P897.1 million in 2021. Intangible assets - net as of December 31, 2021 of P20,551.5 million were higher by 1.6% compared to P20,226.6 million as of December 31, 2020. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P1,730.6 million in 2021. Right-of-use assets – net was at P459.0 million as of December 31, 2021, was lower by 25.4% compared to P615.5 million as of December 31, 2020. Deferred tax assets - net as of December 31, 2021 of P801.3 million went down by 9.0% to P880.5 million as of December 31, 2020, pertaining to adjustment on deferred tax on unrealized foreign exchange loss on fair value of concession liability and accrued interest. Other noncurrent assets as of December 31, 2021 decreased by 41.3% to P102.0 million from P173.9 million as of December 31, 2020.

Total liabilities went up by 0.6% to P10,972.3 million as of December 31, 2021 from P10,911.6 million as of December 31, 2020. Trade and other payables as of December 31, 2021 of P2,379.9 million were higher by 12.5% than P2,114.9 million as of December 31, 2020. Trade and other payables are covered by agreed payment schedules. Provision for claims went up to P63.2 million as of December 31, 2021 from P58.0 million as of December 31, 2020. Income and other taxes payable decreased by 57.3% to P132.7 million as of December 31, 2021 from P311.1 million as of December 31, 2020 due to lower income tax rate from 30% to 25%. Port concession rights payable (current and noncurrent) as of December 31, 2021 totaled P7,702.2 million, 8.1% higher than P7,639.8 million as of December 31, 2020 due to payments of government share in 2020. Lease liabilities (current and noncurrent) were at P452.6 million as of December 31, 2021, decreased by 32.5% from P599.8 million as of December 31, 2020. Pension liability as of December 31, 2021, of P241.6 million was higher by 28.5% compared to P188.1 million as of December 31, 2020.

Consolidated Cash Flows

Net cash provided by operating activities increased by 38.9% to P4,328.7 million in 2021 from P3,116.1 million in 2020 despite lower operating income due to increase in trade and other payables and lower income taxes paid.

Net cash used in investing activities in 2021 of P2,522.6 million was 36.6% higher than P1,847.3 million in 2020 due to higher acquisitions of intangible assets and property and equipment.

Cash used in financing activities in 2021 of P2,403.5 million was higher by 3.5% than the P2,322.7 million in 2020 due to higher payments of port concession and payments of lease liabilities.

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards starting January 1, 2021 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

- *COVID-19-Related Rent Concessions (Amendment to PFRS 16, Leases)*. The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient applies if:
 - the revised consideration is substantially the same or less than the original consideration;
 - the reduction in lease payments relates to payments due on or before June 30, 2021; and
 - no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

Amendments to Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2021. However, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

Effective April 1, 2021

- *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to PFRS 16, Leases)*. The amendment extends the practical expedient introduced in the 2020 amendment which simplified how a lessee accounts for rent concessions that are a direct consequence of COVID-19, permitting lessees to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The adoption is mandatory for lessees that chose to apply the practical expedient introduced by the 2020 amendments and may result in reversal of lease modifications that was ineligible for the practical expedient under the 2020 amendments, but becomes eligible as a result of the extension.

Effective January 1, 2022

- *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16, Property, Plant and Equipment)*. The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- *Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37, Provisions, Contingent Liabilities and Contingent Assets)*. The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e., it comprises both incremental costs and an allocation of other direct costs.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- *Annual Improvements to PFRS Standards 2018-2020*. This cycle of improvements contains amendments to three standards:
 - *Subsidiary as a First-time Adopter (Amendment to PFRS 1, First-time Adoption of Philippine Financial Reporting Standards)*. The amendment simplifies the application of PFRS 1 for a subsidiary that becomes a first-time adopter of PFRS later than its parent. The subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to PFRS.
 - *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, Financial Instruments)*. The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
 - *Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16, Leases)*. The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

- *Reference to the Conceptual Framework (Amendment to PFRS 3 Business Combinations).* The amendments:

- updated PFRS 3 so that it now refers to the 2018 Conceptual Framework.
- added a requirement that, for transactions and other events within the scope of PAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations occurring in reporting periods starting on or after January 1, 2022. Earlier application is permitted.

Effective January 1, 2023

- *Classification of Liabilities as Current or Non-current (Amendments to PAS 1, Presentation of Financial Statements).* To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

- removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period.
- clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

- *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).* To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements)*. The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies.
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures.

The amendments are effective from January 1, 2023. Earlier application is permitted.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12 Income Taxes)*. The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Deferral of the local implementation of Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures)*. The amendments address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Key Performance Indicators (KPIs)

KPIs discussed below were based on consolidated amounts as portions pertaining to the Company's subsidiary, ATI Batangas, Inc. (ATIB) were not material. As of end 2021:

- ATIB's total assets were only 9.8% of the consolidated total assets.
- Income before other income and expense from ATIB was only 5.8% of consolidated income before other income and expense.⁵

Consolidated KPI	Manner of Calculation	2021	2020	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	13.2%	16.0%	Decreased due to lower income before interest and taxes during the period and higher capital employed.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of the parent	11.5%	15.5%	Decreased due to lower net income.
Current ratio	Ratio of current assets over current liabilities	2.59 : 1.00	2.61 : 1.00	Decreased due to higher current liabilities.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.53 : 1.00	1.55 : 1.00	Decreased due to higher equity.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.53 : 1.00	0.55 : 1.00	Improved due to higher equity.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	9 days	6 days	Increased due to higher trade receivables.
Net Income Margin	Net income over revenues less government share in revenues	24.3%	32.3%	Decreased due to lower net income.
Reportable Injury Frequency Rate (RIFR) ⁶	Number of reportable injuries within a given accounting period relative to the total	0.56	0.59	Decreased due to lower number of injuries.

⁵ Income before interest and tax excludes also net unrealized foreign exchange losses and others.

⁶ RIFR is the KPI for injuries introduced in 2014 to replace LTIFR. RIFR is a more stringent KPI as it covers not only Lost Time Injuries (LTIs) but also Medically Treated Injuries (MTIs) and Fatalities incidents.

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	number of hours worked in the same accounting period.			
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Summary of Selected Financial Data (in millions)

<i>Description</i>	<i>Year ended December 31, 2021</i>	<i>Year ended December 31, 2020</i>
<i>Revenues</i>	<i>P11,162.7</i>	<i>P10,961.0</i>
<i>Net income</i>	<i>2,237.7</i>	<i>2,956.0</i>
<i>Total assets</i>	<i>31,710.9</i>	<i>30,824.4</i>
<i>Total liabilities</i>	<i>10,972.3</i>	<i>10,911.6</i>

Information on Independent Accountant and External Audit Fees

The appointment of R.G. Manabat & Co. as the external auditors of Asian Terminals, Inc. for 2023 was approved by the stockholders during the annual meeting held on April 27, 2023. The same external auditors are being recommended for re-election at the scheduled annual meeting of the Stockholders.

The Company's Manual on Corporate Governance and SRC Rule 68, provide that the Company's external auditor shall either be rotated or the handling partner be changed every five (5) years or earlier, subject to the provisions of SRC Rule 68 paragraph 3 (b) (ix) on the two-year cooling off period. In compliance with the abovementioned provisions, Mr. Vernilo G. Yu replaced Ms. Alicia S. Columbres as signing partner effective November 8, 2023. Ms. Columbres has been the signing partner since November 8, 2018.

The aggregate fees for audit services rendered were as follows:

	2023 (P'000)	2022 (P'000)
Audit Fees	3,666.7	3,204.8

Audit Fees are for professional services rendered in connection with the audit of our annual financial statements and services provided by the external auditors in connection with statutory and regulatory filings or engagements.

There was no engagement for tax or other services with R.G. Manabat & Co. in 2023 and 2022.

Audit Committee Pre-Approval Policy

The Audit Committee pre-approves and recommends to the Board of Directors all audit and non-audit services to be rendered by the external auditors as well as the engagement fees and other compensation to be paid. When deciding whether to approve these items, the Audit Committee takes into account whether the provision of any non-audit service is compatible with the independence standards under the guidelines of the SEC. To assist in this undertaking, the Audit Committee actively engages in a dialogue with the external auditors with respect to any disclosed relationships or services that may impact their objectivity and independence and, if appropriate, recommends that the Board take appropriate action to ensure their independence.

Item 7. Financial Statements

The audited consolidated financial statements are herein attached as Exhibit 1.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

There was no change in or disagreement with external auditors on accounting and financial disclosures.

PART III-CONTROL AND COMPENSATION INFORMATION**Item 9. Directors and Executive Officers of the Issuer**

As of December 31, 2023, the following were the directors and executive officers of Asian Terminals Inc.

Name	Age	Position
Glen C. Hilton	55	Chairman
Eusebio H. Tanco	75	Director/President
William Wassaf Khoury Abreu	45	Director
Monico V. Jacob	78	Director
Teodoro L. Locsin, Jr.	75	Independent Director
Felino A. Palafox, Jr.	74	Director
Artemio V. Panganiban	87	Independent Director
Zissis Jason Varsamidis	48	Director
Sean James L. Perez	58	Senior Vice President for Commercial and Outports
Rodolfo G. Corvite, Jr.	64	Corporate Secretary and Vice President for Business Support Services
Jose Tristan P. Carpio	55	Treasurer/ Vice President for Finance/CFO

A brief background of the current Company's Board of Directors and Executive Officers is as follows (brief description of their respective business experience for the past five (5) years included):

Glen Christopher Hilton, 55, was a former director of ATI from 2008 to 2013 and was elected again in August 2019. He is the Chairman of the Board since November 2020 and the current CEO and Managing Director of DP World, Asia Pacific. He was the former CEO of Port of Tanjung Pelepas, Malaysia (2013 to 2016) and VP and Managing Director of DP World South East Asia (2008- 2013), Executive Director of DP World Caucedo (2006- 2008) and the General Manager of DP World Adelaide (2001 to 2006).

Eusebio H. Tanco, 74, Filipino, is the President of the Company from 1995 to 2001 and 2007 to present. He is the Chairman of STI Education Systems Holdings, Inc. (formerly JTH Davies Holdings, Inc., since 2010), DigiPlus Interactive Corp. (formerly Leisure Resorts World Corporation, since 2019 and as director since 2011), Fibertex (since 2012) Mactan Electric Company (since 1988), - Eximious Holdings, Inc. (formerly Capital Managers and Advisors, Inc., since 1995), GROW Vite (since 2014), Venture Securities, Inc.(since 1980), iACADEMY (since 2002), and the chairman emeritus of STI Education Services Group, Inc. (since 2022) and director (since 2003). He is Chairman and President

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of Prime Power Holdings (since 1999), Prudent Resources, Inc. (since 1999), Philippines First Insurance Co. (since 1973), First Optima Realty Corporation (since 1980); and CEO of Classic Finance, Inc. (since 2004) and director (since 1978).

He is also the president of, Bloom with Looms Logistics, Inc. (formerly STMI Logistics, Inc., since 1988), Total Consolidated Asset Management Inc. (TCAMI) (since 2006), Eujo Philippines, Inc. (since 1986), Tantivy Holdings, Inc (formerly Insurance Builders Inc., since 1979) Mar-Bay Homes Inc. (since 1980) , Cement Center, Inc. (since 1983), Biolim Holdings and Management Corp. (formerly Rescom Developers, Inc ,since 1979). In addition, he is a Director of Philhealthcare Inc. (since 2009), Philplans First, Inc. (since 2017), Philippine Life Financial Assurance (formerly Asian Life Financial Assurance, since 2000), STI West Negros University (since 2013), United Coconut Chemicals, Inc. (since 1995), M.B. Paseo (since 1980, Maestro Holdings, Inc. (formerly STI Investments, since 2007), Philippine Racing Club (since 2011)-. His professional associations include the Philippines-Thailand Business Council, Philippines-UAE Business Council, and the Philippine Chamber of Commerce and Industry. He obtained his Master of Science in Economics from the London School of Economics and Political Science. He has been a member of the ATI Board since 1993.

William Wassaf Khoury Abreu, 45, a national of Dominican Republic. Mr. Khoury was elected by the Board in the regular Board Meeting in November 2021. He is currently the Vice President for Ports & Terminals, South East Asia, APAC for DP World. He was the Executive Vice President of ATI from March 2018 up to November 2021, the former Director of PT Terminal Petikemas Surabaya (TPS) Indonesia (from 2014 to 2018), the CEO of DP World-Saigon Premier Container Terminal from 2010 to 2014, the Operations Director of DP World Korea from 2009 to 2010 and held various management positions at DP World Caucedo, Dominican Republic from 2003 to 2009 and CSX World Terminals (Caucedo) from 2001 to 2003. William holds an Industrial Engineering degree from Pedro Henriquez Ureña University Santo Domingo, Dominican Republic, a Post Graduate Diploma in Port and Transport Management from IMTA-STC in Rotterdam, The Netherlands and has undertaken executive management programs at Michigan Ross School of Business, London Business School, and Case Western Reserve University.

Monico Jacob, 78, Filipino, is currently the President of STI Education Systems Holdings, Inc. (2011), Chairman of STI West Negros University (since 2019) and the CEO and Vice-Chairman of the STI Education Services Group (since 2016). He is the Chairman of Rosehills Memorial Management, Inc. (since 2014), Philippine Life Financial Assurance, Inc. (PhilLife, since 2016), Global Resource for Outsourced Workers, Inc. (GROW, Inc., since 2000), Total Consolidated Asset Management Inc. (since 2006), GROW-Vite (since 2014), and TechZone Philippines, Inc. (since 2021). He is currently a director of iACADEMY, (since 2010) and PhilCare, (since 2012). Prior to his current engagements, he was the General Manager of the National Housing Authority (NHA) (from 1989 to 1991); Chairman and CEO of Petron Corporation from 1991 to 1998 and Philippine National Oil Company (PNOC) and all of its subsidiaries from 1991 to 1994; and CEO of the Home Development Mutual Fund (PAG-IBIG Fund) from 1988 to 1989. Mr. Jacob also served as an Associate Commissioner for the Securities and Exchange Commission in 1986. He is a member of the Integrated Bar of the Philippines and the Management Association of the Philippines (MAP) and served as its President in 1998. Mr. Jacob finished his Bachelor of Arts degree with a Major in Liberal Arts from the Ateneo de Naga University in 1966 and his Bachelor of Laws degree from the Ateneo de Manila University in 1971. He joined the Board in 2009.

Felino A. Palafox, Jr., 74, Filipino, has more than 52 years of experience in the field of architecture and 50 years in planning. He is the Principal Architect-Urban Planner and Founder of Palafox Associates which was founded in 1989. For more than 35 years, he led and managed his firm in carrying out the planning of more than 54 billion square meters of land area and the architecture of more than 20 million square meters of building floor area in 40 countries. He is the President of FIABCI (International Real Estate Federation) Philippines for 2015. He is also an international associate of the American Institute of Architects, country leader of the Council on Tall Buildings and Urban Habitat, member of the U.S. Green Building, Urban Land Institute, Congress for the New Urbanism, American Planning Association, and the International Council of Shopping Centers, all U.S.-based. He was formerly the Chairman of the National Real Estate Association (NREA). He was the past President of the Philippine Institute of Environmental Planners and the Management Association of the Philippines. He is a Fellow of the United Architects of the Philippines (UAP). He finished his Bachelor of Science in Architecture in 1972 from the University of Santo Tomas, Manila, and his Master in Environmental Planning from the University of the Philippines as a scholar of the United Nations Development Program (UNDP), in 1974. He took up the Advanced Management Development Program for Real Estate in 2003, and 7 other continuing education courses, from Harvard University. Architect Palafox is a registered APEC Architect and a recipient of several local and international awards. He joined the Board in 2009.

Artemio V. Panganiban, 87, Filipino. He served as Chief Justice of the Philippines from 2005 to 2006 and as Associate Justice from 1995 to 2005. Prior to his appointment to the Supreme Court, he was a senior partner at Panganiban Benitez Parlade Africa and Barinaga Law Offices from 1963 to 1995. He is a recipient of over 250 prestigious awards and recognitions from various associations and groups for his role as a jurist, lawyer, civic leader, Catholic lay worker, entrepreneur and youth leader. Among such awards is the "Renaissance Jurist of the 21st Century" given by the Supreme Court of the Philippines upon his retirement in 2006. Chief Justice Panganiban holds a Bachelor's Degree in Law from the Far Eastern University where he graduated *cum laude*. He was a 6th placer in the 1960 Bar Examinations. He was also conferred Doctor of Laws (*Honoris Causa*) by several universities. At present, he writes a column for the Philippine Daily Inquirer. He sits as an independent director in the following companies aside from Asian Terminals, Inc.; GMA Network, Inc. (2007-present), First Philippine Holdings Corp. (2007-present), Metro Pacific Investments Corp. (2007-present), Manila Electric Company (2008-present), Robinsons Land Corp. (2008-present), GMA Holdings, Inc. (2009-present), Petron Corporation (2010-present), Philippine Long Distance Telephone Company (2013-present). He is also a non-executive Director at Jollibee Foods Corporation (2012-present), Senior Adviser, Metrobank (2007 to present), Member of the Advisory Council, Bank of the Philippine Islands (2016-present) and Adviser, DoubleDragon Properties Corp. (2014-present). He is the Chairman of Corporate Governance Committee and a member of the Company's Compensation Committee and Nomination Committee. He has been an independent director of Asian Terminals, Inc. since April 22, 2010.

Teodoro L. Locsin Jr., 75, Filipino, was the former independent director of ATI from 2010 to 2018 when he stepped down to assume a position in the government as the Secretary of Foreign Affairs. He is currently the Philippine Ambassador to the United Kingdom of Great Britain and Northern Ireland. Prior to this, in 2017, he was appointed and took his oath as Philippine Representative to the United Nations based in New York, USA. He also served as member of the House of Representatives from 2001 to 2010. Atty. Locsin Jr. obtained his Bachelor of Law from the Ateneo de Manila University and Master of Laws from Harvard University. He is the Chairman of Audit Committee and a member of the Corporate Governance Committee and Executive Committee.

Zissis Jason Varsamidis, 48, Australian, is the Chief Financial Officer (CFO) of DP World Asia Pacific & Australasia. Prior to this, Mr. Varsamidis was the CFO of DP World Australia from 2013 to March 2021 and held various positions in the company prior to that appointment. He has a degree in Commerce from the University of Wollongong, holds a Diploma in Terminals Operations Management from US Merchant Marine Academy and Masters in Applied Finance & Investment from the Securities Institute of Australia. He is also a Certified Public Accountant (CPA). Mr. Varsamidis was elected in the special board meeting held on June 30, 2021, replacing Mr. Ahmad Yousef Ahmad Alhassan Al Simreen, who resigned effective on same date.

Sean James L. Perez, 58, Filipino, is the Senior Vice-President for Commercial and Outports since November 2017. He was the Vice-President for Marketing and Commercial from October 2008 to October 2017, Vice President for Domestic and Outports from January 2007 to September 2008, Vice-President for Domestic/Marketing and Commercial Services (2004-2006). He has held various positions in the Company from the position of being the Terminal Manager of Batangas, Container Division and General Stevedoring Division for South Harbor to Vice-President for Operations, Marketing and Outports. He obtained his degree in Bachelor of Arts, Major in Economics from the University of Santo Tomas. He has been with the Company since 1996.

Jose Tristan P. Carpio, 55, Filipino, is the Vice-President for Finance and Chief Financial Officer (CFO) of the Company since July 2012. He joined ATI in 2000 as Assistant Vice President for Treasury and Special Projects. Prior to joining ATI, he was the Assistant Vice President for Capital Markets of All Asia Capital & Trust Corporation from 1997 to 2000. Mr. Carpio obtained his degree in B.S. Management Engineering from Ateneo de Manila University.

Rodolfo G. Corvite, Jr., 64, Filipino, is the Corporate Secretary and Compliance Officer since 1997, the Vice President for Business Support Services and Data Protection Officer (since 2017). He has held various positions in the Company handling Administration, Legal, Human Resources, Procurement, Industrial Relations, HSES, Insurance and Claims, Risk Management and Corporate Communications. He was a Law Partner of Diaz, Corvite and Associates. He is a member of the Integrated Bar of the Philippines. He obtained his Bachelor of Laws from the Ateneo de Manila University. He has been with the Company since 1989.

All the directors serve for a term equivalent to one (1) year from election or for the unexpired portion of the term of his predecessor.

Family Relationships

There are no family relationships among the directors and officers listed up to the fourth civil degree of consanguinity or affinity.

All employees are expected to make reasonable contribution to the success of the business of the Company.

The Company has no knowledge of events occurring during the past five years that are material to an evaluation of the ability and integrity of the above-named directors and officers.

Pending Legal Proceedings

The Company has no knowledge that the current members of its Board of Directors, or its executive officers have been involved during the last five years up to the present in any legal case affecting/involving themselves and/or their properties before any court of law or administrative body in the Philippines or elsewhere, which are material to an evaluation of the ability or integrity of any of the said directors or executive officers. Also, during the last five years, the said persons have not been: a) involved in any bankruptcy petition, b) convicted by final judgment of any offense punishable by the laws of the Philippines or of the laws of any other country, c) subjected to any order, judgment or decree, and d) violated any securities or commodities law.

Item 10. Executive Compensation

- 1) The total annual compensation of the Company's President and the most 4 highly compensated officers amounted to P62 million in 2023 and P59 million in 2022.

The projected annual compensation in 2024 is P64 million. The total annual compensation of all other officers and directors in 2023 amounted to P138 million and in 2022 amounted to P128 million. The projected annual compensation in 2024 is P149 million.

Name and Principal Position	Year	(in millions of pesos)		
		Salary	Bonus	Total
Eusebio H. Tanco President and CEO				
Sean Perez Senior Vice President for Marketing and Commercial				
Rodolfo G. Corvite, Jr. Vice President for Business Support Services				
Jose Tristan Carpio Vice President For Finance/CFO				
Adrian Edward A. Baking Vice President Business Development and Legal				
CEO and most 4 highly compensated officers	2024 (Projected)	52	12	64
All other officers and directors as a group unnamed	2024 (Projected)	117	32	149

Name and Principal Position	Year	(in millions of pesos)		
		Salary	Bonus	Total
Eusebio H. Tanco President and CEO				
Sean Perez Senior Vice President for Marketing and Commercial				
Rodolfo G. Corvite, Jr. Vice President for Business Support Services				
Jose Tristan Carpio Vice President For Finance/CFO				
Adrian Edward A. Baking Vice President Business Development and Legal				
CEO and 4 most highly compensated officers	2023 (Actual)	49	13	62

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All other officers and directors as a group unnamed	2023 (Actual)	105	33	138
		(in millions of pesos)		
Name and Principal Position	Year	Salary	Bonus	Total
Eusebio H. Tanco President and CEO				
Sean Perez Senior Vice President for Marketing and Commercial				
Rodolfo G. Corvite, Jr. Vice President for Business Support Services				
Jose Tristan Carpio Vice President For Finance/CFO				
Adrian Edward A. Baking Vice President Business Development and Legal				
CEO and 4 most highly compensated officers	2022 (Actual)	47	12	59
All other officers and directors as a group unnamed	2022 (Actual)	97	31	128

- 2) The Directors do not receive compensation for services provided as a director other than reasonable per diems⁷ for attendance at meetings of the Board and the Board Committees. This is in accordance with Article IV, Section 14 of the Company's By-Laws which states that "Except for reasonable per diems, directors, as such shall be entitled to receive only such compensation as may be granted to them by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock at a regular or a special meeting of the stockholders. In no case the total yearly compensation of the directors, as such, exceed ten percent (10%) of the net income before income tax of the Corporation during the preceding year.

The Board of Directors specified the duties and responsibilities of the elected Company officers. Other officers, whose duties and responsibilities are set by the Management, are considered regular employees of the Company.

- 3) There is no bonus, profit sharing, stock options, warrants, rights or other compensation plans or arrangements with directors and officers that will result from their resignation, retirement, termination of employment, or change in the control of the Company.

⁷ Directors' per diem amounted to P2,705,000 (for 2023) and P3,045,000 (for 2022). The Chairman receives P60,000.00 per diem, for every board meeting attended, while members of the Board receive P50,000.00.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2023, the Company knows of no one who owns in excess of 5% of its common stock except as set forth in the following table:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Amount of Record Ownership	% of Class
Common	DP World Australia (POAL) Pty. Limited Level 21 400 George St., Sydney NSW 2000, GPO Box 4084, Sydney NSW 2001 Australia (Stockholder)	DP World Australia (POAL) Pty. Limited	Australian	346,466,600	17.32%
Common	ATI Holdings, Inc. 3 rd Floor SSHG Law Centre, 105 Paseo de Roxas Makati City (Stockholder)	ATI Holdings, Inc.	Australian	291,371,229	14.57%
Common	Pecard Group Holdings, Inc. 3 rd Floor SSHG Law Centre, 105 Paseo de Roxas Makati City (Stockholder)	Pecard Group Holdings, Inc.	Filipino	198,203,968	9.91%
Common	Philippine Seaport, Inc. 3 rd Floor SSHG Law Centre, 105 Paseo de Roxas Makati City (Stockholder)	Philippine Seaport, Inc.	Filipino	196,911,524	9.85%
Common	PCD Nominee Corp. (Filipino.)* G/F MKSE Bldg. 6767 Ayala Ave., Makati City	(Beneficial Owners unknown to Issuer)	Filipino	158,466,973	7.92%
Common	Daven Holdings 7 th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City (Stockholder)	Daven Holdings	Filipino	155,906,071	7.80%
Common	SG Holdings Inc. 7 th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City (Stockholder)	SG Holdings, Inc.	Filipino	130,000,000	6.50%
Common	Kayak Holdings, Inc. 3/F HRC Center, 104 Rada St., Legaspi Village, Makati City	Kayak Holdings, Inc.	Filipino	109,500,000	5.48%
Common	PCD Nominee Corp. (Non-Filipino.)* G/F MKSE Bldg. 6767 Ayala Ave., Makati City	(Beneficial Owners unknown to Issuer)	Non-Filipino	100,521,529	5.03%
Common	Morray Holdings, Inc.	Morray Holdings, Inc.	Filipino	100,000,000	5.00%

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	7 th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City (Stockholder)				
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2. Security Ownership of Management

Owners of record of ATI shares among Management as of December 31, 2023, are as follows:

Title of Class	Name of Beneficial/Record Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Class
Common	Felino A. Palafox, Jr.	15,300/direct 395,115,492/indirect	Filipino	19.76%
Common	Monico V. Jacob	1/direct	Filipino	0.00%
Common	William Wassaf Khoury Abreu	1/direct	Dominican	0.00%
Common	Glen C. Hilton	1/direct	Australian	0.00%
Common	Zissis Jason Varsamidis	1/direct	Australian	0.00%
Common	Eusebio H. Tanco	15,257,663/ direct 624,591,246/indirect	Filipino	31.99%
Common	Artemio V. Panganiban (independent director)	1/direct	Filipino	0.00%
Common	Teodoro L. Locsin, Jr. (independent director)	1/direct	Filipino	0.00%
Common	Rodolfo G. Corvite, Jr.	222,398/direct	Filipino	0.01%
	TOTAL	1,035,202,105		51.75%

There was no change in control of the registrant during the year. There is no voting trust or similar agreement with respect to any portion of the outstanding shares, nor any agreement which may result in a change of control of the Company.

The Board of Directors generally has the power to vote on behalf of their respective corporate stockholders. A proxy is usually designated to cast the vote for the stockholder.

Item 12. Certain Relationships and Related Transactions

- a) Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

Note 20 of the attached Audited Consolidated Financial Statements for the period ended 2022 and 2023 indicate related party transactions in the normal course of business.

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The Group, in the normal course of business, has the following transactions with its related parties:

Category/ Transaction	Note	Year	Amount of the Transaction	Outstanding Balance			Terms	Conditions
				Due from Related Parties	Due to Related Parties	Lease Liability		
Associate								
▪ Management income	20A	2023	P7,950	P641	P -	P -	Payable on demand	Unsecured; no impairment
		2022	7,557	491	-	-	Payable on demand	Unsecured; no impairment
▪ Dividend income	9	2023	28,658	-	-	-	Payable on demand	Unsecured; no impairment
		2022	35,465	-	-	-	Payable on demand	Unsecured; no impairment
Post-Employment Benefit Plan								
▪ Retirement fund	20B	2023	55,682	24,939	-	-	Payable on demand	Unsecured; no impairment
		2022	35,018	13,902	-	-	Payable on demand	Unsecured; no impairment
Others								
▪ Management fees	20C	2023	259,221	-	17,266	-	Payable within ten (10 days) of the following month	Unsecured
		2022	173,445	-	19,215	-	Payable within ten (10) days of the following month	Unsecured
▪ Advances	20D	2023	207,139	81,444	29,677	-	Payable on demand	Unsecured; no impairment
		2022	112,682	5,338	3,997	-	Payable on demand	Unsecured; no impairment
▪ Lease	20E	2023	45,413	-	-	375,639	Payable within five (5 days) of the following month	Unsecured
		2022	40,993	-	-	396,948		
TOTAL		2023		P107,024	P46,943	P375,639		
TOTAL		2022		P19,731	P23,212	P396,948		

- A. Amount owed by SCIPSI pertains to management fees equivalent to 6% of gross revenue of SCIPSI.
- B. The Parent Company and ATIB have separate, noncontributory, defined benefit retirement plans covering all its regular employees, in the form of a trust being maintained by a trustee bank. Certain payments to retired employees were paid directly by the Group to be subsequently paid by the retirement fund.
- C. P & O Management Services Phils., Inc. (POMS) is a related party which is 40% owned by POAL. POMS engages in advisory services which it provides to the Parent Company by virtue of a 5-year contract. The Parent Company's contract with POMS expired in 2020 and was renewed on August 27, 2020 for another five years until August 31, 2025. The terms of the contract provide for the payment of a monthly fee equivalent to 5% of ATI's consolidated income before income tax of the immediately preceding month (see Note 18).
- D. Advances include amounts owed to or by DP World Asia Holdings Limited-Regional Operating Headquarters, DP World Philippines Logistics, Inc., and DP World Holdings Philippines, Inc., which are related parties under common control, pertaining to reimbursements for expenses paid by or for the Group. The balance also includes amounts owed to companies controlled by the Group's director for expenses incurred

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by the Group for manpower, healthcare and insurance services. As of December 31, 2023 and 2022, related amounts are recorded as Other Payables under Trade and other payables (see Note 14).

- E. The Parent Company has entered a 5-year lease contract with a company controlled by the Group's director commencing on May 1, 2019 for a parcel of land located at Barangay Lawa, Calamba, Laguna, with a monthly lease rental of P40 per square meter, subject to an escalation of 8% beginning May 1, 2021 and every 2 years thereafter. The contract terms are based on market rates for this type of arrangement and amounts are payable on a monthly basis for the duration of the contract. The leased premises shall be used for its off-dock container yard and cargo support requirements, including but not limited to warehousing and logistics (see Note 23).

The compensation and benefits of key management personnel are as follows:

	2023	2022
Short-term employee benefits	P134,508	P229,274
Post-employment benefits	11,187	11,114
	P145,695	P240,388

The outstanding related party balances are expected to be settled in cash.

Item 13. Corporate Governance

The Company has substantially complied with the provisions of its Manual on Corporate Governance which was adopted on August 30, 2002. In 2017, the Board in its regular meeting amended the Manual on Corporate Governance in substantial compliance to the provisions of the Memorandum Circular No. 19 series of 2016 or the Code of Corporate Governance for Publicly Listed Companies.

The Company commits to the principles and best practices of good corporate governance to attain its goals and objectives. Its principal officers and directors have attended Corporate Governance seminars and orientations in compliance with the provisions of its Manual of Corporate Governance and provisions of SEC Memorandum Circular No. 19 series of 2016. The seminars were facilitated by accredited providers: Risks, Opportunities, Assessment and Management (ROAM), SGV and Institute of Corporate Directors (ICD).

The Company has not deviated from its Manual. In November 2023, the Board, individual directors, Corporate Governance Committee, Audit Committee, Nomination Committee, Compensation Committee and the key officers have undergone the required self-assessment. The over-all results for 2023 yielded "excellent" scores and were reported by the Corporate Governance Committee which convened last November 21, 2023, to discuss the results for reporting to the Board. The Board took note of the results and approved the same in the board meeting on November 23, 2023. The Audit Committee also separately conducted its self-assessment last August 8, 2023.⁸

Summary of the directors' attendance to board meetings for 2023 is posted on the Company website.⁹

Continuous monitoring and compliance with the Corporate Governance Manual and other corporate standards are ensured through the Board and the board committees, Compliance Officer, President, Chief Financial Officer and the Internal and External Auditors.

⁸ Pursuant to SEC Memorandum Circular No. 4 series of 2012 and the ATI Audit Committee Charter. The results are posted in the ATI Website https://www.asianterminals.com.ph/ati_sec_disclosures.aspx

⁹ ATI Website, https://www.asianterminals.com.ph/ati_sec_disclosures.aspx

ASIAN TERMINALS, INC.**Securities and Exchange Commission Form 17-A****Item 14. Exhibits and Reports on SEC Form 17-C**

(A) Exhibits

Exhibit 1*	Quarterly Report (SEC Form 17-Q) As of September 30, 2023
Exhibit 2	Financial Statements and Schedules

*Please refer to the September 30, 2023 Quarterly Report (SEC Form 17-Q) submitted to the Securities and Exchange Commission


(B) Reports on SEC Form 17-C


Date Filed	Reference	Particulars
January 5, 2023	SEC 17-C	Attendance of Directors in the 2022 Board Meetings
January 24, 2023	SEC 17-C	Certification on Compliance to the Corporate Governance Manual
February 15, 2023	SEC 17-C	Notice of Guidelines for Nomination
February 23, 2023	SEC 17-C	Setting of the date, time, agenda and venue of the 2023 annual stockholders' meeting and for holding the same by remote communication, the record date and closing of stock and transfer book; approval of the audited financial statements; re-appointment of R.G. Manabat & Co. as independent auditors for 2023;
April 27, 2023	SEC 17-C	Declaration of Cash Dividends, with record and payment dates; Results of the 2023 Annual Meeting and the organizational meeting,
August 8, 2023	SEC 17-C	Audit Committee Self-Assessment Results
November 8, 2023	SEC 17-C	Change in the signing partner (external auditors)


SIGNATURES


Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this amended report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Manila on the 12 day of April 2024.

By:



SEAN JAMES L. PEREZ
Senior Vice President


JOSE TRISTAN P. CARPIO
Vice President and Chief Financial Officer/
Corporate Treasurer


RODOLFO G. CORVITE, JR.
Vice President for Business Support
Services /Corporate Secretary


MARISSA R. PINCA
Assistant Vice President for Accounting
and Financial Planning

SUBSCRIBED AND SWORN to before me this APR 15 2024 day of April 2024 affiants exhibiting to me their respective government issued IDs.:

<u>Name</u>	<u>ID, Date and Place of Issue</u>
Sean James L. Perez	
Jose Tristan P. Carpio	
Rodolfo G. Corvite, Jr.	
Marissa R. Pinca	

Notary Public

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Book No. 1
Series of 2024.

Socorro Maricel N. Nepomuceno
Notary Public
A.M. No. 049 (2023-2024) until Dec. 31, 2024
Roll No. _____
IBP No. 249988 – 1/17/2023
PTR No. 4030518 – 1/3/2024
MCLE VII-0025787, 01.23.2023

Annex A: Sustainability Report Disclosures

Contextual Information

Company Details	
Name of Organization	Asian Terminals, Inc.
Location of Headquarters	ATI Bldg. A. Bonifacio Drive, Port Area, Manila
Location of Operations	<ul style="list-style-type: none"> • ATI Manila – Manila South Harbor, Port Area, Manila • Batangas Container Terminal – Sta. Clara, Batangas City • ATI Batangas, Inc. (Batangas Passenger, RoRo and Gen. Cargo Port) – Sta. Clara, Batangas City • Inland Logistics Terminals – Manila and Laguna <p><i>*Note: Inland logistics terminals are operationally linked to Manila South Harbor and Batangas Container Terminal, respectively, hence relevant data for these facilities are captured and reported under the said units.</i></p>
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report only discloses material information covering the operational sites which ATI has direct management control and supervision
Business Model, including Primary Activities, Brands, Products, and Services	ATI operates, manages, and develops strategic seaports which serve as vital marine transport linkages and trade gateways in the Philippines. ATI's terminals offer arrastre, stevedoring and ancillary port services. The Company handles containerized and non-containerized vessels carrying various commodities as well as cruise vessels. Over in Batangas, ATI handles domestic passengers and vehicles traversing mainland Luzon to nearby island destinations. Batangas is also the hub for imported completely-built car units. ATI also operates strategic inland logistics terminals which are operationally linked to Manila and Batangas Ports to sustain optimum port efficiency and complement the needs of nearby customers in high growth markets.
Reporting Period	January 1 to December 31, 2023
Highest Ranking Person responsible for this report	Eusebio H. Tanco President Asian Terminals Inc.

Materiality Process

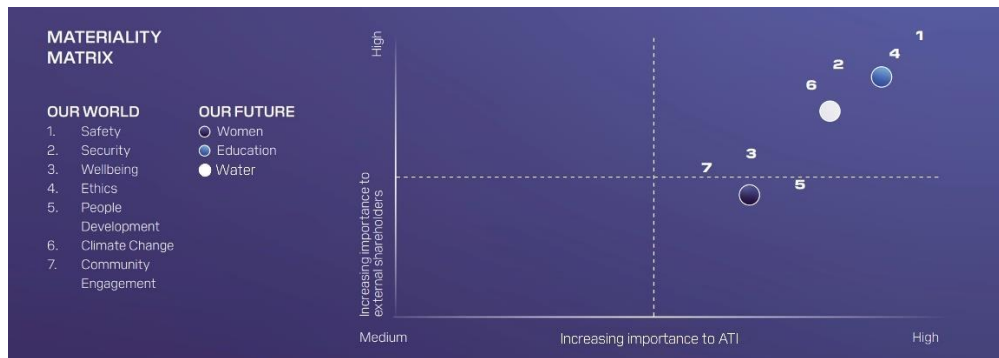
Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.¹

¹ See [GRI 102-46](#) (2016) for more guidance.

For the purpose of this report, ATI continues to reflect on the definition of materiality under the Global Reporting Initiative (GRI): “Those topics and indicators that reflect the organization’s significant economic, environmental, and social impacts or that would substantively influence the assessments and decisions of stakeholders.”

ATI began exploring topics encompassing its business operations and stakeholders back in 2014 which resulted in its Corporate Responsibility (CR) framework: Our World, Our Future. ATI’s CR framework then was then built around four pillars, namely: Community, Environment, People & Safety and Marketplace aimed to improve social and environmental performance while adding value to the Company’s broader stakeholders (*employees and their dependents, customers, partners, suppliers, and the community in general*). ATI fully understands that by operating ethically and responsibly, it also contributes to creating a more sustainable and productive future for the Philippine supply-chain.

In 2019, the framework was revisited and refreshed in alignment with and in support of the UN Sustainable Development Goals. Through internal analysis and stakeholder surveys, the Company identified an initial list of sustainability issues. These were further refined through stakeholder engagement to ten key areas and are periodically reviewed as presented in the materiality matrix below based on importance to stakeholders and to the Company. In 2021, focus has shifted from Oceans to the broader sphere of Water, taking to consideration that water accessibility is a major necessity across all societies.



The framework is split into two components: ‘Our World’ focuses on ATI’s efforts to operate as a responsible business across seven priority areas while ‘Our Future’ looks at the legacy component, or areas where ATI hopes to make a positive difference for future generations. It is visually summarized through the image below.



Progressing in its sustainability journey, ATI plans further alignment with the GRI standards towards its maiden integrated sustainability report in the very near future.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	15,451,800	PhP'000
Direct economic value distributed:		
a. Operating costs	4,242,747	PhP'000
b. Employee wages and benefits	1,759,712	PhP'000
c. Government share in revenues	2,669,519	Php'000
d. Payments to suppliers, other operating costs	3,746,950	Php'000
e. Dividends given to stockholders and interest payments to loan providers	2,000,000	PhP'000
f. Taxes given to government	2,387,024	PhP'000
g. Investments to community (e.g. donations, CSR)	24,879	PhP'000

Discussions:

Revenues from Operations	Stakeholders Affected	Management Approach
ATI's revenues in 2023 of P15.45 billion went up by 13.4% from P13.62 billion in 2022. Revenues from South Harbor (SH) international containerized cargo and Batangas Container Terminal (BCT) increased from last year by 12.0% and 38.1%, respectively, on account of higher container volume while revenues from ATI Batangas were lower than last year by 3.8% on account of lower RoRo volumes and higher number of passengers. In all, ATI handled a consolidated	<ul style="list-style-type: none"> • Company • Shareholders • Customers 	<p>ATI has demonstrated resilient financial results on the back of operational discipline, diligent cost management efforts, and the careful execution of its long-term business plans.</p> <p>ATI continuously optimizes its facilities in Manila, Batangas and Laguna to support the growth of customers and respond to future market demand.</p>

<p>container volume of 1.53 million teus (twenty-foot equivalent units) in 2023.</p> <p><i>For more information on the Company's results of operations and financial conditions, please refer to the 2023 Audited Consolidated Financial Statements and accompanying Notes to the Consolidated</i></p>		
Operating Cost	Stakeholders Affected	Management Approach
<p>ATI's operating cost and expenses in 2023 increased by 9.5% to Php4.2 billion, compared to 2022 on account of corresponding port activities and volume related factors during the period.</p> <p><i>For more information on the Company's results of operations and financial conditions, please refer to the 2023 Audited Consolidated Financial Statements and accompanying Notes to the Consolidated Financial Statements contained in its SEC Form 17-A.</i></p>	<ul style="list-style-type: none"> • Company • Shareholders • Customers 	<p>ATI optimizes resources and pursues innovation projects to continuously improve processes, increase efficiencies and manage operating cost.</p> <p>Guided by its Asset Management Program, ATI adheres to strict operations and maintenance (predictive maintenance) schedules to ensure the operational readiness of port facilities and equipment. Replacements or spare parts are adequately stocked for the timely management of ageing equipment.</p> <p>Over the long-term, ATI is eyeing hybrid port equipment to reduce fuel costs and further improve its environmental performance. It has also moved closer to 100% utilization of electricity derived from renewable sources.</p>
Employee Wages and Benefits	Stakeholders Affected	Management Approach
<p>Labor costs in 2023 amounting to Php1.76 billion were higher than 2022 by 7.8% due to salary rate increase and higher volumes.</p> <p><i>For more information on the Company's results of operations and financial conditions, please refer to the 2023 Audited Consolidated Financial Statements and accompanying Notes to the Consolidated Financial Statements contained in its SEC Form 17-A.</i></p>	<ul style="list-style-type: none"> • Company • Shareholders • Employees 	<p>ATI operates at an optimal workforce complement. The Company is committed to managing labor costs and expenses consistent with the level of its business operations. Delivering safe, efficient, and reliable port services to customers are paramount.</p>
Government Share in Revenues	Stakeholders Affected	Management Approach
<p>Port authorities' share in revenues in 2023 of Php2.67 billion increased by 8.1% from 2022 as a result of higher revenues subject to port authority's share.</p>	<ul style="list-style-type: none"> • Company • Government 	<p>ATI regularly remits government share in compliance to its concession agreement and in line with its commitment to good corporate governance.</p>

Dividends to Stockholders	Stakeholders Affected	Management Approach
Php2.00 billion in total cash dividends were released by ATI for its stockholders in 2023.	<ul style="list-style-type: none"> • Company • Shareholders 	ATI provides healthy returns to its shareholders, resulting from its operational and financial performance.
Taxes to Government	Stakeholders Affected	Management Approach
Taxes given to government in 2023 of Php2.39 billion increased by 12.4% from 2022 mainly due to higher results.	<ul style="list-style-type: none"> • Company • Government 	<p>ATI dutifully pays its tax obligations to government arising from its business operations in line with its commitment to good corporate governance.</p> <p>ATI has consistently been cited as among the top taxpayers of the City of Manila and the City of Batangas.</p>
Community Investment	Stakeholders Affected	Management Approach
In 2023, ATI invested Php24.9 million in its communities as part of its Corporate Sustainability initiatives.	<ul style="list-style-type: none"> • Communities • Government • Stakeholders 	<p>Through the years, ATI has helped its host communities and neighboring areas through its dynamic Corporate Sustainability programs anchored on Health, Education, and Environment.</p> <p>Through its community investments, ATI is able to:</p> <ul style="list-style-type: none"> • Help improve the health and wellbeing of underprivileged communities in nearby areas; • Equip the youth with useful and productive tools for the future through educational support (including scholarships, IT programs, port-related lectures) • Improve community health through provisions of sanitation infrastructure; • Improve community's self-resilience especially in emergency response (fire, typhoon, etc.) • Support charitable institutions and relevant social causes. • Contribute to cleaner seaways • Protect watersheds and rehabilitate mangrove forests

Climate-related risks and opportunities²

Impact: Given the nature of its business, ATI is inherently exposed to climate-related and other environmental risks. With an average of 20 typhoons frequenting the Philippines yearly, heavy rainfall, flooding, and high winds could potentially damage port facilities and infrastructure, injure port workers, and cut-off road-to-port trade routes, resulting in suspension of port operations and eventual disruption of supply-chain cycles. Earthquake is also a natural threat. All these could materially and adversely affect the Company's business, financial condition, results of operations, and business outlook.

Strategy: Integral and central to ATI's business operations is a strong safety culture. To maintain a safe and hazard-free industrial work environment, ATI implements stringent protocols, governing the safety and health of employees and other stakeholders consistent with international standards and compliant to government policies.

Proactive monitoring and engagement with authorities, customers and stakeholders are inclusive in these programs. Business Continuity Plans are in place and are regularly reviewed and kept in check, ready for implementation as the need arises. Furthermore, ATI has been investing in climate change adaptation in and around its terminals.

Risk Management: Risk is an inherent part of doing business. ATI's approach is to identify and assess all significant risks which could adversely affect the Company's ability to achieve its business objectives and to identify management actions and internal controls which can mitigate the effects of those risks to an acceptable level.

Cognizant of this, the Company regularly undertakes a Business Risk Profile review where risks are identified by priority based on a systematic assessment of probability and impact.

The risk management process applies to all critical projects and business processes as determined in what ATI calls as a Risk Category Universe. Control strategies are identified, and action points established with the designated accountable persons. Results and developments are monitored during reviews at least quarterly.

ATI's Board of Directors establishes the control environment, sets the risk appetite, and approves the policies and delegates responsibilities under our risk management framework.

² Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

Metrics	Initiatives/Targets
Governance on Climate-Related Risks	The Company has an Integrated Management System. Part of this is its Environment Management System which is certified against ISO 14001:2015 international standards.
Risk Management and Mitigation	ATI is covered by comprehensive insurance policies, first and excess layers, with business interruption clause, to respond to climate-risk eventualities and other forms of natural or man-made disruptions. Business Continuity Plans are in place and are regularly reviewed and updated, ready for execution as the need arises, like the previous COVID-19 pandemic.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	88	%

Discussions

Identification of Impact	Stakeholders Affected	Management Approach, Risk and Opportunities
Safe and Secure Procurement		
ATI considers impacts when making purchasing decisions, consistent with its commitment to being an ethical and responsible port operator.	<ul style="list-style-type: none"> Company Suppliers 	<p>In line with the Company's Integrated Management System Policy, ATI considers quality, health, safety, security, and environmental factors in purchasing decisions.</p> <p>ATI is certified for Supply Chain Security Management or ISO 28000:2017.</p>

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%

Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

Discussions

Identification of Impact	Stakeholders Affected	Management Approach, Risk and Opportunities
Code of Professional Conduct and Ethics		
<p>ATI strictly adheres to a code of professional conduct and ethics which upholds professionalism and guides employee behavior in business dealings and transactions.</p> <p>This includes comprehensive policies governing employee conduct, procurement, relations with stakeholders, including vendors, customers, and other parties, acceptance of gifts, entertainment, among others.</p>	<ul style="list-style-type: none"> • Employees • Community • Suppliers • Government 	<p>The Company recognizes that corruption, or even allegations of corruption, is a reputational risk that may significantly affect business.</p> <p>The Company is committed to conducting its business with honesty and integrity and expects all staff to maintain high standards in accordance with its code of conduct policy and procedure, including zero tolerance of bribery and corruption.</p> <p>The company has institutionalized strong programs and policies in support of this commitment:</p> <ul style="list-style-type: none"> • Code of Ethics • Table of Offenses and Penalties (governing administrative and disciplinary sanctions covering employee infractions) • Policy on Anti-Bribery and Corruption • Policy on Gifts and Hospitality • Whistleblowing Policy • Regular and special audits <p>These policies are cascaded company-wide, integrating these in the formal onboarding program of newly hired employees.</p>

		Regular engagement programs are also conducted to reinforce ATI's policies to employees.
Internal Measures on Corruption		
All employees of the Company are expected to behave in an ethical and professional manner	<ul style="list-style-type: none"> • Employees • Community • Suppliers • Government 	<p>Allegations or incidents of corruption undergo thorough investigation and are subjected to internal administrative and disciplinary procedures consistent with due process requirements of law.</p> <p>ATI has institutionalized a Whistleblowing Policy which encourages staff to report suspected wrongdoing without fear of reprisals and with reports kept in confidence through the pertinent company unit.</p>

ENVIRONMENT

Resource Management

Energy consumption within the organization

Disclosure	ATI MANILA	BCT	ATIB	ICD	Units
Energy consumption (renewable sources)	22,645.8	964.43	0	0	GJ
Energy consumption (gasoline)	477.70	124.83	187.24	0	GJ
Energy consumption (LPG)	0	0	0	0	GJ
Energy consumption (diesel)	150,164.00	32,876.26	5,529.74	18,576	GJ
Energy consumption (electricity)	5,818,659.7	4,417,093.91	3,832,968.00	89,280	kWh

Reduction of energy consumption

Disclosure	ATI MANILA	BCT	ATIB	ICD	Units
Energy reduction (gasoline)	-	-	-	-	GJ
Energy reduction (LPG)	-	-	-	-	GJ
Energy reduction (diesel)	-	-	-	-	GJ
Energy reduction (electricity)	719,196.35	-	7,250.70	7,920	kWh
Energy reduction (gasoline)	-	-	-	-	GJ

Discussion

Identification of Impact	Stakeholders Affected	Management Approach, Risk and Opportunities
Energy Efficiency		
ATI explores new technologies and innovations to reduce energy consumption and reduce its carbon footprint	<ul style="list-style-type: none"> • Company • Community 	<p>In line with ATI's carbon reduction measures, the following initiatives are undertaken:</p> <ul style="list-style-type: none"> • Shift to green energy/renewable energy. Currently, 70% of the electricity consumption in SH comes from renewable energy. Will be 100% renewable energy by 2025. Batangas is 100% renewable energy since December 26, 2023. • Replacement of high-pressure sodium lamps with of LED lamps • Installation of energy saving apparatus on port equipment (eg. Hybrid Rubber-tired gantry cranes with Lithium-ion batteries for stored energy for hoisting operations; idling control to lower engine RPM; automatic engine shutoff for long idling; Car Tracking System for shuttle services to monitor idle time of shuttle services); and • Installation of solar panels to supplement electricity requirements in Manila and Batangas ports. • In the mid- to long-term, electrification of equipment will be pursued, shifting from diesel powered rubber-tired gantries, internal transfer vehicles and shuttles to electric powered. An electric-powered commuter van is currently engaged in ATI's Batangas operations.

Water consumption within the organization

Disclosure	ATI MANILA	BCT	ATIB	ICD	Units
Water withdrawal	46,395.00	17,184.00	26,479.00	3,883	m ³
Water consumption	47,905.00	17,184.00	26,479.00	3,883	m ³
Water recycled and reused	1,510.00	0	0	0	m ³

Materials used by the organization

Disclosure	ATI Manila	BCT	ATIB	ICD	Units
Materials used by weight or volume					
Renewable	n/a	n/a	n/a	n/a	kg/L
non-renewable	n/a	n/a	n/a	n/a	kg/L
Percentage of recycled input materials used to manufacture the organization's primary products and services	n/a	n/a	n/a	n/a	%

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	ATI Manila	BCT	ATIB	ICD	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	None	None	None	
Habitats protected or restored	<p>Since 2001, ATI has reforested and protected over 40 hectares of the La Mesa Nature Reserve.</p> <p>In 2023, ATI has planted 40,000 trees in La Mesa Nature Reserve and 5,000 mangroves in BASECO lagoon and Navotas Marine Tree Park.</p>	<p>Since 2021, BCT has planted 89,250 trees at Mt. Malarayat Forest Reserve Brgy. Malitlit, Lipa, Batangas</p> <p>10,750 mangroves in Brgy. Puctol San Juan Batangas</p>	<p>Since 2021, ATIB has Planted 89,250 trees at Mt. Malarayat Forest Reserve Brgy. Malitlit, Lipa, Batangas</p> <p>10,750 mangroves in Brgy. Puctol San Juan Batangas</p>	None	ha
IUCN[1] Red List species and national conservation list species with habitats in areas affected by operations	None	None	None	None	

Discussion

Identification of Impact	Stakeholders Affected	Management Approach, Risk and Opportunities
Managing Water Resources		

<p>As a shared resource, ATI recognizes its responsibility to prudently manage its water consumption and monitor the water quality in its areas of its operations.</p>	<ul style="list-style-type: none"> • Company • Community • Government 	<p>ATI has an Environmental Policy which governs its ecological risk identification, assessment, and mitigation measures as an impact of its operations</p> <p>ATI is ISO 14001:2015 certified for its Environment Management System</p> <p>ATI has rainwater collection system. Collected water is used for watering of plants and other cleaning purposes.</p> <p>Treated water from wastewater treatment facility is re-used for cleaning purposes</p>
<p>Managing Wastewater</p>		
<p>ATI strives to ensure that the environmental impact of its business operations is mitigated and/or minimized and that it strictly abides by regulatory requirements and policies.</p>	<ul style="list-style-type: none"> • Company • Community • Government 	<p>ATI has wastewater treatment facilities located in Manila South Harbor which sifts out water used during cleaning of terminal mobile resources. Water is treated and re-used for other purposes.</p> <p>ATI's terminal facilities are installed with emergency shutoff valves to prevent spillage going to Manila Bay.</p> <p>Domestic wastewater is interconnected to Maynilad sewage treatment facility and some are contained in septic tank and regularly collected by siphoning service facility.</p> <p>Other wastewater from washing activity are treated offsite by a DENR-accredited treatment, storage and disposal (TSD) facility.</p>

Environmental impact management

Air Emissions

GHG

Disclosure	ATI Manila	BCT	ATIB	ICD	Units
Direct (Scope 1) GHG Emissions	10,834.51	2,372.06	398.98	1,292.15	Tonnes CO _{2e}
Energy indirect (Scope 2) GHG Emissions	4,144.05	3,145.85	2,729.84	53.93	Tonnes CO _{2e}
Emissions of ozone-depleting substances (ODS)	1,453.19	0	0	No available data	Tonnes CO _{2e}

Air pollutants

Disclosure	ATI Manila	BCT	ATIB	ICD	Units
NO _x	24.1-34.3	58	32.7	<7.50	µg/Ncm
SO _x	9.9-10.0	< 12.7	<1 2.5	<34.0	µg/Ncm
Persistent organic pollutants (POPs)	no available data	No available data	No available data	No available data	
Volatile organic compounds (VOCs)	no available data	No available data	No available data	No available data	
Hazardous air pollutants (HAPs)	no available data	No available data	No available data	No available data	
Particulate matter (PM)	64.2-86.5	40.2	31.8	73.4	µg/Ncm

Solid and Hazardous Wastes

Solid Waste

Disclosure	ATI Manila	BCT	ATIB	ICD	Units
Total solid waste generated	576,519	37,701.00	386,236.00	480	kg
Reusable	0	0	0	0	kg
Recyclable	172,443	3,886.40	1,519.10	0	kg
Composted	0	0	0	0	kg
Incinerated	0	0	0	0	kg
Residuals/Landfilled	404,076	33,814.6	384,716.9	480	kg

Hazardous Waste

Disclosure	ATI Manila	BCT	ATIB	ICD	Units
Total weight of hazardous waste generated	62,679	9,888.20	4,237.80	200	kg
Total weight of hazardous waste transported	62,679	9,888.20	4,237.80	0	kg

Effluents

Disclosure	ATI Manila	BCT	ATIB	ICD	Units
Total volume of water discharges	-	0	0	0	m ³
Percent of wastewater recycled	3	0	0	0	%

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	ATI Manila	BCT	ATIB	ICD	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	0	0	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	0	0	0	#

No. of cases resolved through dispute resolution mechanism	0	0	0	0	#
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SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity					Units
	ATI-Manila	BCT	ICD	ATIB	TCTI	
Total number of employees ³	1310	191	12	297	6	#
a. Number of female employees	112	23	0	23		#
b. Number of male employees	1198	168	12	274	6	#
Attrition rate ⁴	2.44					Rate
Ratio of lowest paid employee against minimum wage	53					%

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year					% of male employees who availed for the year				
		ATI-Manila	BCT	ICD	ATIB	TCTI	ATI-Manila	BCT	ICD	ATIB	TCTI
SSS	Y	41%	78%	-	35%	-	63%	74%	67%	76%	33%
PhilHealth	Y	4%	-	-	9%	-	9%	-	-	1%	-
Pag-ibig	Y	20%	22%	-	52%	-	75%	17%	-	95%	17%
Parental leaves	Y	3%	-	-	9%	-	-	1%	-	-	-
Vacation leaves	Y	100%	100%	100%	100%	100%	55%	40%	100%	16%	100%
Sick leaves	Y	100%	100%	100%	100%	100%	55%	40%	100%	16%	100%

³ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁴ Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Medical benefits (aside from PhilHealth))	Y	100%	100%	100%	100%		100%	100%	100%	100%	100%
Housing assistance (aside from Pag-ibig)	N										
Retirement fund (aside from SSS)	Y	1%	-	-	-	-	4%	-	-	2%	-
Further education support	Y	-	-	-	-	-	-	1%	-	-	
Company stock options	N										
Telecommuting	N										
Flexible-working Hours	Y	50%	22%	-	19%	-	23%	1%	20%	2%	
(Others)											

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	8,013,445	Man-hours
No. of work-related injuries	41*	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	30	#

*83% or 34 cases were classified as first-aid only

Labor Laws and Human Rights

No. of legal actions or employee grievances involving forced or child labor	0	#
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Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	ATI Recruitment Policy and ATI Corporate Responsibility Policy
Child labor	Y	ATI Recruitment Policy and ATI Corporate Responsibility Policy
Human Rights	Y	ATI Anti-Harassment and ATI Corporate Responsibility Policy

Discussion

Identification of Impact	Stakeholders Affected	Management Approach, Risk and Opportunities
Occupational Health, Safety and Security		
Safety is ATI's number one priority. This culture resonates across the organization and is embodied in programs and initiatives to ensure a safe and healthy work environment for port workers and stakeholders.	<ul style="list-style-type: none"> Company Employees Customers Community 	<p>ATI's institutional safety programs are anchored on the Company's Integrated Management System Policy which includes occupational health and safety practices which are compliant to international standards.</p> <p>As part of this policy, ATI promotes occupational health, safety, environmental, quality and security awareness among our partners, suppliers, contractors, and surrounding communities.</p> <p>The Company sustains its safety performance through proactive</p>

		<p>engagement programs and innovations with high employee and stakeholder involvement.</p> <p>ATI is certified for ISO45001:2018 (Occupational Health & Safety), ISO28000:2007 (Supply Chain Security Management), ISO14001:2015 (Environment Management) and ISO28000:2007 (Supply Chain Security Management).</p>
<p>Equal Employment Opportunity</p>		
<p>ATI employs a dynamic hiring strategy which opens employment opportunities to qualified individuals, including those from surrounding port communities.</p>	<ul style="list-style-type: none"> • Company • Employees • Community 	<p>ATI promotes diversity and inclusion as a general employment policy, giving equal employment opportunities to qualified individuals regardless of race, gender, religion, and other demographics.</p> <p>ATI introduced the practice of blind CV for applicants, purposely dropping any reference to gender when pre-screening applicants.</p> <p>Women Empowerment is also strong in ATI through institutionalized mentoring programs and timely activities on diversity and inclusion. ATI's Women Trade Enablers' Network (WTEN) actively champions women empowerment in the industry. It hosts interactive workshops aimed at personal and professional advancement, including skills in public speaking, corporate presentations, stress management, and other holistic interests like mental health, physical fitness, sports, and wellness.</p> <p>More female employees have taken part in the global MentorHer program in partnership with The Hub, ATI's foreign equity partner's premier center for people excellence. MentorHer is a six-month program which aims to augment the professional development of women colleagues under the stewardship of senior managers across local and global-affiliated sites.</p>
<p>People Development</p>		

<p>Efficient, reliable, and sustainable port operations are dependent on the skills and competencies of employees. In 2021, ATI accumulated over 13,000 training hours in the areas of operations, engineering, safety, and support services.</p>	<ul style="list-style-type: none"> • Company • Employees 	<p>ATI continues to focus on skills reinforcement, leadership, innovation, and inclusion in advancing competencies and diversity through traditional and emergent platforms.</p> <p>Trainings are conducted internally or externally in partnership with international and local facilitators.</p> <p>ATI locally rolled out the Emerge Program with the support of its regional and global talent management peers as it strengthened its career advancement and succession planning process. Emerge is a trailblazing platform which comprehensively screens key talents across the organization and prepares them for next-in-line leadership roles and functions throughout the business.</p>
<p>Corporate Responsibility</p>		
<p>ATI's business activities take to careful consideration workplace conditions, labor standards, and human rights</p>	<ul style="list-style-type: none"> • Company • Employees • Community 	<p>Following its Corporate Responsibility Policy, ATI conducts its business in a responsible way. It is committed to pursue and maintain the highest standards in all aspects of its activities.</p>

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

<https://bit.ly/3fQnOSo> _____

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	ATI Procurement Policy/Integrate Management System
Forced labor	Y	ATI Procurement Policy/Integrate Management System
Child labor	Y	ATI Procurement Policy/Integrate Management System
Human rights	Y	ATI Procurement Policy/Integrate Management System and ATI Corporate Responsibility Policy
Bribery and corruption	Y	ATI's Code of Professional Conduct governs the professional behavior and ethics in all business dealings and transactions of ATI employees. The Company also has relevant policies on Anti-Bribery and Corruption, Acceptance of Gifts and Hospitality, Whistleblowing, Conflict of Interest and Related Party Transactions, which can be viewed at ATI's corporate website: https://bit.ly/3fQnOSo

Discussion

Identification of Impact	Stakeholders Affected	Management Approach, Risk and Opportunities
Ethical Procurement		
ATI strictly adheres to ethical procurement processes, from supplier accreditation up to actual procurement process, including document reviews and field audit and validation of suppliers.	<ul style="list-style-type: none"> • Company • Employees • Community • Suppliers 	ATI procurement processes are governed by the Company's Procurement Policy and other related policies. It is primarily supervised by the Procurement Management Committee which includes big-ticket items such as equipment acquisition, infrastructure, and other development projects.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Port Operations	<ul style="list-style-type: none"> • Manila South Harbor 	<ul style="list-style-type: none"> • Surrounding underprivileged port communities 	N	<ul style="list-style-type: none"> • Community health • Mobility issues along shared roads 	<ul style="list-style-type: none"> • Health and wellness projects are rolled out in partnership with local community officials. • Vehicle Booking System has been instituted to ease road traffic with organized and scheduled arrival or departure of trucks transacting at the terminal

*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	Outstanding	N

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

Discussions

Identification of Impact	Stakeholders Affected	Management Approach, Risk and Opportunities
Customer Relationship Management		
<p>As a customer-centric organization, ATI maintains good relations with importers, exporters, brokers, forwarders, shipping line partners and other stakeholders.</p> <p>The Company works with its customers to address issues peculiar to the port industry</p>	<ul style="list-style-type: none"> • Company • Customers 	<p>ATI efficiently manages company resources such as manpower, equipment, facilities, and business systems with the aim of attaining customer satisfaction in cargo handling and other port-related services in the most cost-effective and most efficient way.</p> <p>ATI strives to be attentive and responsive to the concerns of customers, conducting regular forums that may involve government entities as venue for stakeholder interaction.</p> <p>Back in 2019, ATI in partnership with major international shipping lines, launched ELSA or the Empty Loadout Shipping Alliance, which resolved the problem of high inventory of empty container boxes in the market that has triggered bottlenecks in the supply chain. ELSA continues to deliver efficiency to the industry to this day.</p> <p>Engagement with customers has resulted in the development of bespoke services and innovations to make trade flow faster and smarter. End-to-end services have eased pain points in customers' supply chain leveraged on ATI's strategic port assets and comprehensive services.</p>



Data Security



Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts, and losses of data	0	#



UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

UN SDGs	Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Community Health Program and institutional response	<p>As ATI puts health and safety as a core policy. Consistently, the Company extends assistance to surrounding port settlements, improving community health and wellbeing, especially in times of exigencies.</p> <p>Post Covid-19 pandemic, ATI continued to mobilize corporate resources to distribute food aid to neighborhoods in need, improve access to community-based healthcare services through medical outreach, and sustain other community health programs.</p>		
 <p>4 QUALITY EDUCATION</p>	<p>ATI Scholarship Program</p> <p>Basic Computer Programming Literacy Program</p> <p>Employee volunteerism to improve school facilities</p>	<p>ATI's Scholarship Program has produced skilled professionals in various fields. The program continues to be a vital component to ATI's sustainability programs as it improves access to Education, which is among its major legacy sustainability pillars.</p> <p>2023 saw the completion of the partnership between ATI and Ayala Foundation Inc. (AFI), DepEd and City of Manila for a unique computer literacy program called <CODE/IT>. The program trained elementary public school teachers in Manila in basic</p>		

		<p>programming skills and provided them with IT resources. As scrum masters, the teachers are expected to cascade basic programming skills to young Filipino students, ergo bridging the digital divide at the onset of learning through Manila's over 70 public primary schools.</p> <p>Post-pandemic, employees have joined school volunteering activities to improve school facilities in time for school year opening.</p>		
	<p>Women Empowerment in PH Ports Program</p>	<p>ATI helps break barriers in the traditionally male-dominated port industry. It promotes equal employment opportunities regardless of gender. Its Women Trade Enabler Network Group (WTEN) continued to expand its outreach in 2023 to further empower women in the industry. Women-centered programs were also held online and offline.</p>		
	<p>Watershed Protection Program</p>	<p>ATI is an institutional partner of Bantay Kalikasan which leads the protection and reforestation of La Mesa Watershed. To date, ATI has planted and protected over 40 hectares of the forest reserve which contributes potable water for Metro Manila.</p> <p>In 2023, ATI's support for watershed protection has branched out to more reforestation sites including Navotas, Malarayat, Lipa and San Juan in Batangas.</p>		

<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>Greater use of green and renewable energy</p>	<p>Wherever possible, ATI has tapped renewable energy sources for use of its offices and operational areas. More solar panels were installed in ATI in 2022 optimize rooftops and canopies. One of ATI's industrial power substations now operate with renewable energy as primary electricity source.</p> <p>Engine devices have been installed on applicable port equipment to enable them to run in hybrid mode – combination of electricity and fuel.</p> <p>ATI has moved closer to 100% utilization of electricity derived from renewable sources in partnership with the local power distribution provider.</p>		
<p>14 LIFE BELOW WATER</p> 	<p>Oceans Protection Program</p> <p>Manila Bay Rehabilitation Program</p> <p>Run for Ocean Protection</p>	<p>Under its Ocean Protection Program, ATI has taken an active role in raising public awareness against plastic pollution. ATI continues to reach out to students, teaching them on responsible port operations and outlining ways to preserve and protect this vital economic resource. The Program has banked on students as advocates for plastic-free oceans.</p> <p>As an organization, ATI discourages the use of single-use plastics across its sites. Use of flasks and reusable water bottles have become the norm for employees and stakeholders.</p> <p>ATI has sustained its partnership with the Environment Department for the multisectoral Manila Bay Rehabilitation Program. Significant</p>		

		<p>resources have been allocated for the program covering community sanitation infrastructure and planting of mangroves In nearby coastal areas in partnership with community volunteers.</p> <p>ATI have facilitated employee involvement in industry fun run events, optimizing these as advocacy platforms to promote the protection of seas and oceans.</p>		
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COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	3	3	6	5	3					
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COMPANY NAME

A	S	I	A	N	T	E	R	M	I	N	A	L	S	,	I	N	C	.	A	N	D										
I	T	S	S	U	B	S	I	D	I	A	R	I	E	S																	

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

A	.	B	o	n	i	f	a	c	i	o	D	r	i	v	e	,	P	o	r	t	A	r	e	a						
M	a	n	i	l	a																									

Form Type

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's email Address

Company's Telephone Number/s

Mobile Number

No. of Stockholders

Annual Meeting (Month / Day)

Fiscal Year (Month / Day)

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Email Address

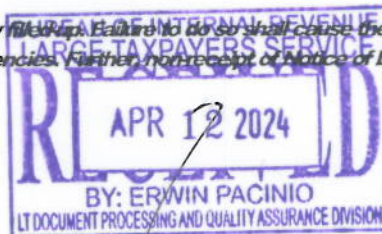
Telephone Number/s

Mobile Number

CONTACT PERSON'S ADDRESS

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

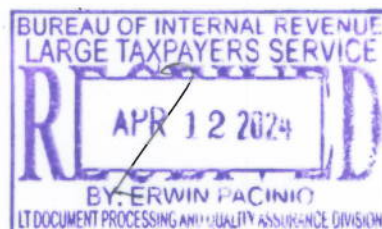
2: All Boxes must be properly and completely filled up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022, and 2021

With Independent Auditors' Report





R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Asian Terminals, Inc.
A. Bonifacio Drive
Port Area, Manila

Opinion

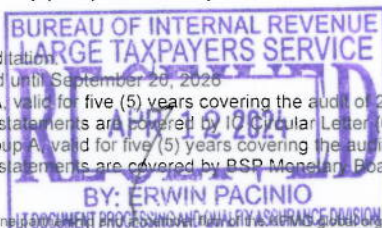
We have audited the consolidated financial statements of Asian Terminals, Inc. and its Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 26, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)





Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue Recognition (P15,451,800 - amount in thousands)

Refer to Notes 2 and 26 to the consolidated financial statements.

The risk

The Group's revenues are mainly generated from arrastre, stevedoring, storage, and special and other services. Market expectations and profit-based targets may put pressure on management to recognize revenues before all the revenue recognition criteria have been met. Risk of material misstatement may arise in order to improve business results and achieve capital and revenue growths in line with the objectives of the Group.

Our response

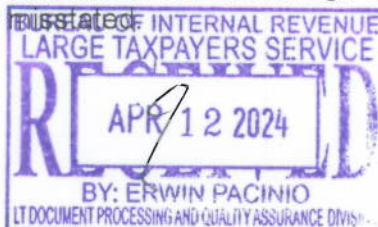
Our audit procedures included assessment of the Group's accounting policies in respect of revenue recognition to ensure that they appropriately reflected the requirements of PFRSs. Evaluation of relevant IT systems and the design and operating effectiveness of controls over the recording of revenue transactions and generated reports was also conducted. In doing so, we have involved our IT specialists to assist in the audit of automated controls across different IT applications. Our substantive procedures included testing of revenues earned, to confirm that all services had been performed at the point at which revenue is recognized. Among others, we performed examination of selected individual transactions' supporting documentation to test the existence and accuracy of revenue transactions and to verify whether the revenue recognition practices adopted complied with the stated accounting policies. A detailed movement analysis of revenues earned for each of the Group's revenue streams was also performed to determine any significant fluctuation on the account.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially





When we read the other information mentioned above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and determine whether the other information needs to be revised.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

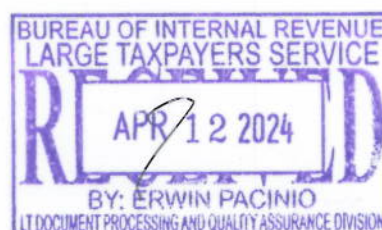
Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

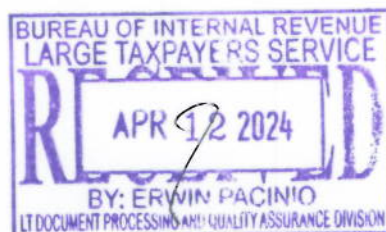




- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.





From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Vernilo G. Yu.

R.G. MANABAT & CO.

~~VERNILLO G. YU~~

Partner

CPA License No.

Tax Identification

BIR Accreditation No. 08-001987-035-2021

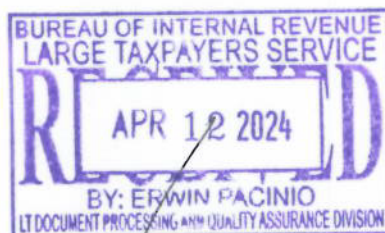
Issued June 29, 2021; valid until June 28, 2024

PTR No. MKT 10075209

Issued January 2, 2024 at Makati City

March 12, 2024

Makati City, Metro Manila



**STATEMENT OF MANAGEMENT’S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of **Asian Terminals, Inc. and its Subsidiaries** (the “Group”) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 in accordance with the prescribed financial reporting framework indicated therein, 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.

In preparing the consolidated financial statements, Management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group’s financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

R.G. Manabat & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

GLEN CHRISTOPHER HILTON
Chairman of the Board

EUSEBIO H. TANCO
President

JOSE TRISTAN P. CARPIO
Chief Financial Officer

Signed this MAR 12 2024 of _____, 2024

SUBSCRIBED AND SWORN TO before me this MAR 12 2024 day of _____ 2023, the signatories exhibiting to me their respective Passports/Driver’s License Nos., as follows:

<u>Name</u>	<u>Passport Nos.</u>	<u>Date/Place Issued</u>
1. Glen Christopher Hilton		
2. Eusebio H. Tanco		
3. Jose Tristan P. Carpio		

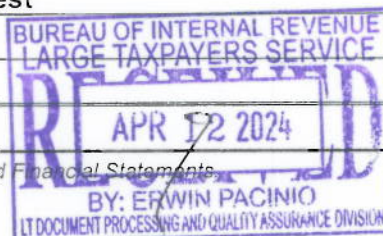
Doc. No. 125;
Page No. 6;
Book No. 7;
Series of 2024.

Notary Public
Soraya M. N. Naranjo
BUREAU OF INTERNAL REVENUE
Notary Public TAXPAYERS SERVICE
A.M. No. 013-2023-2024 until Dec. 31, 2024
Roll No. 50754
IBP No. 2-9988 A/1/2024
PTR No. 4030518 - 1/3/2024
MCLE No. 25-27-11-23-2024

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

		December 31	
	Note	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	6, 24, 25	P5,424,938	P4,600,267
Trade and other receivables - net	7, 20, 24, 25	830,653	905,985
Spare parts and supplies	18	1,066,535	1,081,456
Prepaid expenses	8	2,776,433	2,503,263
Total Current Assets		10,098,559	9,090,971
Noncurrent Assets			
Investment in an associate	9	65,436	55,282
Property and equipment - net	10	2,511,749	2,566,211
Intangible assets - net	11	21,595,130	21,080,924
Right-of-use assets - net	23	726,211	775,248
Deferred tax assets - net	13	1,002,295	975,876
Other noncurrent assets	12	73,551	86,759
Total Noncurrent Assets		25,974,372	25,540,300
		P36,072,931	P34,631,271
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14, 20, 24, 25	P2,934,416	P3,292,607
Provisions for claims	15	58,873	61,044
Port concession rights payable - current portion	23, 24, 25	455,254	423,028
Income and other taxes payable		100,052	210,629
Lease liabilities - current portion	20, 23, 24	46,615	118,066
Total Current Liabilities		3,595,210	4,105,374
Noncurrent Liabilities			
Port concession rights payable - net of current portion	23, 24, 25	7,011,351	7,510,283
Pension liability - net	21	236,779	207,409
Lease liabilities - net of current portion	20, 23, 24	678,189	647,026
Total Noncurrent Liabilities		7,926,319	8,364,718
		11,521,529	12,470,092
Equity			
Equity Attributable to Equity Holders of the Parent Company			
Capital stock		2,000,000	2,000,000
Additional paid-in capital		264,300	264,300
Retained earnings		22,276,607	19,887,619
Fair value reserve		(5,820)	(5,820)
	16, 24	24,535,087	22,146,099
Non-controlling Interest		16,315	15,080
Total Equity		24,551,402	22,161,179
		P36,072,931	P34,631,271

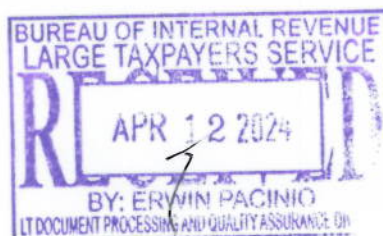
See Notes to the Consolidated Financial Statements.



ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Per Share Data)

		Years Ended December 31		
	Note	2023	2022	2021
REVENUES FROM OPERATIONS	26	P15,451,800	P13,622,704	P11,162,744
GOVERNMENT SHARE IN REVENUES	17	(2,669,519)	(2,468,762)	(1,947,677)
		12,782,281	11,153,942	9,215,067
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	18, 20, 21	(6,628,665)	(6,176,412)	(5,426,240)
OTHER INCOME AND EXPENSES				
Finance income		189,142	45,496	5,758
Finance cost		(503,531)	(505,572)	(504,068)
Others - net		40,328	(529,694)	(254,907)
	19	(274,061)	(989,770)	(753,217)
CONSTRUCTION REVENUES	11	1,920,973	1,928,019	546,474
CONSTRUCTION COSTS	11	(1,920,973)	(1,928,019)	(546,474)
		-	-	-
INCOME BEFORE INCOME TAX		5,879,555	3,987,760	3,035,610
INCOME TAX EXPENSE	13	1,441,737	959,604	797,881
NET INCOME		P4,437,818	P3,028,156	P2,237,729
Income Attributable to Equity holders of the Parent Company		P4,435,986	P3,024,811	P2,236,720
Non-controlling interest		1,832	3,345	1,009
		P4,437,818	P3,028,156	P2,237,729
Basic/Diluted Earnings per Share Attributable to Equity Holders of the Parent Company	22	P2.22	P1.51	P1.12

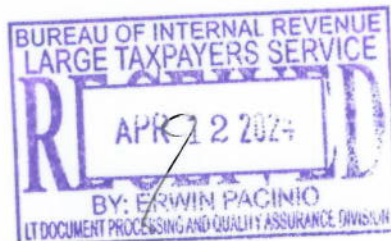
See Notes to the Consolidated Financial Statements.



ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

		Years Ended December 31		
	Note	2023	2022	2021
NET INCOME FOR THE YEAR		P4,437,818	P3,028,156	P2,237,729
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Item that will never be reclassified to profit or loss</i>				
Actuarial gains (losses) on pension liability	21	(62,687)	14,663	(7,127)
Tax on item taken directly to equity	13	15,672	(3,666)	1,782
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - Net of tax		(47,015)	10,997	(5,345)
TOTAL COMPREHENSIVE INCOME		P4,390,803	P3,039,153	P2,232,384
Total Comprehensive Income Attributable to				
Equity holders of the Parent Company		P4,388,988	P3,035,751	P2,231,320
Non-controlling interest		1,815	3,402	1,064
		P4,390,803	P3,039,153	P2,232,384

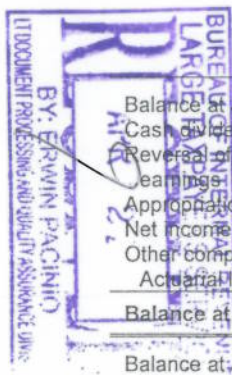
See Notes to the Consolidated Financial Statements.



ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands, Except Per Share Data)

Years Ended December 31

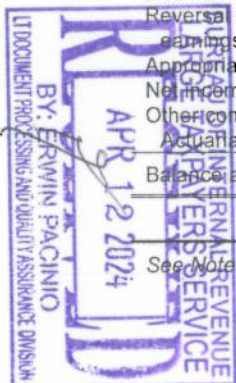
	Note	Attributable to Equity Holders of the Parent Company							Non-controlling Interest	Total Equity
		Capital Stock	Additional Paid-in Capital	Retained Earnings		Fair Value Reserve	Total			
				Appropriated for Port Development	Unappropriated					
Balance at January 1, 2023		P2,000,000	P264,300	P16,400,000	P3,487,619	(P5,820)	P22,146,099	P15,080	P22,161,179	
Cash dividends - P1.00 a share	16	-	-	-	(2,000,000)	-	(2,000,000)	(580)	(2,000,580)	
Reversal of appropriation of retained earnings	16	-	-	(2,400,000)	2,400,000	-	-	-	-	
Appropriations during the year	16	-	-	5,000,000	(5,000,000)	-	-	-	-	
Net income for the year		-	-	-	4,435,986	-	4,435,986	1,832	4,437,818	
Other comprehensive income:										
Actuarial loss - net of tax	21	-	-	-	(46,998)	-	(46,998)	(17)	(47,015)	
Balance at December 31, 2023		P2,000,000	P264,300	P19,000,000	P3,276,607	(P5,820)	P24,535,087	P16,315	P24,551,402	
Balance at January 1, 2022		P2,000,000	P264,300	P15,100,000	P3,367,868	(P5,820)	P20,726,348	P12,258	P20,738,606	
Cash dividends - P0.808 a share	16	-	-	-	(1,616,000)	-	(1,616,000)	(580)	(1,616,580)	
Reversal of appropriation of retained earnings	16	-	-	(2,000,000)	2,000,000	-	-	-	-	
Appropriations during the year	16	-	-	3,300,000	(3,300,000)	-	-	-	-	
Net income for the year		-	-	-	3,024,811	-	3,024,811	3,345	3,028,156	
Other comprehensive income:										
Actuarial gain - net of tax	21	-	-	-	10,940	-	10,940	57	10,997	
Balance at December 31, 2022		P2,000,000	P264,300	P16,400,000	P3,487,619	(P5,820)	P22,146,099	P15,080	P22,161,179	



Years Ended December 31

	Note	Attributable to Equity Holders of the Parent Company							Non-controlling Interest	Total Equity
		Capital Stock	Additional Paid-in Capital	Retained Earnings		Fair Value Reserve	Total			
				Appropriated for Port Development	Unappropriated					
Balance at January 1, 2021		P2,000,000	P264,300	P14,000,000	P3,642,548	(P5,820)	P19,901,028	P11,774	P19,912,802	
Cash dividends - P0.703 a share	16	-	-	-	(1,406,000)	-	(1,406,000)	(580)	(1,406,580)	
Reversal of appropriation of retained earnings	16	-	-	(2,500,000)	2,500,000	-	-	-	-	
Appropriations during the year	16	-	-	3,600,000	(3,600,000)	-	-	-	-	
Net income for the year		-	-	-	2,236,720	-	2,236,720	1,009	2,237,729	
Other comprehensive income:										
Actual loss - net of tax	21	-	-	-	(5,400)	-	(5,400)	55	(5,345)	
Balance at December 31, 2021		P2,000,000	P264,300	P15,100,000	P3,367,868	(P5,820)	P20,726,348	P12,258	P20,738,606	

See Notes to the Consolidated Financial Statements.



ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

		Years Ended December 31		
	Note	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P5,879,555	P3,987,760	P3,035,610
Adjustments for:				
Depreciation and amortization	10, 11, 18, 23	1,989,066	1,908,756	1,849,725
Finance cost	19, 21, 23	503,531	505,572	504,068
Current service cost	21	39,193	45,664	40,639
Provision (reversal of provision) for spare parts and supplies obsolescence	18	10,000	-	(5,035)
Provision for claims	15	48	832	7,172
Finance income	19	(189,142)	(45,496)	(5,758)
Net unrealized foreign exchange losses (gains)		(102,127)	411,159	255,570
Equity in net earnings of an associate	9, 19	(38,812)	(32,374)	(44,782)
Gain on disposals of:				
Property and equipment	19	(5,359)	(728)	(302)
Intangible assets	19	-	(5,688)	(930)
Operating income before working capital changes		8,085,953	6,775,457	5,635,977
Decrease (increase) in:				
Trade and other receivables		74,256	(96,756)	(184,621)
Spare parts and supplies		4,921	(145,978)	(40,154)
Prepaid expenses		(273,170)	(354,254)	(417,692)
Increase (decrease) in:				
Trade and other payables		(310,979)	827,752	234,196
Provisions for claims		(2,219)	(3,004)	(1,980)
Income and other taxes payable		(118,513)	6,376	(33,407)
Cash generated from operations		7,460,249	7,009,593	5,192,319
Finance income received		190,218	45,496	6,117
Income tax paid		(1,444,548)	(1,066,262)	(861,915)
Contributions to retirement funds	21	(84,505)	(74,978)	-
Finance cost paid		(54,208)	(27,013)	(7,818)
Net cash provided by operating activities		6,067,206	5,886,836	4,328,703

Forward



		Years Ended December 31		
	Note	2023	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Intangible assets	11	(P1,939,908)	(P1,986,879)	(P1,730,573)
Property and equipment	10	(262,665)	(829,665)	(897,080)
Proceeds from disposals of:				
Intangible assets		-	6,260	930
Property and equipment		97,935	1,760	302
Dividends received	9, 20	28,658	35,465	31,524
Decrease (increase) in:				
Other noncurrent assets		-	26,083	13,189
Deposits		13,208	(10,805)	58,649
Net cash used in investing activities		(2,062,772)	(2,757,781)	(2,523,059)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	16	(2,000,000)	(1,616,000)	(1,406,000)
Cash dividends to non-controlling interest		(580)	(580)	(580)
Port concession rights payable	23	(972,915)	(799,238)	(792,135)
Lease liabilities	23	(192,288)	(223,176)	(204,810)
Net cash used in financing activities		(3,165,783)	(2,638,994)	(2,403,525)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		838,651	490,061	(597,881)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		(13,980)	156,040	114,173
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
	6	4,600,267	3,954,166	4,437,874
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	6	P5,424,938	P4,600,267	P3,954,166

See Notes to the Consolidated Financial Statements.



ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except Per Share Data)

1. Reporting Entity

Asian Terminals, Inc. (ATI or the "Parent Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 9, 1986. The consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries, ATI Batangas, Inc. (ATIB) and Tanza Container Terminal, Inc. (TCTI), (collectively referred to as the "Group"). The Parent Company is a public company under Section 17.2 of the Securities Regulation Code and its shares are listed on the Philippine Stock Exchange, Inc. (PSE). DP World Australia (POAL) Pty. Ltd. directly owns 17.32% of the total outstanding capital stock of ATI.

The Group operates and manages the South Harbor Port of Manila and the Port of Batangas in Batangas City. The registered office address of the Parent Company is at A. Bonifacio Drive, Port Area, Manila.

2. Operating Contracts

Following are the Group's operating contracts:

a. South Harbor, Port of Manila

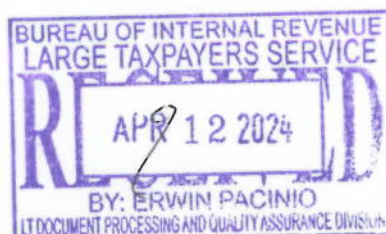
ATI's exclusive right to manage, operate and develop South Harbor was renewed for a period of 25 years from May 19, 2013 to May 18, 2038 pursuant to the Third Supplement to the Contract for Cargo Handling and Related Services (the "Third Supplement") with the Philippine Ports Authority (PPA) dated October 19, 2007 (see Note 23).

b. Port of Batangas

On January 18, 2010, the PPA issued to ATI the Notice to Award the Contract for the Management, Operation, Maintenance, Development and Promotion of the Container Terminal "A-1," Phase II of the Port of Batangas for a period of 25 years. The Contract was signed on March 25, 2010. The Notice to Proceed dated June 16, 2010 allowed ATI to start and commence operations at the Terminal on July 1, 2010.

On October 2, 2015, ATI and ATIB signed a Contract with PPA for the Management, Operation, Maintenance and Development of Phase I, Port of Batangas with a term from October 1, 2015 until September 30, 2025.

In December 2019, ATI and ATIB signed a Contract with PPA for the extension of the term from 2025 to 2035 (see Note 23).



3. Basis of Preparation

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRSs which are issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

The consolidated financial statements were authorized for issue by the Board of Directors (BOD) on February 22, 2024.

Basis of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

<u>Items</u>	<u>Measurement Bases</u>
Equity investments at Fair Value through Other Comprehensive Income (FVOCI)	Fair value
Pension liability	The present value of the defined benefit obligation less the fair value of plan assets.

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the Group's functional currency. All amounts have been rounded off to the nearest thousand pesos (P000), except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of ATI, ATIB, TCTI and the Group's interest in an associate accounted for under the equity method of accounting. ATIB is a 99.17% owned subsidiary as at December 31, 2023 and 2022. TCTI was incorporated on January 18, 2018, and a 100% owned subsidiary as at December 31, 2023 and 2022.

The financial statements of ATIB and TCTI are prepared for the same financial reporting year as ATI, using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income and expenses resulting from intra-group transactions are eliminated in full.

TCTI is fully consolidated from the date of incorporation. ATIB is fully consolidated from the date of acquisition, being the date when ATI obtained control, and continues to be consolidated until the date that such control ceases.

Non-controlling interest represents the portion of profit and loss and net assets in ATIB not held by ATI and are presented separately in the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity, and within equity in the consolidated statements of financial position.

4. Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except if mentioned otherwise.

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards starting January 1, 2023 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

- *Definition of Accounting Estimates (Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)*. To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2, Making Materiality Judgements)*. The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures, assisting companies to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Group reviewed the accounting policies. The amendments did not result in any changes to the accounting policies. However, updates were made to the accounting policy information disclosed in Note 4 Material Accounting Policies section in certain instances in line with the amendments.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, Income Taxes)*. The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations.

For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Amendments to Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Group has not early adopted the following amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

Effective January 1, 2024

- *Classification of Liabilities as Current or Noncurrent - 2020 amendments and Noncurrent Liabilities with Covenants - 2022 amendments (Amendments to PAS 1)*. To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
 - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

Financial Instruments

Non-derivative Financial Instruments. Non-derivative financial instruments consist of cash and cash equivalents, trade and other receivables, deposits, equity securities, trade and other payables (except for statutory payables), port concession rights payable and lease liabilities.

Recognition and Initial Measurement. Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The Group's financial assets at amortized cost include cash and cash equivalents, trade and other receivables, and deposits.

A financial asset is measured at amortized cost using the effective interest method if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Cash includes cash on hand and in banks which are stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and are subject to an insignificant risk of changes in value.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. The accumulated fair value reserves are never reclassified to profit or loss. Dividends are recognized as income in profit or loss unless it clearly represents a recovery of the cost of investment.

Included in this category is the Group's equity instruments (included under other noncurrent assets).

Business Model Assessment. The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- a. the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- b. how the performance of the portfolio is evaluated and reported to the Group's management;
- c. the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- d. how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- e. the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Solely Payments of Principal and Interest Assessment. Principal is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial Liabilities

Classification, Subsequent Measurement and Gains and Losses. Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Included under other financial liabilities are the Group's trade and other payables (except for due to government agencies) port concession rights payable and lease liabilities.

Impairment of Financial Assets

PFRS 9, *Financial Instruments* replaces the 'incurred loss' model in PAS 39, *Financial Instruments: Recognition and Measurement* with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under PFRS 9, credit losses are recognized earlier than under PAS 39.

ECL is the probability-weighted estimate of credit losses over the expected life of the financial instrument, representing the present value of expected cash shortfalls. The Group applies either a 12-month ECL or a lifetime ECL. Lifetime ECL applies to the financial assets that have experienced a significant increase in credit risk or are already credit-impaired. The Group's approach to ECL measurement is described in Note 24.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating;
- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor and changes in the operating results of the debtor.

Regardless of the analysis above, a significant risk in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 75 days of when they fall due. A financial asset is credit-impaired when an event that has a detrimental impact on the estimated future cash flows have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as default or being more than 75 days past due;

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or either financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Financial assets are written off when there is no reasonable expectation of recovery. The Group categorizes a loan or receivable for write off when a debtor fails to make payments or when it is no longer probable that the receivable will be collected. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Derecognition of Financial Instruments

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and nonfinancial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes, when necessary, based on the market values, being the estimated amount for which assets could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The different levels of fair value of financial instruments carried at fair value, by valuation method have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input that is significant to the entire measurement.

Fair values of the financial instruments are discussed in Note 25 to the consolidated financial statements.

Spare Parts and Supplies

Spare parts and supplies are stated at the lower of cost and current replacement cost. Cost is determined using the weighted average method and includes all expenditures incurred in acquiring and bringing them to their existing location and condition.

Investment in Subsidiaries

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling Interest

NCI is measured at its proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of Control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investment in an Associate

The Group's 35.71% investment in its associate, South Cotabato Integrated Port Services, Inc. (SCIPSI), is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence but not control or joint control, over the financial and operating policies.

Under the equity method, the investment in the associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. The Group's share in the profit or loss and other comprehensive income of the associate is recognized in the Group's consolidated statements of income. Dividends received from the associate reduce the carrying amount of the investment. Adjustment to the carrying amount, may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's other comprehensive income.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized.

The financial statements of the associate are prepared for the same reporting period as the Group. The accounting policies of the associate conform to those used by the Group for like transactions and events in similar circumstances.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment. Such cost includes the cost of replacing part of such property and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes interest incurred during the construction period on funds borrowed to finance the construction of the projects. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Port facilities and equipment include spare parts that the Group expects to use for more than one year. These are not depreciated until ready for its intended use. However, these are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the spare parts may not be recoverable.

Construction in progress represents structures under construction and is stated at cost. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are substantially completed and ready for its intended use. Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Port facilities and equipment	2 - 25 years or life of the operating contract, whichever is shorter
Leasehold improvements	2 - 40 years or term of the lease, whichever is shorter
Furniture, fixtures and equipment	2 - 5 years
Transportation and other equipment	2 - 5 years

The remaining useful lives, residual values, depreciation and amortization method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are recognized in profit or loss.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized using the straight-line method over the period covered by the contract or useful life, whichever is shorter. The amortization period and the amortization method are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are treated as changes in accounting estimates. The amortization expense is recognized in profit or loss in the expense category consistent with the function of the intangible asset. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss and measured as the difference between the net disposal proceeds and the carrying amount of the asset.

Port Concession Rights

The Group recognizes port concession rights as intangible assets arising from a service concession arrangements in which the grantor controls or regulates the services provided and the prices charged, and also controls any significant residual interests in the infrastructure at the end of the term of the arrangement, such as property and equipment, if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of the service concession arrangements.

Port concession rights consist of:

- a. Upfront fees payments on the concession contracts;
- b. The cost of port infrastructures constructed and port equipment purchased, which are not recognized as property and equipment of the Group but as intangible asset received as consideration for such cost; and
- c. Future fixed government share considerations in exchange for license or right. Fixed government share is recognized at present value using the discount rate at the inception date with a corresponding liability recognized. Interest on the unwinding of discount of the liability and foreign exchange differences arising from translations are recognized in profit or loss.

Port concession rights are determined as intangible assets with finite useful lives and are amortized using the straight-line method over the concession period or useful life, whichever is shorter. The amortization period and the amortization method are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are treated as changes in accounting estimates. The amortization expense is recognized in profit or loss in the expense category consistent with the function of the intangible asset. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss and measured as the difference between the net disposal proceeds and the carrying amount of the asset.

Port concession rights are amortized using the straight-line method over the term of contract asset or useful life ranging from 2 to 25 years whichever is shorter.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

Impairment is determined by assessing the recoverable amount of the investment to which the goodwill relates. Where the recoverable amount is less than the carrying amount of the investment, an impairment loss is recognized. An impairment loss in respect of goodwill is not reversed. Where part of the operation within the investment is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of Non-financial Assets

The carrying amounts of investment in an associate, property and equipment, intangible assets other than goodwill and right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions

Provisions are recognized when the Group has: (a) a present obligation (legal or constructive) as a result of past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and those risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Share Capital

Capital Stock

Capital stock is classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Additional Paid-in Capital

The amount of contribution in excess of par value is accounted for as "Additional paid-in capital." Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefit.

Retained Earnings and Dividend Distribution

Retained earnings include current and prior years' results, net of dividends declared, if any, and other capital adjustments.

Dividend distribution to the Group's shareholders is recognized as a liability, and deducted from equity in the Group's consolidated statements of financial position in the period in which the dividends are approved and declared by the Group's BOD.

Retained earnings may also include prior year adjustments and the effect of changes in accounting policies as may be required by the standards' transitional provisions.

Revenue, Cost and Expense Recognition

Revenue from Contracts with Customers

The Group recognizes revenue when it transfers control over a service to a customer. Revenue is measured based on the consideration specified in a contract and PPA Tariff regulations, which are all fixed amounts, for each type of services rendered net of variable consideration, if any. The PPA established all relevant port regulations, basic port services and service level requirements, liability on cargo, security, and safety. The Group's revenue is well defined in PPA Operations Memorandum Circular No. 02-2018 and revised schedule of Cargo Handling Tariff implemented on June 5, 2018.

The following is a description of principal activities from which the Group generates its revenue. Revenue is disaggregated by the following service lines:

- *Stevedoring*
The Group generates stevedoring revenue from all works performed on board vessel. The activity includes movement of cargoes from ship-to-shore, shore-to-ship lifting for inbound and outbound and transshipment including the related stevedoring transportation and liftings from shore to yard and yard to shore. The activity generally finishes in a short period of time (i.e. 24 to 48 hours from the time ship arrives at the port). The Group recognizes revenue at a point in time upon completion of service and the average credit term is 15 to 30 days.
- *Arrastre*
The Group generates arrastre revenue from portside cargo handling operations. The activity includes receiving, handling, custody, security and delivery of cargo passing over piers, quays, warehouses and open storages within the jurisdictional area of responsibility of the Group. The Group recognizes revenue upon completion of service (i.e at a point in time). The customer pays arrastre charges before the release of cargoes.
- *Logistics*
Logistics operation includes trucking and handlings services. The Group recognizes revenue upon completion of service (i.e at a point in time) and the average credit term is 15 to 30 days.

▪ *Special and Others Services*

Special and other services include storage, reefer monitoring, container freight servicing, and equipment or manpower rental. Majority of these service lines pertains to storage revenues. Storage revenues are charges from the use of warehouses and/or open storages within the jurisdictional area of responsibility of the Group beyond the free storage period. Customers are billed upon withdrawal of cargoes from the terminal (for Import) or upon loading of cargoes to vessel (for export). The Group recognizes revenues over a period of time (number of days the container stayed in the jurisdictional area) and the average credit term is 15 to 30 days.

Other Income

Other income is recognized at the point in time when the service has been rendered.

Finance Income

Finance income is recognized on a time proportion basis that reflects the effective yield on the investment.

Construction Revenues and Costs

The Group recognizes revenue related to construction and upgrade of services under service concession arrangement in accordance with PFRS 15, *Revenue from Contracts with Customers*. When the construction or upgrade services are provided or delivered under concession arrangement accounted within the scope of Philippine Interpretation IFRIC 12, *Service Concession Arrangements* the consideration is measured at the estimated selling price of the construction services provided. No margin has been recognized since the estimated selling price of the consideration services provided approximates the construction costs. The nature of the consideration determines the subsequent accounting. The consideration is classified as a contract asset under Intangible assets during the construction or upgrade period in accordance with PFRS 15.

Cost and Expense Recognition

Costs and expenses are recognized upon receipt of goods, utilization of services or at the date they are incurred.

Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. The capitalization of borrowing costs: (a) commences when the activities to prepare the assets are in progress and expenditures and borrowing costs are being incurred; (b) is suspended during extended periods in which active development, improvement and construction of the assets are interrupted; and (c) ceases when substantially all the activities necessary to prepare the assets are complete. These costs are amortized using the straight-line method over the estimated useful life of the related property, plant and equipment to which it is capitalized.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss in the period in which these are incurred using the effective interest method.

Leases

At the inception of the contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in PFRS 16, *Leases*.

Group as Lessee:

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financial sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group's changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, if any. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has classified:

- cash payments for the principal portion of lease payments as financing activities;
- cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Group; and
- short-term lease and payments for leases of low value assets as operating activities.

Employee Benefits

a. Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present, legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. Pensions

ATI and ATIB have funded, defined benefit pension plans, administered by a common pension trustee, covering their permanent employees. The cost of providing benefits under the defined benefit pension plans is determined separately for each plan using the projected unit credit method.

The defined benefit pension asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligation is to be settled directly. The value of any plan asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Remeasurements of the net defined benefit pension liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit pension liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit pension liability (asset), taking into account any changes in the net defined pension liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit pension plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit pension plan when the settlement occurs.

Foreign Currency Transactions

The consolidated financial statements are presented in Philippine peso, which is the Group's functional currency. Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. All differences are taken to the profit or loss. Foreign currency gains and losses are reported on a net basis.

Taxes

Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates (tax laws) enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax liabilities are not provided on non-taxable temporary difference associated with investment in associate.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (tax laws) that have been enacted or substantively enacted by the end of the reporting period.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the consolidated statements of financial position.

Earnings Per Share (EPS)

Basic EPS is calculated by dividing the net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to any stock dividends declared during the year.

The Group does not have potential common shares or other instruments that may entitle the holder to common shares. Hence, diluted EPS is the same as basic EPS.

Operating Segments

The Group's operating businesses are organized and managed separately according to the lines of business: port and non-port, with each segment representing a strategic business unit that serves different markets. The BOD reviews segment reports on a regular basis.

The Group has a single reportable operating segment, as its business has been mainly on port operations and the non-port operation is insignificant to the Group's total business.

The Group operates only in the Philippines which is treated as a single geographical segment.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment and intangible assets other than goodwill.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's consolidated financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's consolidated financial statements in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future periods affected.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Parent Company and its subsidiaries has been determined to be the Philippine peso. It is the currency that mainly influences the price and cost of providing services.

Service Concession Arrangements. The Group has determined that the operating contracts are within the scope of IFRIC 12, accounted for under the intangible asset model.

The intangible assets pertaining to concession rights as at December 31, 2023 and 2022 are presented in Note 11 to the consolidated financial statements.

Port Concession Rights and Port Concession Rights Payable. Estimates and assumptions are required on the determination of the cost of port concession rights on service concession arrangements to determine the extent to which the Group receives a right or license to charge users of public service. Port concession rights includes future fixed government share considerations in exchange for license or right. Fixed government share is recognized at present value using the discount rate at the inception date with a corresponding liability (port concession rights payable) recognized. In making those estimates, the management is required to determine a suitable discount rate to calculate the present value of port concessions rights and port concession rights payable. The Group believes that, while the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements.

Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Provisions for Claims. The Group records provisions for claims for property, equipment and cargo damage and for pending civil and labor cases when it is determined that an unfavorable outcome is probable and the amount of the claim can be reasonably estimated. The determination of the amount of reserves required, if any, is based on management's analysis of each individual issue, often with assistance of outside legal counsel.

Provisions for claims amounted to P58.9 million and P61.0 million, as at December 31, 2023 and 2022, respectively (see Note 15).

Lease Extension Option. Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassess whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Lease liabilities on property leases on which extension options were exercised amounted to P48.7 million and P31.8 million as at December 31, 2023 and 2022.

6. Cash and Cash Equivalents

	<i>Note</i>	2023	2022
Cash on hand and in banks		P520,599	P624,833
Short-term investments		4,904,339	3,975,434
	24, 25	P5,424,938	P4,600,267

Cash in banks earn interest at floating rates based on daily bank deposit rates. Majority of short-term investments are on 90-day term subject to roll-over requirements of the Group and earn interest at the prevailing short-term deposit rates amounting to P189.1 million, P45.5 million and P5.8 million in 2023, 2022 and 2021, respectively (see Note 19).

7. Trade and Other Receivables

	Note	2023	2022
Trade receivables		P609,257	P736,984
Due from related parties	20	107,024	19,731
Receivable from insurance		52,757	56,621
Advances to officers and employees		22,786	28,020
Interest receivable		11,131	12,207
Receivable from escrow fund		-	13,635
Other receivables		31,893	42,982
		834,848	910,180
Allowance for impairment losses		(4,195)	(4,195)
	24, 25	P830,653	P905,985

Trade and other receivables are noninterest-bearing and generally have credit term of thirty (30) days.

There was no movement in allowance for impairment losses on trade and other receivables in 2023 and 2022 (see Note 24).

8. Prepaid Expenses

	2023	2022
Taxes	P2,729,206	P2,467,343
Insurance	11,025	9,217
Rental	3,927	3,927
Advances to contractors	2,520	2,035
Advances to government agencies	101	101
Others	29,654	20,640
	P2,776,433	P2,503,263

Taxes pertain to the Group's input VAT credits, net of output VAT.

Rentals pertain to prepayments on short-term leases entered during the period. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

9. Investment in an Associate

ATI has a 35.71% interest in SCIPSI, which is engaged in arrastre, stevedoring and other related cargo handling services, except portorage, in Makar Wharf, General Santos City, Philippines. SCIPSI is not listed in any public exchange. The carrying amount of investment in an associate as at December 31 follows:

	<i>Note</i>	2023	2022
Acquisition cost		P11,222	P11,222
Accumulated equity in net earnings:			
Balance at beginning of year		44,060	47,151
Equity in net earnings for the year	19	38,812	32,374
Dividends received during the year		(28,658)	(35,465)
		54,214	44,060
		P65,436	P55,282

The information presented in the table includes the result of SCIPSI's operations for the years ended December 31, 2023 and 2022. The following table also reconciles the summarized financial information to the carrying amount of the Group's interest in SCIPSI.

	2023	2022
Current assets	P165,483	P125,617
Noncurrent assets	49,226	48,607
Total assets	P214,709	P174,224
Current liabilities	P44,448	P35,860
Noncurrent liabilities	1,636	1,432
Total liabilities	P46,084	P37,292
Net assets	P168,625	P136,932
Share in net assets	P60,216	P48,898
Excess of cost over the interest	5,220	6,384
Carrying amount of interest	P65,436	P55,282
Revenues	P297,047	P283,941
Expenses	(188,360)	(193,283)
Net income	P108,687	P90,658

Based on unaudited financial statements

10. Property and Equipment - net

The movements in this account are as follows:

2023

	Port Facilities and Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction in-progress	Total
Cost						
Balance at beginning of year	P225,266	P707,135	P935,940	P330,305	P1,960,215	P4,158,863
Additions	1,343	84,200	50,799	64,445	77,959	278,746
Disposals	-	(91,253)	(6,259)	(21,628)	-	(119,140)
Reclassifications	-	1,782,665	24,914	45,715	(1,853,294)	-
Balance at end of year	226,611	2,482,747	1,005,394	418,837	184,860	4,318,469
Accumulated Depreciation						
Balance at beginning of year	131,137	627,318	713,372	220,825	-	1,592,652
Depreciation	13,440	92,311	87,770	47,111	-	240,632
Disposals	-	-	(6,259)	(20,365)	-	(26,564)
Balance at end of year	144,577	619,629	784,883	247,631	-	1,806,720
Carrying Amount	P82,034	P1,863,118	P210,511	P171,206	P184,860	P2,511,749

2022

	Port Facilities and Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction in-progress	Total
Cost						
Balance at beginning of year	P222,486	P693,409	P815,515	P294,272	P1,282,616	P3,308,298
Additions	2,778	11,576	60,702	44,951	734,005	854,012
Disposals	-	-	(4,346)	(7,958)	-	(12,314)
Reclassifications	4	2,150	64,069	(950)	(56,406)	8,867
Balance at end of year	225,266	707,135	935,940	330,305	1,960,215	4,158,863
Accumulated Depreciation						
Balance at beginning of year	116,162	485,195	632,075	184,124	-	1,417,554
Depreciation	14,945	42,123	85,181	44,101	-	186,350
Disposals	-	-	(3,862)	(7,400)	-	(11,262)
Balance at end of year	131,137	627,316	713,372	220,825	-	1,592,652
Carrying Amount	P94,131	P179,817	P222,568	P109,480	P1,960,215	P2,566,211

No borrowing costs were capitalized in 2023 and 2022.

The Group has non-cash additions for the years ended December 31, 2023 and 2022 which amounted to P16.1 million and P24.3 million, respectively.

Depreciation is charged under "Depreciation and amortization" account included in "Costs and expenses excluding government share in revenues" in the consolidated statements of income (see Note 18).

Cost of fully depreciated property and equipment which are still being used by the Group amounted to P712.0 million and P620.8 million as at December 31, 2023 and 2022, respectively.

11. Intangible Assets - net

The movements in this account are as follows:

2023

	Port Concession Rights				Goodwill	Total
	Upfront Fees (Note 23)	Fixed Government Share	Port Infrastructure	Subtotal		
Cost						
Balance at beginning of year	P882,000	P9,279,694	P25,508,613	P35,670,307	P42,060	P35,712,367
Additions	-	-	2,061,603	2,061,603	-	2,061,603
Disposals	-	-	(15,653)	(15,653)	-	(15,653)
Balance at end of year	882,000	P9,279,694	27,554,563	37,716,257	42,060	37,758,317
Accumulated Amortization						
Balance at beginning of year	108,494	4,628,828	9,894,121	14,631,443	-	14,631,443
Amortization	11,280	478,406	1,057,711	1,547,397	-	1,547,397
Disposals	-	-	(15,653)	(15,653)	-	(15,653)
Balance at end of year	119,774	5,107,234	10,936,179	16,163,187	-	16,163,187
Carrying Amount	P762,226	P4,172,460	P16,618,384	P21,553,070	P42,060	P21,595,130

2022

	Port Concession Rights				Goodwill	Total
	Upfront Fees (Note 23)	Fixed Government Share	Port Infrastructure	Subtotal		
Cost						
Balance at beginning of year	P882,000	P9,279,694	P23,934,464	P34,096,158	P42,060	P34,138,218
Additions	-	-	2,041,736	2,041,736	-	2,041,736
Reclassifications	-	-	(8,747)	(8,747)	-	(8,747)
Disposals	-	-	(458,840)	(458,840)	-	(458,840)
Balance at end of year	882,000	9,279,694	25,508,613	35,670,307	42,060	35,712,367
Accumulated Amortization						
Balance at beginning of year	97,214	4,332,662	9,156,911	13,586,687	-	13,586,687
Amortization	11,280	298,266	1,195,478	1,503,024	-	1,503,024
Disposals	-	-	(458,268)	(458,268)	-	(458,268)
Balance at end of year	108,494	4,628,828	9,894,121	14,631,443	-	14,631,443
Carrying Amount	P773,506	P4,650,866	P15,614,492	P21,038,864	P42,060	P21,080,924

The unamortized capitalized borrowing costs as at December 31, 2023 and 2022 amounted to P50.0 million and P54.7 million, respectively. No borrowing costs were capitalized in 2023 and 2022.

Amortization is charged under "Depreciation and amortization" account included in "Costs and expenses excluding government share in revenues" in the consolidated statements of income (see Note 18).

The Group has non-cash additions for the years ended December 31, 2023 and 2022 which amounted to P121.7 million and P54.9 million, respectively.

Contract asset under Port Infrastructure represents ongoing construction of port facilities and eventual putting into service in accordance with the Investment Plan. The movements in contract asset are as follows:

	2023	2022
Balance at beginning of year	P2,734,320	P1,840,748
Additions during the year	1,920,973	1,928,019
Reclassification during the year	(1,306,974)	(1,034,447)
Balance at end of year	P3,348,319	P2,734,320

Goodwill

Key Assumptions

In testing impairment of goodwill, the recoverable amount of ATIB is the value in use, which has been determined by calculating the present value of cash flow projections from the operations of ATIB. The average revenue growth rate assumption used was 5.0%. The discount rate applied to cash flow projections is 9.0% in 2023 and 9.4% in 2022 based on the industry's weighted average cost of capital (WACC).

Sensitivity to Changes in Assumptions

The estimated recoverable amount of ATIB exceeds its carrying amount by approximately P3.0 billion and P1.8 billion in 2023 and 2022, respectively. Management has identified that earnings before interest and tax and discount rates are the key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount.

12. Other Noncurrent Assets

	<i>Note</i>	2023	2022
Deposits	24, 25	P70,899	P84,107
Equity securities	24, 25	2,652	2,652
		P73,551	P86,759

Deposits mainly represent payments related to refundable security deposits on property leases and utilities. This account includes noninterest-bearing refundable security deposits on a lease agreement that was carried at fair value as of initial recognition determined based on the present value of future cash flows discounted using effective interest rate of 5.8% in 2023 and 6.0% in 2022. The carrying amounts of these refundable security deposits at amortized cost amounted to P15.0 million and P14.8 million as at December 31, 2023 and 2022, respectively.

Equity securities consist of investments in quoted and unquoted shares.

13. Income Tax

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Effective July 1, 2020, the Group, being qualified as large corporation, has its corporate income tax lowered from 30% to 25%.

The components of taxes are as follows:

	2023	2022	2021
Current tax	P1,452,484	P1,137,822	P808,801
Deferred tax	(10,747)	(178,218)	(63,404)
Changes in tax rate:			
Current tax	-	-	(91,883)
Deferred tax	-	-	144,367
	P1,441,737	P959,604	P797,881

A reconciliation between the statutory tax rate and the effective tax rate on income before income tax follows:

	2023	2022	2021
Statutory income tax rate	25.00%	25.0%	25.0%
Changes in income tax rate resulting from:			
Income subjected to final tax	(0.80)	(0.23)	(0.28)
Change in income tax rate	-	-	1.73
Others	0.32	(0.71)	(0.17)
Effective income tax rate	24.52%	24.06%	26.28%

The movements in deferred tax balances are as follows:

2023	Note	Net Balance at January 1	Recognized in Profit or Loss	Recognized in OCI	December 31		Net
					Deferred Tax Assets	Deferred Tax Liabilities	
Port concession rights payable related to fixed government share		P453,586	P7,044	P -	P460,630	P -	P460,630
Unrealized foreign exchange loss - net		394,736	13,478	-	398,214	-	398,214
Pension liability	21	80,868	(2,412)	16,872	74,128	-	74,128
Accrued expenses		46,716	(8,602)	-	38,114	-	38,114
Excess of cost over net realizable value of spare parts and supplies		19,807	2,500	-	22,307	-	22,307
Provisions for claims		15,280	(543)	-	14,717	-	14,717
Right-of-use and lease liability		6,628	(2,020)	-	4,600	-	4,600
Impairment losses on receivables		2,254	-	-	2,254	-	2,254
Unamortized capitalized borrowing costs and custom duties		(14,179)	1,310	-	-	(12,869)	(12,869)
Net tax assets (liabilities)		P975,876	P10,747	P15,672	P1,016,164	(P12,869)	P1,002,295

2022	Note	Net Balance at January 1	Recognized in Profit or Loss	Recognized in OCI	December 31		Net
					Deferred Tax Assets	Deferred Tax Liabilities	
Port concession rights payable related to fixed government share		P439,655	P13,931	P -	P453,586	P -	P453,586
Unrealized foreign exchange loss - net		253,403	131,333	-	384,736	-	384,736
Pension liability	21	54,591	(57)	(3,666)	60,858	-	60,858
Accrued expenses		19,274	27,442	-	46,716	-	46,716
Excess of cost over net realizable value of spare parts and supplies		21,432	(1,626)	-	19,807	-	19,807
Provisions for claims		15,893	(543)	-	15,260	-	15,260
Right-of-use and lease liability		402	6,426	-	6,828	-	6,828
Impairment losses on receivables		2,254	-	-	2,254	-	2,254
Unamortized capitalized borrowing costs and custom duties		(15,496)	1,311	-	-	(14,179)	(14,179)
Net tax assets (liabilities)		P891,324	P178,218	(P3,666)	P990,955	(P14,179)	P975,876

Deferred tax assets have been recognized because management believes that the Group will earn sufficient future taxable profits against which it can utilize the benefits therefrom.

14. Trade and Other Payables

	Note	2023	2022
Accrued expenses:			
Marketing, commercial, promotion and business development		P529,847	P643,570
Finance costs		129,096	136,918
Repairs and maintenance		86,296	77,183
Personnel costs		85,815	91,070
Insurance		58,460	51,758
Professional fees		49,405	48,459
Security expenses		38,677	28,281
Trucking expense		24,600	27,176
Rentals	23	21,651	21,760
Corporate social responsibility		14,156	23,156
Utilities		14,090	13,444
Safety and environment		3,799	4,015
Miscellaneous accrued expenses		120,681	105,659
Due to government agencies	23	967,569	939,016
Equipment acquisitions		255,405	339,503
Trade		244,925	442,235
Shippers' and brokers' deposits		97,555	116,545
Management fee payable	20	17,266	19,215
Other payables	20	175,123	163,644
	24, 25	P2,934,416	P3,292,607

Following are the terms and conditions of the above liabilities:

- Trade payables are non-interest-bearing and are normally settled on 30 to 60-day terms.
- Accrued finance costs are normally settled quarterly and semi-annually throughout the financial year.

- Other payables are non-interest bearing and are normally settled within twelve months from inception date. This account includes dividends and other non-trade payables.

Rentals pertain to short-term leases entered during the period.

15. Provisions for Claims

The movements and balances of this account are as follows:

	<i>Note</i>	2023	2022
Balance at beginning of year		P61,044	P63,216
Provisions during the year	18	48	832
Payments during the year		(2,219)	(3,004)
Balance at end of year		P58,873	P61,044

Provisions relate to property and equipment, and cargo damage and other claims. It is expected that most of these provisions will be settled within the next financial year or on demand.

16. Equity

Pursuant to the registration statement rendered effective by the SEC and permit to sell issued by the SEC both dated April 7, 1995, 1 billion common shares of the Parent Company were registered and may be offered for sale at an offer price of P5.10 per common share. On March 26, 1999, another registration statement was rendered effective by the SEC and permit to sell issued by the SEC for 1 billion common shares of the Parent Company and may be offered for sale at an offer price of P1.00 per common share. As at December 31, 2023, the Parent Company has a total of 2 billion issued and outstanding common shares and 821 stockholders.

Capital Stock - P1 Par Value

The Parent Company has 2.0 billion issued and fully paid capital stock, from its 6.0 billion authorized common shares, as at December 31, 2023 and 2022.

Retained Earnings

The Group's unappropriated retained earnings includes the subsidiaries' unappropriated net earnings of P11.9 million and P17.6 million and the Group's accumulated equity in the net earnings of an associate amounting to P54.2 million and P44.1 million as at December 31, 2023 and 2022, respectively, which are available for distribution only upon declaration of dividends by such subsidiaries to the Parent Company and the associate to the Group. Cash dividends are distributed yearly since 2000.

Cash Dividends

On April 27, 2023, the BOD approved the declaration of cash dividends of P1.00 per share payable on June 20, 2023 to common shareholders of record as at May 26, 2023.

On April 28, 2022, the BOD approved the declaration of cash dividends of P0.808 per share payable on June 17, 2022 to common shareholders of record as at May 25, 2022.

On April 22, 2021, the BOD approved the declaration of cash dividends amounting to P1,406.0 million or P0.703 per share payable on June 10, 2021 to common shareholders of record as at May 17, 2021.

Appropriation and Reversal of Appropriation of Retained Earnings

On December 29, 2023, the Group's BOD approved the reversal of the appropriated retained earnings amounting to P2.4 billion out of the already approved appropriation of P16.4 billion, for capital expenditures for 2023 and 2022. Furthermore, the Group's BOD approved an appropriation of the retained earnings amounting to P5.0 billion for capital expenditures for the next 5 years. The Group's BOD also approved on the same date a budget amounting to P16.0 billion for capital expenditures which include yard and berth development as well as construction of new facilities and equipment acquisition for 2024 to 2028. The capital expenditures will strengthen the Group's operations and capability to handle growth.

On December 29, 2022, the Group's BOD approved the reversal of the appropriated retained earnings amounting to P2.0 billion out of the already approved appropriation of P15.1 billion, for capital expenditures for 2022 and 2021. Furthermore, the Group's BOD approved an appropriation of the retained earnings amounting to P3.3 billion for capital expenditures for the next 4 years. The Group's BOD also approved on the same date a budget amounting to P16.0 billion for capital expenditures which include yard and berth development as well as construction of new facilities and equipment acquisition for 2023 to 2026. The capital expenditures will strengthen the Group's operations and capability to handle growth.

On December 31, 2021, the Group's BOD approved the reversal of the appropriated retained earnings amounting to P2.5 billion out of the already approved appropriation of P14.0 billion, for capital expenditures for 2021 and 2020. Furthermore, the Group's BOD approved an appropriation of the retained earnings amounting to P3.6 billion for capital expenditures for the next 5 years. The Group's BOD also approved on the same date a budget amounting to P17.5 billion for capital expenditures which include yard and berth development as well as construction of new facilities and equipment acquisition for 2022 to 2026. The capital expenditures will strengthen the Group's operations and capability to handle growth.

Fair Value Reserve

Fair value reserve amounting to P5.8 million as at December 31, 2023 and 2022 represents unrealized loss on equity securities.

17. Government Share in Revenues

This account consists of the PPA's share in revenues of the Group as stipulated in the agreements discussed in Notes 2 and 23. The PPA's share in gross revenues includes variable government share amounting to P2.7 billion, P2.5 billion and P1.9 billion in 2023, 2022 and 2021, respectively (see Note 23).

18. Costs and Expenses Excluding Government Share in Revenues

	<i>Note</i>	2023	2022	2021
Depreciation and amortization	10, 11, 23	P1,989,066	P1,908,756	P1,849,725
Labor costs	21	1,759,712	1,633,131	1,495,219
Equipment running		850,123	824,520	665,431
Taxes and licenses		503,507	549,240	419,726
Facilities-related expenses		309,287	270,297	214,414
Insurance		276,031	213,391	198,358
Management fees	20	259,221	173,445	133,598
General transport		212,893	179,283	116,549
Security, health, environment and safety		183,346	167,477	152,497
Marketing, commercial and promotion		22,709	10,391	7,015
Professional fees		21,837	25,410	12,898
Rental	23	10,851	33,745	13,960
Entertainment, amusement and recreation		8,847	10,066	3,453
Provision for claims	15	48	832	7,172
Others		221,187	176,428	136,225
		P6,628,665	P6,176,412	P5,426,240

Labor costs include salaries, benefits and pension expense.

Spare parts and supplies used and included under equipment running amounted to P272.6 million, P256.4 million and P249.4 million in 2023, 2022 and 2021, respectively.

Provision for spare parts and supplies obsolescence included under other costs and expenses amounted to P10.0 million in 2023 and nil in 2022 and 2021.

Rental pertains to short-term leases incurred during the period.

19. Other Income and Expenses

Finance income includes interest on cash in banks and short-term investments amounting to P189.1 million, P45.5 million and P5.8 million in 2023, 2022 and 2021, respectively (see Note 6).

Finance cost is broken down as follows:

	<i>Note</i>	2023	2022	2021
Interest on port concession rights payable		P445,150	P468,782	P490,497
Interest on lease liability	23	43,627	26,737	7,530
Interest component of pension expense	21	11,995	9,777	5,753
Interest on bank loans/credit facilities		2,759	276	288
		P503,531	P505,572	P504,068

Interest on port concession rights payable pertains to the interest on the unwinding of discount of said liability (see related policy on port concession rights in Note 4).

Others consist of the following:

	<i>Note</i>	2023	2022	2021
Equity in net earnings of an associate	9	P38,812	P32,374	P44,782
Management income	20	7,950	7,557	8,588
Gain on disposal of equipment and intangible assets		5,359	6,416	1,232
Foreign exchange (losses) - port concession rights payable		(66,418)	(728,712)	(459,448)
Foreign exchange gains (losses) - others		(8,461)	127,889	135,737
Other income - net		63,086	24,782	14,202
		P40,328	(P529,694)	(P254,907)

Foreign exchange gains (losses) - port concession rights payable resulted from revaluation of foreign currency denominated port concession rights payable.

Other income - net recognized in 2023 is mostly comprised of income from the reversal of long-outstanding deposits of dormant customers of the Parent Company.

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

The Group, in the normal course of business, has the following transactions with its related parties:

Category/ Transaction	Note	Year	Amount of the Transaction	Outstanding Balance			Terms	Conditions
				Due from Related Parties	Due to Related Parties	Lease Liability		
Associate								
• Management income	20A	2023	P7,950	P641	P -	P -	Payable on demand	Unsecured; no impairment
		2022	7,557	491	-	-	Payable on demand	Unsecured; no impairment
• Dividend income	9	2023	28,658	-	-	-	Payable on demand	Unsecured; no impairment
		2022	35,465	-	-	-	Payable on demand	Unsecured; no impairment
Post-Employment Benefit Plan								
• Retirement fund	20B	2023	55,682	24,939	-	-	Payable on demand	Unsecured; no impairment
		2022	35,018	13,902	-	-	Payable on demand	Unsecured; no impairment
Others								
• Advances	20D	2023	208,635	81,444	29,677	-	Payable on demand	Unsecured; no impairment
		2022	112,682	5,338	3,997	-	Payable on demand	Unsecured; no impairment
• Management fees	20C	2023	259,221	-	17,266	-	Payable within ten (10 days) of the following month	Unsecured
		2022	173,445	-	19,215	-	Payable within ten (10) days of the following month	Unsecured
• Lease	20E	2023	45,413	-	-	375,539	Payable within five (5 days) of the following month	Unsecured
		2022	40,993	-	-	396,948	Payable within five (5 days) of the following month	Unsecured
TOTAL		2023		P107,024	P46,943	P375,539		
TOTAL		2022		P19,731	P23,212	P396,948		

- A. Amount owed by SCIPSI pertains to management fees equivalent to 6% of gross revenue of SCIPSI.
- B. The Parent Company and ATIB have separate, noncontributory, defined benefit retirement plans covering all its regular employees, in the form of a trust being maintained by a trustee bank. Certain payments to retired employees were paid directly by the Group to be subsequently paid by the retirement fund.
- C. P & O Management Services Phils., Inc. (POMS) is a related party which is 40% owned by POAL. POMS engages in advisory services which it provides to the Parent Company by virtue of a 5-year contract. The Parent Company's contract with POMS expired in 2020 and was renewed on August 27, 2020 for another five years until August 31, 2025. The terms of the contract provide for the payment of a monthly fee equivalent to 5% of ATI's consolidated income before income tax of the immediately preceding month (see Note 18).

- D. Advances include amounts owed to or by DP World Asia Holdings Limited-Regional Operating Headquarters, DP World Philippines Logistics, Inc., and DP World Holdings Philippines, Inc., which are related parties under common control, pertaining to reimbursements for expenses paid by or for the Group. The balance also includes amounts owed to companies controlled by the Group's director for expenses incurred by the Group for manpower, healthcare and insurance services. As of December 31, 2023 and 2022, related amounts are recorded as Other Payables under Trade and other payables (see Note 14).
- E. The Parent Company has entered a 5-year lease contract with a company controlled by the Group's director commencing on May 1, 2019 for a parcel of land located at Barangay Lawa, Calamba, Laguna, with a monthly lease rental of P40 per square meter, subject to an escalation of 8% beginning May 1, 2021 and every 2 years thereafter. The contract terms are based on market rates for this type of arrangement and amounts are payable on a monthly basis for the duration of the contract. The leased premises shall be used for its off-dock container yard and cargo support requirements, including but not limited to warehousing and logistics (see Note 23).

The compensation and benefits of key management personnel are as follows:

	2023	2022
Short-term employee benefits	P134,508	P229,274
Post-employment benefits	11,187	11,114
	P145,695	P240,388

The outstanding related party balances are expected to be settled in cash.

21. Pensions

The Group's latest actuarial valuation reports are as at December 31, 2023. Valuations are obtained on a periodic basis. The following tables summarize the components of pension expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated statements of financial position for the plans of ATI and ATIB:

Pension Expense

	ATI			ATIB			TOTAL		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Current service cost	P35,418	P40,643	P34,334	P3,775	P5,021	P6,305	P39,193	P45,664	P40,639
Interest cost on defined benefit obligation	37,977	28,824	19,473	3,540	2,940	2,407	41,517	31,664	21,880
Interest income on plan assets	(26,370)	(19,928)	(14,494)	(3,152)	(1,959)	(1,633)	(29,522)	(21,887)	(16,127)
Net pension expense	P47,025	P49,539	P39,313	P4,163	P5,902	P7,079	P51,188	P55,441	P46,392

Current service cost is charged under "Labor cost" account included in "Costs and expenses excluding government share in revenues" in the consolidated statements of income (see Note 18). Interest cost on defined benefit obligation and interest income on plan assets are included in "Finance cost" account in the consolidated statements of income (see Note 19).

Pension Liability as of December 31

	ATI		ATIB		TOTAL	
	2023	2022	2023	2022	2023	2022
Present value of pension obligations	(P666,550)	(P575,897)	(50,376)	(P50,696)	(P716,926)	(P626,593)
Fair value of plan assets	437,648	378,155	42,499	41,029	480,147	419,184
Pension liability	(P228,902)	(P197,742)	(P7,877)	(P9,667)	(P236,779)	(P207,409)

Changes in the Present Value of Pension Obligations

	ATI		ATIB		TOTAL	
	2023	2022	2023	2022	2023	2022
Present value of pension obligations at beginning of year	P575,897	P605,375	P50,696	P54,937	P626,593	P660,312
Current service cost	35,418	40,643	3,775	5,021	39,193	45,664
Interest cost	37,977	28,824	3,540	2,840	41,517	31,664
Benefits paid	(51,439)	(65,763)	(320)	(346)	(51,759)	(66,109)
Actuarial loss (gain)	68,697	(33,182)	(7,315)	(11,756)	61,382	(44,938)
Present value of pension obligations at end of year	P666,550	P575,897	P50,376	P50,696	P716,926	P626,593

Changes in the Fair Value of Plan Assets

	ATI		ATIB		TOTAL	
	2023	2022	2023	2022	2023	2022
Fair value of plan assets at beginning of year	P378,155	P384,731	P41,029	P33,972	P419,184	P418,703
Interest income	26,370	19,928	3,152	1,959	29,522	21,887
Actual contributions	75,743	67,045	8,762	7,932	84,505	74,978
Remeasurement gain on plan assets	8,819	(27,787)	(10,124)	(2,488)	(1,305)	(30,275)
Benefits paid	(51,439)	(65,763)	(320)	(346)	(51,759)	(66,109)
Fair value of plan assets at end of year	P437,648	P378,155	P42,499	P41,029	P480,147	P419,184

Benefits paid include certain payments to retired employees paid directly by the Group to be subsequently reimbursed by the retirement fund. Any amount paid by the Group not reimbursed by the retirement fund within the year is recorded under "Due from related parties" account included in "Trade and other receivables - net" in the consolidated statements of financial position. As at December 31, 2023 and 2022, the balance due from the retirement fund amounted to P24.9 million and P13.9 million, respectively (see Note 20).

The components of retirement benefits recognized in other comprehensive income are as follows:

	ATI			ATIB			TOTAL		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Actuarial gain (loss) due to:									
Changes in financial assumptions	(P76,928)	P105,392	(P24,382)	P5,536	P15,051	P8,798	(P70,392)	P121,443	(P15,584)
Changes in demographic assumptions	-	-	(26,543)	-	-	-	-	-	(26,543)
Experience adjustment	8,231	(73,210)	43,292	779	(3,295)	588	9,010	(76,509)	43,660
Remeasurement gain (loss) on plan assets	8,819	(27,787)	(6,368)	(19,124)	(2,488)	(494)	(1,305)	(30,275)	(6,860)
	(P59,874)	P2,395	(P15,999)	(P2,609)	P9,268	P8,872	(52,687)	P14,663	(P7,127)

The cumulative amount of actuarial gain (loss) recognized in the consolidated statements of changes in equity included under "Retained earnings" account amounted to (P43.5) million and P19.2 million as at December 31, 2023 and, 2022, respectively.

Plan Assets

The plans entitle a retired regular or full-time employee to receive a lump sum amount equivalent to one (1) month salary for every year of credited service. Period of service shall be reckoned from date hired to date of retirement, death, permanent disability, or severance.

The defined benefit pension plans expose the Group to actuarial risks, such as interest rate risk and market (investment) risk.

Contributions will be made at the start of each year based on the funding requirements and recommendations indicated in the latest actuarial valuation reports.

The Group's plan assets consist of the following:

	ATI		ATIB		TOTAL	
	2023	2022	2023	2022	2023	2022
Cash and cash equivalents	P73	P62	P131	P149	P204	P211
Investment in UITF	7,000	3,450	6,253	6,590	13,253	10,040
Equity instruments	59,531	62,214	5,995	5,904	65,526	68,118
Investment in government securities	342,929	276,893	27,590	25,377	370,519	302,270
Debt instruments	24,938	30,024	2,165	2,526	27,103	32,550
Other receivables	4,907	5,723	396	513	5,303	6,236
Liabilities	(1,730)	(211)	(31)	(30)	(1,761)	(241)
	P437,648	P378,155	P42,499	P41,029	P480,147	P419,184

All equity instruments and government securities have quoted prices in active markets.

All government securities are issued by the Philippine government and are rated Baa3 by Moody's or BBB by Standard & Poor's.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	ATI		ATIB	
	2023	2022	2023	2022
Discount rate at end of year	6.14%	7.26%	6.16%	7.34%
Salary increase rate	5.0%-6.0%	3.5%-6.0%	5.0%-6.0%	3.5%-6.0%

Assumptions for mortality rate are based on the 2017 Philippine Intercompany Mortality Table.

The weighted average duration of defined benefit obligation is as follows:

	ATI		ATIB	
	2023	2022	2023	2022
Average expected future service years	14	14	17	17

Maturity analysis of the benefit payments:

	2023	
	Expected Benefit Payments	
	ATI	ATIB
Within 1 year	P89,865	P4,799
Within 1 - 5 years	260,163	14,780
More than 5 years	3,317,728	441,274

	2022	
	Expected Benefit Payments	
	ATI	ATIB
Within 1 year	P89,194	P4,595
Within 1 - 5 years	220,046	15,049
More than 5 years	3,018,605	565,466

Sensitivity Analysis

As of December 31, the reasonably possible changes to the relevant actuarial assumptions holding other assumptions constant, would have affected the defined benefit obligation by the amounts below:

2023

	ATI		ATIB	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	(P51,060)	P60,077	(P5,022)	P6,092
Salary increase rate	62,603	(54,142)	6,265	(5,249)

2022

	ATI		ATIB	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	(P39,931)	P46,405	(P5,087)	P6,131
Salary increase rate	49,207	43,028	6,392	5,381

The Group expects to pay P69.4 million in contributions to defined benefit pension plans in 2024.

Asset Liability Matching (ALM)

The Group does not perform any ALM study. The overall investment policy and strategy of the retirement plan is based on the client suitability assessment, as provided by its trust bank, in compliance with the Bangko Sentral ng Pilipinas requirements.

22. Earnings Per Share (EPS) Attributable to Equity Holders of the Parent Company

Basic EPS is computed as follows:

	2023	2022	2020
(a) Net income attributable to Equity Holders of the Parent Company (in thousands)	P4,435,986	P3,024,811	P2,236,720
(b) Weighted average number of common shares outstanding (in thousands)	2,000,000	2,000,000	2,000,000
Basic/diluted EPS attributable to Equity Holders of the Parent Company (a/b)	P2.22	P1.51	P1.12

The Parent Company does not have potential common shares or other instruments that may entitle the holder to common shares. Hence, diluted EPS is the same as basic EPS.

23. Commitments and Contingencies

Agreements within the Scope of Philippine Interpretation IFRIC 12, Service Concession Arrangements

- a. The Parent Company is authorized by the PPA to render cargo handling services at the South Harbor until May 2013. On October 19, 2007, the cargo handling services contract was extended until May 2038 under the terms mutually agreed upon with the PPA (see Note 2).
 - i. In accordance with the Investment Plan which was revised in December 2014 pursuant to the Third Supplement to the Cargo Handling Contract, the Parent Company has committed to invest USD385.7 million from 2010 to 2028, for the rehabilitation, development and expansion of the South Harbor facilities. The commitment is dependent on container volume. The Investment Plan is subject to joint review every two (2) years, or as often as necessary as mutually agreed, to ensure that the same conforms to actual growth levels, taking into account introduction of new technologies and allowing the Parent Company the opportunity of a fair return on investment.

In 2020, the reclamation of the Engineering Island Basin, which is part of the South Harbor, was subject to jurisdictional dispute between the PPA and the Philippine Reclamation Authority. As of date of this report, the opinion of the Department of Justice (DOJ) on the matter is still pending. It is the opinion of the Group that any opinion rendered by the DOJ will not have any material impact on the Group's ability to use the subject reclaimed land.

- ii. Government Share

- For storage operations, the Parent Company shall pay an annual fixed government share of P55.0 million payable quarterly and a government share of 30% of its annual gross storage revenue in excess of P273.0 million.

- For international containerized cargo operations, the Parent Company shall pay quarterly fixed government share of USD2.25 million plus a variable government share amounting to 20% of its total gross revenues.
 - For general cargo operations, the Parent Company shall remit government share amounting to 20% of its total gross revenues collected from arrastre services and 14% of its total gross revenues collected from stevedoring services for general cargoes.
 - For domestic terminal operations, the Parent Company shall remit government share amounting to 10% of its total gross revenues derived from its domestic cargo handling and passenger terminal operations.
- b. The Parent Company is authorized by the PPA to render cargo handling services at the Container Terminal "A-1," Phase 2 at the Port of Batangas for 25 years starting July 1, 2010. For arrastre operations, the Parent Company shall pay an annual fixed government share of USD2.26 million for the first 2 years, USD4.68 million for the 3rd year, USD5.08 million for the 4th-7th year, and USD5.33 million for the 8th-25th year. The Parent Company shall also remit annual variable government share based on committed yearly percentage share multiplied by whichever is higher of the projected gross income in the bid proposal or actual gross income.
- c. The Parent Company and ATIB are authorized by the PPA to render cargo handling and passenger services, supply base operations, portorage services, berth management, parking services, passenger terminal retail outlets, weighbridge or weighing operations, water supply services, vehicle booking system, security services, and leasing/sub-leasing of areas and facilities in the Port of Batangas Phase 1 from October 1, 2015 until September 30, 2025. For these operations, Parent Company and ATIB shall pay a fixed government share amount of P112.7 million for the first 3 years, which shall escalate by 5% and 4% on the 4th and 5th years and 3% for the remaining 5 years. In addition, Parent Company and ATIB shall remit annual volume-triggered government share of 10% and 20% for domestic cargoes and passenger terminal fees and for foreign cargoes, respectively, once defined threshold volumes are met. On December 18, 2019, the term of the contract was extended until June 30, 2035. The same percentage for the annual volume-triggered government share shall be remitted by Parent Company and ATIB for the extended term and the applicable escalation rate is still 3%. In consideration for the extension of the term from 2025 to 2035, Parent Company and ATIB paid to the PPA a lump-sum fee of P200 million in December 2019.
- d. A lump-sum fee of P400 million was paid to the PPA in December 2019 as advance consideration in the event of renewal of the contracts for Port of Batangas Phase 1 and Container Terminal "A-1," Phase 2 beyond year 2035.

Upon recognition of the fair value of the fixed fees representing the government share under the concession agreements as discussed above, the Group also recognized the corresponding port concession rights payable. The movements in the port concession rights payable are as follows:

	2023	2022
Balance as at January 1	P7,933,311	P7,702,171
Accretion of port concession rights payable	622,316	463,180
Payments during the year	(972,915)	(799,238)
Effects of exchange rate changes	(116,107)	567,198
Balance as at December 31	P7,466,605	P7,933,311

Agreements outside the Scope of Philippine Interpretation IFRIC 12, Service Concession Arrangements

- a. The Parent Company has a 5-year lease agreement with PPA effective April 3, 2017 covering a land adjacent to the Container Freight Station (CFS) area of the Container Terminal "A-1" with a monthly lease rental of P1.7 million, subject to a yearly escalation of 5%.
- b. The Parent Company has a 25-year lease agreement until April 2021 covering the land in Calamba, Laguna to be used exclusively as an Inland Container Depot for which the Parent Company pays an annual rental of P0.1 million, subject to an escalation of 7% once every two years.

The contract was revised in 2004, changing the monthly rate to P0.5 million in January 1, 2002 to December 31, 2003 and P0.7 million in January 1, 2004 to December 31, 2005; subject to an escalation of 8% every 2 years starting January 1, 2006. The monthly rates amounted to P1.3 million in 2023, 2022 and 2021.

- c. The Parent Company has a 5-year lease contract commencing on February 1, 2017 over two parcels of land located in Sta. Mesa, City of Manila with a monthly lease rental of P0.6 million, subject to an escalation of 7% once every two years. This land is being exclusively used as an off-dock container depot.

In 2022, the lease contract was renewed for another period of five (5) years commencing on February 1, 2022 until January 1, 2027 with the same terms and conditions as the original lease contract.

- d. The Parent Company has entered a 25-year lease contract commencing on February 15, 2018 for a parcel of land located at barangay Calibuyo, Tanza, Cavite, with a monthly lease rental of P35 per square meter, subject to an escalation of 5% beginning February 15, 2020 and every 2 years thereafter. The lease premises shall be used exclusively as a port terminal, inland clearance depot, warehouse, and for other activities related or ancillary thereto.

Majority of the Group's leased properties pertain to land. The leases typically run for a period of 1-25 years, with an option to renew the lease after that date.

Information about leases for which the Group is a lessee is presented below.

i. Right-of-Use Assets

Right-of-use assets related to leased properties whose lease terms are more than 12 months.

	Note	2023	2022
Balance at January 1		P775,248	P458,999
Additions to right-of-use assets		152,000	535,631
Amortization during the year	18	(201,037)	(219,382)
Balance at December 31		P726,211	P775,248

ii. Lease Liabilities

	Note	2023	2022
Balance at January 1		P765,092	P452,637
Additions to lease liabilities		152,000	535,631
Interest expense during the year	19	43,627	26,737
Payments made		(235,915)	(249,913)
Balance at December 31		P724,804	P765,092

As at December 31, 2023 and 2022, the Group has current and noncurrent lease liabilities included in the consolidated statements of financial position as follows:

	2023	2022
Current	P46,615	P118,066
Noncurrent	678,189	647,026
	P724,804	P765,092

The maturity analysis of undiscounted lease payments as of December 31, 2023 and 2022 is as follows:

	2023	2022
Within one year	P74,038	P107,873
More than one year to five years	256,610	238,398
More than five years	901,973	988,724
	P1,232,621	P1,334,995

iii. Amounts Recognized in Profit or Loss

	Note	2023	2022
Depreciation expense	18	P201,037	P219,382
Interest on lease liabilities	19	43,627	26,737
Expenses relating to short-term and/or low value leases	18	10,851	33,745
Total		P255,515	P279,864

iv. Amounts Recognized in Statements of Cash Flows

	2023	2022
Payments of lease liabilities	P192,288	P223,176
Interest paid	43,627	26,737
Cash outflow relating to short-term and/or low value leases	10,960	33,745
Total cash outflow for leases	P246,875	P283,658

- e. The Group has contingent liabilities for lawsuits and various other matters occurring in the ordinary course of business. On the basis of information furnished by its legal counsel, management believes that none of these contingencies will materially affect the Group's financial position and financial performance.

24. Financial Risk and Capital Management Objectives and Policies

The Group has various financial assets and liabilities such as cash and cash equivalents, trade and other receivables, deposits, equity securities, trade and other payables, port concession rights payable and lease liabilities which arise directly from its operations. The main purpose of these financial instruments is to raise financing for the Group's capital expenditures and operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The BOD reviews and agrees on policies for managing each of these risks.

Interest Rate Risk

The Group's interest rate risk management policy centers on reducing the Group's overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's cash in banks and cash equivalents.

As at December 31, 2023 and 2022, the interest rate profile of the Group's interest-bearing financial instrument is as follows:

	2023	2022
Fixed Rate Instruments		
Cash and cash equivalents*	P5,422,997	P4,597,576

*Excluding cash on hand amounting to P1.9 million and P2.7 million as at December 31, 2023 and 2022, respectively.

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore, a change in interest rates at the reporting date would not affect profit or loss.

Liquidity Risk

The Group monitors its risk of shortage of funds using a liquidity planning tool. This tool considers the maturity of both the Group's financial investments and financial assets and projected cash flows from operations, among others. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

As at December 31, 2023	Carrying Amount	Contractual Cash Flows					Total
		On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	
Trade and other payables*	P1,966,847	P274,952	P366,187	P1,325,708	P -	P -	P1,966,847
Port concession rights payable	7,466,905	-	200,127	600,380	2,783,366	6,258,786	9,842,669
Lease liabilities	724,804	-	27,841	46,197	256,610	901,973	1,232,621
	P10,158,256	P274,952	P694,156	P1,972,285	P3,039,976	P7,160,759	P13,042,127

*Excluding due to government agencies amounting to P967.6 million as at December 31, 2023.

As at December 31, 2022	Carrying Amount	Contractual Cash Flows					Total
		On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	
Trade and other payables*	P2,353,591	P283,721	P591,277	P1,478,593	P -	P -	P2,353,591
Port concession rights payable	7,933,311	-	201,145	603,435	2,922,920	6,258,786	9,986,286
Lease liabilities	765,092	-	26,332	81,541	238,398	986,724	1,384,995
	P11,051,994	P283,721	P818,754	P2,163,569	P3,161,318	P7,247,510	P13,674,872

*Excluding due to government agencies amounting to P939.0 million as at December 31, 2022.

Credit Risk

Credit risk on trade and other receivables represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations.

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. A regular/annual review and evaluation of accounts is being implemented to assess the credit standing of customers.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade and other receivables for which no loss allowance is recognized because of collateral. The carrying amounts of trade and other receivables represent the maximum credit exposure.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash in bank and cash equivalents, deposits and FVOCI - equity, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group trades only with reputable banks and recognized third parties.

Exposure to credit risk is monitored on an ongoing basis. Credit checks are being performed on all clients requesting credit over certain amounts. Credit is not extended beyond authorized limits, established where appropriate through consultation with a professional credit vetting organization. Credit granted is subject to regular review, to ensure it remains consistent with the clients' current credit worthiness and appropriate to the anticipated volume of business.

Financial information on the Group's maximum exposure to credit risk as at December 31, 2023 and 2022, without considering the effects of collaterals and other risk mitigation techniques, is presented below

	Note	2023	2022
Cash and cash equivalents*	6	P5,422,997	P4,597,576
Trade and other receivables - net	7	830,653	905,985
Deposits	12	70,899	84,107
Equity securities	12	2,652	2,652
		P6,327,201	P5,590,320

*Excluding cash on hand amounting to P1.9 million and P2.7 million as at December 31, 2023 and 2022, respectively.

The table below shows the credit quality of the Group's financial assets based on their historical experience with the corresponding debtor.

	As at December 31, 2023			Total
	Grade A	Grade B	Grade C	
Cash in banks and cash equivalents	P5,422,997	P -	P -	P5,422,997
Trade and other receivables - net	514,775	315,878	-	830,653
Deposits	70,899	-	-	70,899
Equity securities	2,652	-	-	2,652
	P6,011,323	P315,878	P -	P6,327,201

	As at December 31, 2022			Total
	Grade A	Grade B	Grade C	
Cash in banks and cash equivalents	P4,597,576	P -	P -	P4,597,576
Trade and other receivables - net	561,460	344,525	-	905,985
Deposits	84,107	-	-	84,107
Equity securities	2,652	-	-	2,652
	P5,245,795	P344,525	P -	P5,590,320

Grade A receivables pertain to those receivables from customers that always pay on time or even before the maturity date. Grade B includes receivables that are collected on their due dates provided that they were reminded or followed up by the Group. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Group are included under Grade C.

Cash in banks is considered good quality (Grade A) as this pertains to deposits in reputable banks.

Trade and Other Receivables

The exposure to credit risk for trade and other receivables by industry is as follows:

	Note	2023	2022
Shipping lines		P364,899	P397,992
Others		465,754	507,993
	7	P830,653	P905,985

Expected Credit Loss Assessment

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying expected credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Exposures within each credit risk grade are segmented by industry classification and an ECL rate is calculated for each segment based on delinquency and actual credit loss experience.

The following table provides information about the exposure to credit risk for trade and other receivables as at December 31, 2023 and 2022:

	Gross Carrying Amount	Impairment Loss Allowance	Credit- Impaired
Current (not past due)	P714,489	P -	No
1 - 30 days past due	47,954	-	No
31 - 60 days past due	19,413	-	No
61 - 90 days past due	34,586	-	No
More than 90 days past due	18,406	4,195	Yes
Balance at December 31, 2023	P834,848	P4,195	

	Gross Carrying Amount	Impairment Loss Allowance	Credit- Impaired
Current (not past due)	P807,887	P -	No
1 - 30 days past due	31,836	-	No
31 - 60 days past due	17,070	-	No
61 - 90 days past due	23,598	-	No
More than 90 days past due	29,789	4,195	Yes
Balance at December 31, 2022	P910,180	P4,195	

Loss rates are based on actual credit loss experience over three years considering circumstances at the reporting date. Any adjustment to the loss rates for forecasts of future economic conditions are not expected to be material. The Group applies the simplified approach in providing for expected credit losses prescribed by PFRS 9, which permits the use of the lifetime expected loss provision and applies a provision matrix. The application of the expected loss rates to the receivables of the Group does not have a material impact on the consolidated financial statements.

The maturity of the Group's trade and other receivables is less than one year so the lifetime expected credit losses and the 12-month expected credit losses are similar.

There are no significant concentrations of credit risk within the Group. Of the total trade and other receivables which are neither past due nor impaired, 100% are of high-grade quality instruments because there was no history of default on the agreed terms of the contract.

Movement in the Allowance for Impairment in Respect of Trade and Other Receivables

There was no movement in the allowance for impairment on trade and other receivables from 2020 as no reversals and write-offs were made since 2021. The allowance for impairment as at December 31, 2023 and 2022 is P4.2 million with individually and collectively impaired receivables amounting to P1.1 million and P3.1 million, respectively.

	2020	Individually Impaired	Collectively Impaired
Balance at January 1	P6,979	P1,173	P5,806
Reversals during the year	(2,700)	-	(2,700)
Write-offs	(84)	(84)	-
Balance at December 31	P4,195	P1,089	P3,106

Cash in Banks and Cash Equivalents

The Group held cash in banks and cash equivalents of P5.4 billion and P4.6 billion as at December 31, 2023 and 2022, respectively. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Grade A.

Impairment on cash in banks and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash in bank and cash equivalents have low credit risk based on the external credit ratings of the counterparties and any ECL is expected to be immaterial.

Foreign Currency Risk

The Group has foreign currency financial assets and liabilities arising from USD denominated revenues, government share, and other foreign currency-denominated purchases by operating units.

The Group's foreign currency-denominated accounts as at December 31 are as follows:

	2023	2022
Assets		
Cash and cash equivalents	USD19,007	USD18,757
Liabilities		
Trade and other payables	2,378	63,033
Port concession rights payable	120,527	125,605
	122,905	188,638
Net foreign currency-denominated liabilities	(USD103,898)	(USD169,881)
Peso equivalent	(P5,755,949)	(P9,479,360)

The exchange rates applicable for USD as at December 31, 2023 and 2022 are P55.4 and P55.8, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's income before income tax and equity.

	Increase (Decrease) in USD Exchange Rate	Effect on Income before Income Tax	Effect on Equity
2023	+5%	(P287,797)	(P215,848)
	-5%	287,797	215,848
2022	+5%	(473,968)	(355,476)
	-5%	473,968	355,476

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group considers capital to include capital stock, additional paid-in capital, retained earnings, and fair value reserve. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes from prior year.

The Group is not subject to externally imposed capital requirements, except for the investment it has committed in accordance with the investment plan discussed in Note 23.

The table below shows the capital structure of the Group as at December 31:

	Note	2023	2022
Capital stock		P2,000,000	P2,000,000
Additional paid-in capital		264,300	264,300
Retained earnings		22,276,607	19,887,619
Fair value reserve		(5,820)	(5,820)
Total	16	P24,535,087	P22,146,099

25. Financial Instruments

The table below presents a comparison by category of carrying amounts and estimated fair values of all the Group's financial instruments as at December 31, 2023 and 2022.

	Note	2023		2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents	6	P5,424,938	P5,424,938	P4,600,267	P4,600,267
Trade and other receivables - net	7	830,653	830,653	905,985	905,985
Deposits	12	70,899	77,068	84,107	90,199
		6,326,490	6,332,659	5,590,359	5,596,451
Equity securities	12	2,652	2,652	2,652	2,652
		P6,329,142	P6,335,311	P5,593,011	P5,599,103
Financial Liabilities					
Other financial liabilities:					
Trade and other payables*	14	P1,966,847	P1,966,847	P2,353,591	P2,353,591
Port concession rights payable		7,466,605	8,187,761	7,933,311	8,189,861
		P9,433,452	P10,154,608	P10,286,902	P10,543,452

*Excluding due to government agencies amounting to P967.6 million and P939.0 million as at December 31, 2023 and 2022, respectively.

Fair Value of Financial Instruments

The fair values of cash and cash equivalents, trade and other receivables and trade and other payables are approximately equal to their carrying amounts due to their relatively short-term nature.

Nonderivative Financial Instruments

Quoted market prices have been used to determine the fair values of listed equity securities. The fair values of unquoted equity securities are not reliably determinable.

For noninterest-bearing deposits, the fair value is estimated as the present value of all future cash flows discounted using the prevailing market rate on interest for a similar instrument. The discount rates used are 5.8% in 2023 and 6.0% in 2022 (see Note 12).

The fair value of port concession rights payable was estimated at the present value of all future cash flows discounted using the applicable rates for similar types of loans ranging from 5.97% to 6.01% in 2023 and 6.19% to 7.23% in 2022.

Fair Value Hierarchy

The table below presents the fair value hierarchy of the Group's financial instruments:

As at December 31, 2023	Note	Level 1	Level 2	Level 3
Equity securities	12	P933	P -	P1,719
Port concession rights payable		-	8,187,761	-
		P933	P8,187,761	P1,719
<hr/>				
As at December 31, 2022	Note	Level 1	Level 2	Level 3
Equity securities	12	P933	P -	P1,719
Port concession rights payable		-	8,189,861	-
		P933	P8,189,861	P1,719

There have been no transfers from one level to another in 2023 and 2022.

26. Revenues from Operations

The Group derives revenue from the transfer of services in the following major service lines:

	2023	2021	2021
Revenues from Operations			
Stevedoring	P6,587,928	P5,862,108	P4,775,548
Arrastre	5,960,647	5,532,700	4,587,974
Logistics	160,055	188,913	106,907
Special and other services	2,743,170	2,038,983	1,692,315
	P15,451,800	P13,622,704	P11,162,744



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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Stockholders and Board of Directors
Asian Terminals, Inc. and its Subsidiaries
A. Bonifacio Drive
Port Area, Manila

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Asian Terminals Inc. (the "Company") and its Subsidiaries (collectively known as the "Group") as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, included in this Form 17-A, and have issued our report thereon dated March 12, 2024.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management.

- Map of the Conglomerate
- Supplementary Schedules of Annex 68-J

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

VERNILLO G. YU

Partner

CPA License No. _____

Tax Identification

BIR Accreditation No. 08-001987-035-2021

Issued June 29, 2021; valid until June 28, 2024

PTR No. MKT 10075209

Issued January 2, 2024 at Makati City

March 12, 2024

Makati City, Metro Manila

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
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December 31, 2023

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Reconciliation of Retained Earnings for Cash Dividend Declaration for Asian Terminals
Inc.

Conglomerate Map

Schedule of Financial Soundness Indicators

Report of Independent Public Accountants on Schedule of Financial Soundness
Indicators

Schedule of Financial Soundness Indicators



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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Stockholders and Board of Directors
Asian Terminals, Inc.
A. Bonifacio Drive
Port Area, Manila

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of Asian Terminals, Inc. (the "Company"), as at December 31, 2023 and 2022 and for the years then ended, and have issued our report thereon dated March 12, 2024.

Our audits were made for the purpose of forming an opinion on the basic separate financial statements of the Company taken as a whole. The supplementary information included in Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code (SRC) Rule 68, and is not a required part of the basic separate financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the basic separate financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic separate financial statements taken as a whole.

R.G. MANABAT & CO.

 VITOLO G. YU

Partner

CPA License No.

Tax Identification No.

BIR Accreditation No. 08-001987-035-2021

Issued June 29, 2021; valid until June 28, 2024

PTR No. MKT 10075209

Issued January 2, 2024 at Makati City

March 12, 2024

Makati City, Metro Manila

Reconciliation of Retained Earnings Available for Dividend Declaration
For the reporting period ended December 31, 2023
(In thousands)

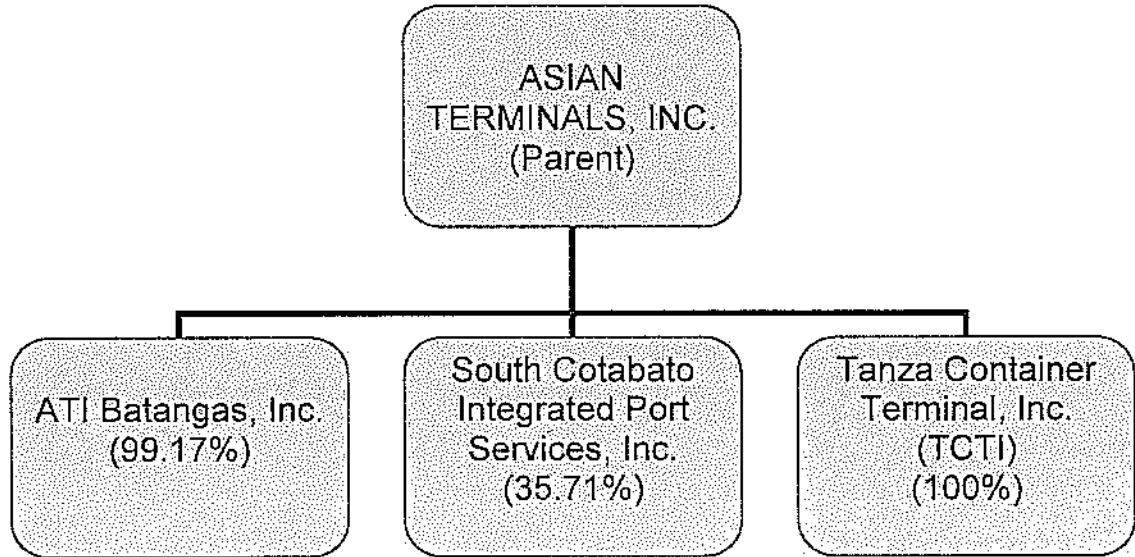
Asian Terminals, Inc.
A. Bonifacio Drive, Port Area, Manila

Unappropriated Retained Earnings, beginning of reporting period		P1,994,606
Add: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	P2,400,000	
Effects of restatements or prior-period adjustments	-	2,400,000
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	(2,000,000)	
Retained Earnings appropriated during the reporting period	(5,000,000)	
Effect of restatements or prior-period adjustments	-	(7,000,000)
Unappropriated Retained Earnings, as adjusted		(2,605,394)
Add/Less: Net Income (loss) for the current year		4,388,108
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net loss (income) of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(116,108)	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of Investment Property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Subtotal		(116,108)
Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	156,040	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Subtotal		156,040

Forward

Adjusted Net Income/Loss		P4,428,040
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(7,745)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(10,523)	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Actuarial valuation loss - net of tax	44,909	
Subtotal		26,641
Total Retained Earnings, end of the reporting period available for dividend		P1,849,287

ASIAN TERMINALS, INC.
SUBSIDIARIES AND AN ASSOCIATE
DECEMBER 31, 2023





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REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and Board of Directors
Asian Terminals, Inc.
A. Bonifacio Drive
Port Area, Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Asian Terminals, Inc. (the "Company") and its Subsidiaries (collectively known as the "Group") as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated March 12, 2024.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies.

Firm Regulatory Registration & Accreditation:
PRC-SOA Registration No. 0003, valid until September 20, 2025
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



This schedule is presented for the purpose of complying with the Revised Securities Regulation Code (SRC) Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

R.G. MANABAT & CO.


 VERNILO G. YU

Partner

CPA License

Tax Identifica

BIR Accreditation No. 08-001987-035-2021

Issued June 29, 2021; valid until June 28, 2024

PTR No. MKT 10075209

Issued January 2, 2024 at Makati City

March 12, 2024

Makati City, Metro Manila

ASIAN TERMINALS INC. AND ITS SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

Consolidated KPI	Manner of Calculation	2023	2022	2021	Discussion
Return on Capital Employed*	Percentage of income before interest and tax over capital employed	18.9%	16.3%	13.2%	Increased due to higher income before interest and taxes during the period.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of the parent	19.0%	14.1%	11.0%	Improved due to higher net income.
Current ratio	Ratio of current assets over current liabilities	2.81 : 1.00	2.21 : 1.00	2.59 : 1.00	Increased due to higher current assets.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.47 : 1.00	1.56 : 1.00	1.53 : 1.00	Decreased due to higher increase in equity.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.47 : 1.00	0.56 : 1.00	0.53 : 1.00	Decreased due to lower liabilities and higher equity.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	10 days	11 days	9 days	Decreased due to improved collections.
Net Income Margin	Net income over revenues less government share in revenues	34.7%	27.1%	24.3%	Increased due to higher net income growth.
Reportable Injury Frequency Rate (RIFR)	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	0.87	0.52	0.56	Increased due to a higher number of injuries.

*Income before interest and tax excludes also net unrealized foreign exchange losses and others.

RIFR is the new KPI for injuries introduced in 2014 to replace LTIFR. RIFR is a more stringent KPI as it covers not only Lost Time Injuries (LTIs) but also Medical Treatment Injuries (MTIs) and Fatalities incidents.

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

Financial Assets
December 31, 2023
(in thousands)

Financial Assets	Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued
Cash and cash equivalents	N/A	N/A	P5,424,938	P5,424,938	P189,142
Trade and other receivables - net	N/A	N/A	830,653	830,653	-
Deposits	N/A	N/A	70,899	77,068	-
Equity Securities:					
Quoted Equity Shares		N/A	933	933	-
Unquoted Equity Shares		N/A	1,719	1,719	-
			P6,329,142	P6,335,311	P189,142

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
December 31, 2023
(in thousands)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written-off	Current	Non-current	Balance at End of Period
Officers	P28,020	P25,424	(P30,658)	P -	P -	P -	P22,786
Related Parties	5,829	258,061	(181,805)	-	-	-	82,085
	P33,849	P283,485	(P212,463)	P -	P -	P -	P104,871

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

**Amounts Receivable from (Payable to) Related Parties which are Eliminated during the
Consolidation of Financial Statements
December 31, 2023
(in thousands)**

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Paid	Amounts Written-off	Current	Non-current	Balance at End of Period
ATI Batangas, Inc.	P242,053	P891,070	(P806,506)	P -	P -	P -	P326,617
Tanza Container Terminal, Inc.	1,861,994	207,632	-	-	-	-	2,069,626
	P2,104,047	P1,098,702	(P806,506)	P -	P -	P -	P2,396,243

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

Long-term Debt
December 31, 2023
(in thousands)

Title of Issue and type of obligation	Amount Authorized by Indenture	Amount Shown under Caption "Current Portion of Long-term Debt" in Related Balance Sheet	Amount Shown under caption "Long-Term Debt" in Related Balance Sheet
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Not Applicable

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES**Indebtedness to Related Parties****December 31, 2023**

(in thousands)

Name of Issuing Entity and Association of Each Issue	Amount Shown in the Balance Sheet	Valued Based on Market Quotation at End of Reporting Period
Not Applicable		

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
Guarantees of Securities of Other Issuers
December 31, 2023

(in thousands)

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
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Not Applicable

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

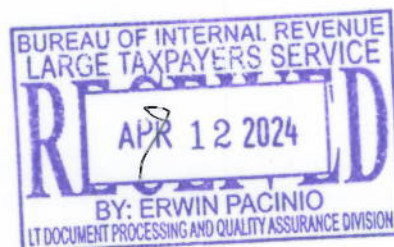
Capital Stock
December 31, 2023
(in thousands)

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers, and Employees	Others
Common shares	4,000,000	2,000,000	None	637,838	1,035,257	326,905

ASIAN TERMINALS, INC.

SEPARATE FINANCIAL STATEMENTS
December 31, 2023 and 2022

With Independent Auditors' Report





R.G. Manabat & Co.
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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Asian Terminals, Inc.
A. Bonifacio Drive
Port Area Manila

Report on the Audit of the Financial Statements

Opinion

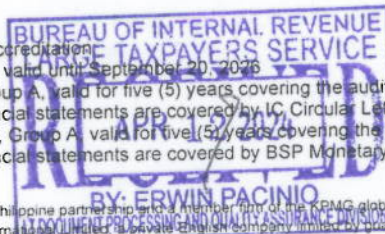
We have audited the separate financial statements of Asian Terminals, Inc. (the "Company"), which comprise the separate statements of financial position as at December 31, 2023 and 2022, and the separate statements of income, separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2023 and 2022, and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)





Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

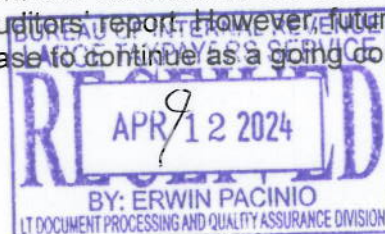
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.





- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 26 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the information is fairly stated in all material respects, in relation to the basic separate financial statements taken as a whole.

R.G. MANABAT & CO.

~~VERN~~ LO G. YU

Partner

CPA License No. 100700

Tax Identific:

BIR Accreditation No. 08-001987-035-2021

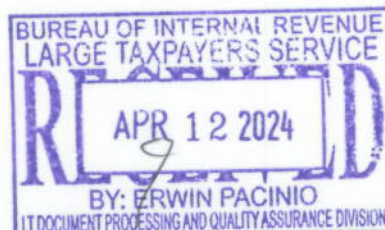
Issued June 29, 2021; valid until June 28, 2024

PTR No. MKT 10075209

Issued January 2, 2024 at Makati City

March 12, 2024

Makati City, Metro Manila



**STATEMENT OF MANAGEMENT’S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of **Asian Terminals, Inc.** (the “Company”) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for the years ended December 31, 2023 and 2022 in accordance with the prescribed financial reporting framework indicated therein, 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.

In preparing the separate financial statements, Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company’s financial reporting process.

The Board of Directors reviews and approves the separate financial statements including the schedules attached therein, and submits the same to the stockholders.

R.G. Manabat & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

GLEN CHRISTOPHER HILTON
Chairman of the Board

EUSEBIO H. TANCO
President

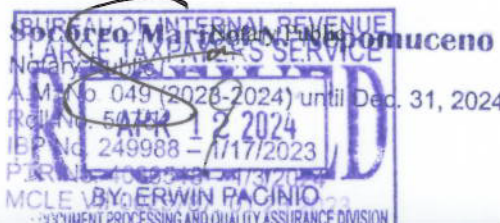
JOSE TRISTAN P. CARPIO
Chief Financial Officer

Signed this MAR 12 2024 of _____, 2024

SUBSCRIBED AND SWORN TO before me this MAR 12 2024 day of _____ 2024, the signatories exhibiting to me their respective Passports/Driver’s License Nos., as follows:

<u>Name</u>	<u>Passport Nos.</u>	<u>Date/Place Issued</u>
1. Glen Christopher Hilton		
2. Eusebio H. Tanco		
3. Jose Tristan P. Carpio		

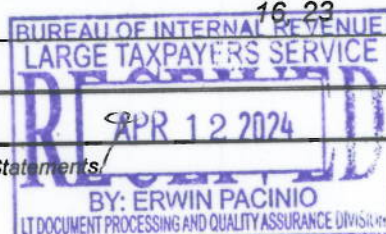
Doc. No. 139;
Page No. 6;
Book No. 1;
Series of 2024.



ASIAN TERMINALS, INC.
SEPARATE STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

		December 31	
	Note	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	6, 23, 24	P5,374,056	P4,555,028
Trade and other receivables - net	7, 20, 23, 24	3,079,746	2,854,460
Spare parts and supplies	18	1,066,535	1,081,456
Prepaid expenses	8	2,670,735	2,445,866
Total Current Assets		12,191,072	10,936,810
Noncurrent Assets			
Investments in subsidiaries and an associate	9	165,064	165,064
Property and equipment - net	10	525,688	503,642
Intangible assets - net	11	18,622,996	18,331,875
Right-of-use assets - net	22	472,453	528,966
Deferred tax assets - net	13	974,655	941,418
Other noncurrent assets	12	68,746	81,953
Total Noncurrent Assets		20,829,602	20,552,918
		P33,020,674	P31,489,728
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14, 20, 23, 24	P2,555,658	P2,901,020
Provisions for claims	15	43,344	46,049
Port concession rights payable - current portion	22, 23, 24	305,925	305,925
Income and other taxes payable		100,881	192,519
Lease liabilities - current portion	20, 22, 23	63,984	68,699
Total Current Liabilities		3,069,792	3,514,212
Noncurrent Liabilities			
Port concession rights payable - net of current portion	22, 23, 24	6,897,679	7,250,007
Pension liability	21	228,902	197,742
Lease liabilities - net of current portion	20, 22, 23	463,439	510,104
Total Noncurrent Liabilities		7,590,020	7,957,853
		10,659,812	11,472,065
Equity			
Capital stock		2,000,000	2,000,000
Additional paid-in capital		264,300	264,300
Retained earnings		20,102,382	17,759,183
Fair value reserve		(5,820)	(5,820)
Total Equity		22,360,862	20,017,663
		P33,020,674	P31,489,728

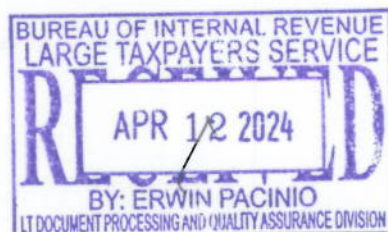
See Notes to the Separate Financial Statements.



ASIAN TERMINALS, INC.
SEPARATE STATEMENTS OF INCOME
(Amounts in Thousands)

		Years Ended December 31	
	Note	2023	2022
REVENUES FROM OPERATIONS	2, 25	P14,173,359	P12,302,332
GOVERNMENT SHARE IN REVENUES	17	(2,453,478)	(2,373,703)
		11,719,881	9,928,629
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	18, 20, 21	(5,814,704)	(5,503,074)
OTHER INCOME AND EXPENSES			
Finance income		189,121	45,478
Finance cost		(458,166)	(478,062)
Others - net		122,531	(416,794)
	19	(146,514)	(849,378)
CONSTRUCTION REVENUES	11	1,510,505	1,638,016
CONSTRUCTION COSTS	11	(1,510,505)	(1,638,016)
		-	-
INCOME BEFORE INCOME TAX		5,758,663	3,576,177
INCOME TAX EXPENSE	13	1,370,555	860,353
NET INCOME		P4,388,108	P2,715,824

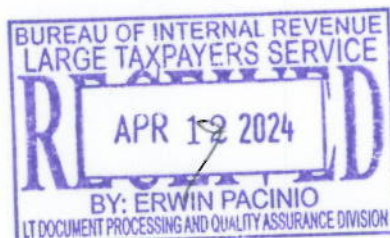
See Notes to the Separate Financial Statements.



ASIAN TERMINALS, INC.
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Note	Years Ended December 31	
		2023	2022
NET INCOME FOR THE YEAR		P4,388,108	P2,715,824
OTHER COMPREHENSIVE (LOSS) INCOME			
<i>Item that will never be reclassified to profit or loss</i>			
Actuarial (losses) gains on pension liability	21	(59,878)	5,395
Tax on item taken directly to equity	13	14,969	(1,349)
OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR - Net of tax		(44,909)	4,046
TOTAL COMPREHENSIVE INCOME		P4,343,199	P2,719,870

See Notes to the Separate Financial Statements.



ASIAN TERMINALS, INC.
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Thousands, Except Per Share Data)



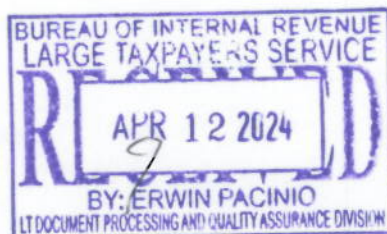
	Note	Capital Stock	Additional Paid-in Capital	Retained Earnings		Fair Value Reserve	Total
				Appropriated for Port Development	Unappropriated		
Balance at January 1, 2023		P2,000,000	P264,300	P16,400,000	P1,359,183	(P5,820)	P20,017,663
Cash dividends - P1.00 a share	16	-	-	-	(2,000,000)	-	(2,000,000)
Reversal of appropriation of retained earnings	16	-	-	(2,400,000)	2,400,000	-	-
Appropriations during the year	16	-	-	5,000,000	(5,000,000)	-	-
Net income for the year		-	-	-	4,388,108	-	4,388,108
Other comprehensive loss:							
Actuarial losses - net of tax	21	-	-	-	(44,909)	-	(44,909)
Balance at December 31, 2023		P2,000,000	P264,300	P19,000,000	P1,102,382	(P5,820)	P22,360,862
Balance at January 1, 2022		P2,000,000	P264,300	P15,100,000	P1,555,313	(P5,820)	P18,913,793
Cash dividends - P0.808 a share	16	-	-	-	(1,616,000)	-	(1,616,000)
Reversal of appropriation of retained earnings	16	-	-	(2,000,000)	2,000,000	-	-
Appropriations during the year	16	-	-	3,300,000	(3,300,000)	-	-
Net income for the year		-	-	-	2,715,824	-	2,715,824
Other comprehensive income:							
Actuarial gains - net of tax	21	-	-	-	4,046	-	4,046
Balance at December 31, 2022		P2,000,000	P264,300	P16,400,000	P1,359,183	(P5,820)	P20,017,663

See Notes to the Separate Financial Statements.

ASIAN TERMINALS, INC.
SEPARATE STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

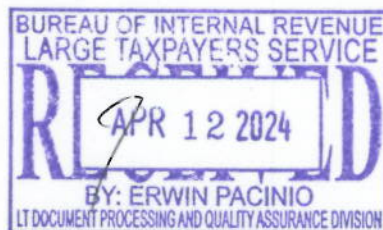
		Years Ended December 31	
	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P5,758,663	P3,576,177
Adjustments for:			
Depreciation and amortization	10, 11, 18, 22	1,674,432	1,659,846
Finance cost	19, 21, 22	458,166	478,062
Current service cost	21	35,418	40,643
Provision for spare parts and supplies obsolescence	18	10,000	-
Finance income	19	(189,121)	(45,478)
Net unrealized foreign exchange (gains) losses		(102,127)	411,157
Dividend income from a subsidiary and an associate	9, 19, 20	(98,078)	(104,884)
Gain on disposals of:			
Property and equipment	19	(4,059)	(420)
Intangible assets	19	-	(5,688)
Provision (reversal) for claims - net	15	(685)	522
Operating income before working capital changes		7,542,609	6,009,937
Decrease (increase) in:			
Trade and other receivables		(226,362)	(569,106)
Spare parts and supplies		4,921	(146,725)
Prepaid expenses		(224,869)	(385,705)
Increase (decrease) in:			
Trade and other payables		(481,413)	670,471
Provisions for claims		(2,020)	(2,287)
Income and other taxes payable		(119,876)	15,577
Cash generated from operations		6,492,990	5,592,162
Finance income received		190,197	45,478
Income tax paid		(1,360,585)	(991,066)
Contribution to retirement funds	21	(75,743)	(67,046)
Finance cost paid		(25,900)	(25,395)
Net cash provided by operating activities		5,220,959	4,554,133

Forward



		Years Ended December 31	
	Note	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received	9, 19, 20	P98,078	P104,884
Proceeds from disposals of:			
Property and equipment		5,151	1,452
Intangible assets		-	6,260
Acquisitions of:			
Intangible assets	11	(1,529,441)	(1,687,629)
Property and equipment	10	(141,767)	(75,357)
Decrease (increase) in:			
Deposits		13,207	(7,803)
Other noncurrent assets		-	26,082
Net cash used in investing activities		(1,554,772)	(1,632,111)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Cash dividends	16	(2,000,000)	(1,616,000)
Port concession rights payable	22	(658,605)	(671,794)
Lease liabilities	22	(174,574)	(165,009)
Net cash used in financing activities		(2,833,179)	(2,452,803)
NET INCREASE IN CASH AND CASH EQUIVALENTS		833,008	469,219
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(13,980)	156,040
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6	4,555,028	3,929,769
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	P5,374,056	P4,555,028

See Notes to the Separate Financial Statements.



ASIAN TERMINALS, INC.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
(Amounts in Thousands, Except Per Share Data)

1. Reporting Entity

Asian Terminals, Inc. (ATI or the "Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 9, 1986. The Company is a public company under Section 17.2 of the Securities Regulation Code and its shares are listed on the Philippine Stock Exchange, Inc. (PSE). DP World Australia (POAL) Pty. Ltd. directly owns 17.32% of the total outstanding capital stock of ATI.

The Company operates and manages the South Harbor Port of Manila and Container Terminal "A-1," Phase II of the Port of Batangas in Batangas City. The registered office address of the Company is at A. Bonifacio Drive, Port Area, Manila.

2. Operating Contracts

Following are the Company's operating contracts:

a. South Harbor, Port of Manila

ATI's exclusive right to manage, operate and develop South Harbor was renewed for a period of 25 years from May 19, 2013 to May 18, 2038 pursuant to the Third Supplement to the Contract for Cargo Handling and Related Services with the Philippine Ports Authority (PPA) dated October 19, 2007 (see Note 22).

b. Port of Batangas

On January 18, 2010, the PPA issued to ATI the Notice to Award the Contract for the Management, Operation, Maintenance, Development and Promotion of the Container Terminal "A-1," Phase II of the Port of Batangas for a period of 25 years. The Contract was signed on March 25, 2010. The Notice to Proceed dated June 16, 2010 allowed ATI to start and commence operations at the Terminal on July 1, 2010 (see Note 22).

3. Basis of Preparation

Statement of Compliance

The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRSs which are issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

The accompanying separate financial statements were authorized for issue by the Board of Directors (BOD) on February 22, 2024.

The Company also prepares and issues consolidated financial statements for the same period as the separate financial statements prepared and presented in compliance with PFRSs. Said consolidated financial statements may be obtained from the SEC.

Basis of Measurement

The separate financial statements of the Company have been prepared on a historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

Items	Measurement Bases
Equity investments at fair value through other comprehensive income (FVOCI)	Fair value
Pension liability	The present value of the defined benefit obligation less the fair value of plan assets

Functional and Presentation Currency

The separate financial statements are presented in Philippine peso, which is the Company's functional currency. All amounts have been rounded off to the nearest thousand pesos (P000), except when otherwise indicated.

4. Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these separate financial statements, except if mentioned otherwise.

Adoption of Amendments to Standards

The Company has adopted the following amendments to standards starting January 1, 2023 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Company's separate financial statements.

- *Definition of Accounting Estimates (Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)*. To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2, Making Materiality Judgements)*. The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures, assisting companies to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Company reviewed the accounting policies. The amendments did not result in any changes to the accounting policies. However, updates were made to the accounting policy information disclosed in Note 4 Material Accounting Policies section in certain instances in line with the amendments.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, Income Taxes)*. The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations.

For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Amendments to Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Company has not early adopted the following amended standards in preparing these separate financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's separate financial statements.

Effective January 1, 2024

- *Classification of Liabilities as Current or Noncurrent - 2020 amendments and Noncurrent Liabilities with Covenants - 2022 amendments (Amendments to PAS 1)*. To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

- clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
- provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
- clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

Financial Instruments

Non-derivative Financial Instruments. Non-derivative financial instruments consist of cash and cash equivalents, trade and other receivables, deposits, equity securities, trade and other payables (except for statutory payables), port concession rights payable, and lease liabilities.

Recognition and Initial Measurement. Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The Group's financial assets at amortized cost include cash and cash equivalents, trade and other receivables, and deposits.

A financial asset is measured at amortized cost using the effective interest method if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Cash includes cash on hand and in banks which are stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and are subject to an insignificant risk of changes in value.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. The accumulated fair value reserves are never reclassified to profit or loss. Dividends are recognized as income in profit or loss unless it clearly represents a recovery of the cost of investment.

Included in this category is the Company's equity instruments (included under other noncurrent assets).

Business Model Assessment. The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- a. the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- b. how the performance of the portfolio is evaluated and reported to the Company's management;
- c. the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- d. how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- e. the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Solely Payments of Principal and Interest Assessment. Principal is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial Liabilities

Classification, Subsequent Measurement and Gains and Losses. Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Included under other financial liabilities are the Company's trade and other payables (except for due to government agencies) port concession rights payable and lease liabilities.

Impairment of Financial Assets

The 'expected credit loss' (ECL) impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

ECL is the probability-weighted estimate of credit losses over the expected life of the financial instrument, representing the present value of expected cash shortfalls. The Company applies either a 12-month ECL or a lifetime ECL. Lifetime ECL applies to the financial assets that have experienced a significant increase in credit risk or are already credit-impaired. The Company's approach to ECL measurement is described in Note 23.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating;
- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor and changes in the operating results of the debtor.

Regardless of the analysis above, a significant risk in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 75 days of when they fall due. A financial asset is credit-impaired when an event that has a detrimental impact on the estimated future cash flows have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

- a breach of contract such as default or being more than 75 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or either financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Financial assets are written off when there is no reasonable expectation of recovery. The Company categorizes a loan or receivable for write off when a debtor fails to make payments or when it is no longer probable that the receivable will be collected. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the separate statements of financial position.

Derecognition of Financial Instruments

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and nonfinancial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes, when necessary, based on the market values, being the estimated amount for which assets could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The different levels of fair value of financial instruments carried at fair value, by valuation method have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input that is significant to the entire measurement.

Fair values of the financial instruments are discussed in Note 24 to the separate financial statements.

Spare Parts and Supplies

Spare parts and supplies are stated at the lower of cost and current replacement cost. Cost is determined using the weighted average method and includes all expenditures incurred in acquiring and bringing them to their existing location and condition.

Prepaid Expenses

Prepaid expenses are expenses paid in advance and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepaid expenses expire and are recognized as expense either with the passage of time or through use or consumption.

Prepaid expenses are included in current assets, except when the related goods or services are expected to be received or rendered more than twelve (12) months after the reporting date which are classified as non-current assets.

Investments in Subsidiaries and an Associate

The Company's investments in subsidiaries and an associate are accounted for under the cost method. A subsidiary is an entity in which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The investments in subsidiaries are recognized in the separate financial statements from the date on which control commences until the date on which control ceases. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture of the Company. The investments in subsidiaries and an associate are carried in the separate statements of financial position at cost less allowance for impairment losses, if any.

The Company has the following investments as at December 31, 2023 and 2022:

	Percentage of Ownership	
	2023	2022
Subsidiaries:		
ATI Batangas, Inc. (ATIB)	99.17%	99.17%
Tanza Container Terminal, Inc. (TCTI)	100.00%	100.00%
Associate:		
South Cotabato Integrated Ports Services, Inc. (SCIPSI)	35.71%	35.71%

ATIB, TCTI and SCIPSI are incorporated in the Philippines.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment. Such cost includes the cost of replacing part of such property and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes interest incurred during the construction period on funds borrowed to finance the construction of the projects. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Port facilities and equipment include spare parts that the Company expects to use for more than one year. These are not depreciated until ready for its intended use. However, these are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the spare parts may not be recoverable.

Construction in progress represents structures under construction and is stated at cost. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are substantially completed and ready for its intended use. Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Port facilities and equipment	2 - 25 or life of the operating contract, whichever is shorter
Leasehold improvements	2 - 40 or term of the lease, whichever is shorter
Furniture, fixtures and equipment	2 - 5 years
Transportation and other equipment	2 - 5 years

The remaining useful lives, residual values, depreciation and amortization method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are recognized in profit or loss.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized using the straight-line method over the period covered by the contract or useful life, whichever is shorter. The amortization period and the amortization method are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are treated as changes in accounting estimates. The amortization expense is recognized in profit or loss in the expense category consistent with the function of the intangible asset. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss and measured as the difference between the net disposal proceeds and the carrying amount of the asset.

Port Concession Rights

The Company recognizes port concession rights as intangible assets arising from a service concession arrangement in which the grantor controls or regulates the services provided and the prices charged, and also controls any significant residual interests in the infrastructure at the end of the term of the arrangement, such as property and equipment, if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Company as part of the service concession arrangements.

Port concession rights consist of:

- a. Upfront fees payments on the concession contracts;
- b. The cost of port infrastructure constructed and port equipment purchased, which are not recognized as property and equipment of the Company but as intangible asset received as consideration for such cost; and
- c. Future fixed government share considerations in exchange for license or right. Fixed government share is recognized at present value using the discount rate at the inception date with a corresponding liability recognized. Interest on the unwinding of discount of the liability and foreign exchange differences arising from translations are recognized in profit or loss.

Port concession rights are determined as intangible assets with finite useful lives and are amortized using the straight-line method over the concession period or useful life, whichever is shorter. The amortization period and the amortization method are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are treated as changes in accounting estimates. The amortization expense is recognized in profit or loss in the expense category consistent with the function of the intangible asset. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss and measured as the difference between the net disposal proceeds and the carrying amount of the asset.

Port concession rights are amortized using the straight-line method over the term of service concession arrangements or useful life ranging from 2 to 25 years whichever is shorter.

Impairment of Non-financial Assets

The carrying amounts of investments in subsidiaries and an associate, property and equipment, intangible assets and right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions

Provisions are recognized when the Company has: (a) a present obligation (legal or constructive) as a result of past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and those risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Share Capital

Capital Stock

Capital stock is classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Additional Paid-in Capital

The amount of contribution in excess of par value is accounted for as "Additional paid-in capital." Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefit.

Retained Earnings and Dividend Distribution

Retained earnings include current and prior years' results, net of dividends declared, if any, and other capital adjustments.

Dividend distribution to the Company's shareholders is recognized as a liability, and deducted from equity in the Company's separate statements of financial position in the period in which the dividends are approved and declared by the Company's BOD.

Retained earnings may also include prior year adjustments and the effect of changes in accounting policies as may be required by the standards' transitional provisions.

Revenue, Cost and Expense Recognition

Revenue from Contracts with Customers

The Company recognizes revenue when it transfers control over a service to a customer. Revenue is measured based on the consideration specified in a contract and PPA Tariff regulations, which are all fixed amounts, for each type of services rendered net of variable consideration, if any. The PPA established all relevant port regulations, basic port services and service level requirements, liability on cargo, security, and safety. The Company's revenue is well defined in PPA Operations Memorandum Circular No. 02-2018 and revised schedule of Cargo Handling Tariff implemented on June 5, 2018.

The following is a description of principal activities from which the Company generates its revenue. Revenue is disaggregated by the following service lines:

- *Stevedoring*
The Company generates stevedoring revenue from all works performed on board vessel. The activity includes movement of cargoes from ship-to-shore, shore-to-ship lifting for inbound and outbound and transshipment including the related stevedoring transportation and liftings from shore to yard and yard to shore. The activity generally finishes in short period of time (i.e. 24 to 48 hours from the time ship arrive at the port). The Company recognizes revenue at a point in time upon completion of service and the average credit terms is 15 to 30 days.
- *Arrastre*
The Company generates arrastre revenue from portside cargo handling operations. The activity includes receiving, handling, custody, security and delivery of cargo passing over piers, quays, warehouses and open storages within the jurisdictional area of responsibility of the Company. The Company recognizes revenue upon completion of service (i.e at a point in time). The customer pays arrastre charges before the release of cargoes.
- *Logistics*
Logistics operation includes trucking and handlings services. The Company recognizes revenue upon completion of service (i.e at a point in time) and the average credit term is 15 to 30 days.
- *Special and Other Services*
Special and other services include storage, reefer monitoring, container freight servicing, and equipment or manpower rental. Majority of these service lines pertains to storage revenues. Storage revenues are charges from the use of warehouses and/or open storages within the jurisdictional area of responsibility of the Company beyond the free storage period. Customers are billed upon withdrawal of cargoes from the terminal (for import) or upon loading of cargoes to vessel (for export). The Company recognizes revenues over a period of time (number of days the container stayed in the jurisdictional area) and the average credit term is 15 to 30 days.

Other Income

Other income is recognized at the point in time when the service has been rendered.

Finance Income

Finance income is recognized on a time proportion basis that reflects the effective yield on the investment.

Construction Revenues and Costs

The Company recognizes revenue related to construction and upgrade of services under service concession arrangement in accordance with PFRS 15, *Revenue from Contracts with Customers*. When the construction or upgrade services are provided or delivered under concession arrangement accounted within the scope of Philippine Interpretation IFRIC 12, *Service Concession Arrangements* the consideration is measured at the estimated selling price of the construction services provided. No margin has been recognized since the estimated selling price of the consideration services provided approximates the construction cost. The nature of the consideration determines the subsequent accounting. The consideration is classified as a contract asset under Intangible assets during the construction or upgrade period in accordance with PFRS 15.

Cost and Expense Recognition

Costs and expenses are recognized upon receipt of goods, utilization of services or at the date they are incurred.

Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. The capitalization of borrowing costs: (a) commences when the activities to prepare the assets are in progress and expenditures and borrowing costs are being incurred; (b) is suspended during extended periods in which active development, improvement and construction of the assets are interrupted; and (c) ceases when substantially all the activities necessary to prepare the assets are complete. These costs are amortized using the straight-line method over the estimated useful lives of the related property, plant and equipment to which it is capitalized.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss in the period in which these are incurred using the effective interest method.

Leases

At the inception of the contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in PFRS 16, *Leases*.

Company as Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financial sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company's changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company has classified:

- cash payments for the principal portion of lease payments as financing activities;
- cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Company; and

- short-term lease and payments for leases of low value assets as operating activities.

Employee Benefits

a. *Short-term Employee Benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present, legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. *Pension*

The Company has a funded, defined benefit pension plan, administered by a common pension trustee, covering their permanent employees. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The defined benefit pension asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligation is to be settled directly. The value of any plan asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Remeasurements of the net defined benefit pension liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined pension benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit pension liability (asset), taking into account any changes in the net defined pension liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Foreign Currency Transactions

The separate financial statements are presented in Philippine peso, which is the Company's functional currency. Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. All differences are taken to profit or loss. Foreign currency gains and losses are reported on a net basis.

Taxes

Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates (tax laws) enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and an associate.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (tax laws) that have been enacted or substantively enacted by the end of the reporting period.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sale tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of prepaid expenses or payables in the separate statements of financial position.

Operating Segments

The Company's operating businesses are organized and managed separately according to the lines of business: port and non-port, with each segment representing a strategic business unit that serves different markets. The BOD reviews segment reports on a regular basis.

The Company has a single reportable operating segment, as its business has been mainly on port operations and the non-port operation is insignificant to the Company's total business.

The Company operates only in the Philippines which is treated as a single geographical segment.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment and intangible assets.

Contingencies

Contingent liabilities are not recognized in the separate financial statements. They are disclosed in the notes to the separate financial statements unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are not recognized in the separate financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Company's separate financial position at the reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's separate financial statements in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and amounts of assets, liabilities, income and expenses reported in the separate financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future periods affected.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the separate financial statements:

Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine peso. It is the currency that mainly influences the price and cost of providing services.

Service Concession Arrangements. The Company has determined that the operating contracts are within the scope of IFRIC 12, accounted for under the intangible asset model.

The intangible assets pertaining to concession rights as at December 31, 2023 and 2022 are presented in Note 11 to the separate financial statements.

Port Concession Rights and Port Concession Rights Payable. Estimates and assumptions are required on the determination of the cost of port concession rights on service concession arrangements to determine the extent to which the Company receives a right or license to charge users of public service. Port concession rights includes future fixed government share considerations in exchange for license or right. Fixed government share is recognized at present value using the discount rate at the inception date with a corresponding liability (port concession rights payable) recognized. In making those estimates, the management is required to determine a suitable discount rate to calculate the present value of port concessions rights and port concession rights payable. The Company believes that, while the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the separate financial statements.

Estimates and Assumptions

The key estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the separate financial statements. Actual results could differ from such estimates.

Provisions for Claims. The Company records provisions for claims for property and equipment, cargo damage, and for pending civil and labor cases when it is determined that an unfavorable outcome is probable and the amount of the claim can be reasonably estimated. The determination of the amount of reserves required, if any, is based on management's analysis of each individual issue, often with assistance of outside legal counsel.

The carrying amounts of provision for claims amounted to P43.3 million and P46.0 million as at December 31, 2023 and 2022, respectively (see Note 15).

Lease Extension Option. Some property leases contain extension options exercisable by the Company before the end of the non-cancellable contract period. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Lease liabilities on property leases on which extension options were exercised amounted to P48.7 million and P31.8 million as at December 31, 2023 and 2022.

6. Cash and Cash Equivalents

	<i>Note</i>	2023	2022
Cash on hand and in banks		P469,717	P579,594
Short-term investments		4,904,339	3,975,434
	23, 24	P5,374,056	P4,555,028

Cash in banks earn interest at floating rates based on daily bank deposit rates. Majority of short-term investments are on 90-day term subject to roll-over requirements of the Company and earn interest at the prevailing short-term deposit rates amounting to P189.1 million and P45.5 million in 2023 and 2022, respectively (see Note 19).

7. Trade and Other Receivables - net

	Note	2023	2022
Due from related parties	20	P2,498,878	P2,121,738
Trade receivables		532,915	653,204
Advances to officers and employees		22,282	27,383
Receivable from insurance		17,817	21,681
Receivable from escrow fund		-	13,635
Interest receivable		11,131	12,207
Other receivables		918	8,807
		3,083,941	2,858,655
Allowance for impairment losses		(4,195)	(4,195)
	23, 24	P3,079,746	P2,854,460

Trade and other receivables are noninterest-bearing and generally have credit term of 30 days.

There was no movement in the allowance for impairment losses on trade and other receivables in 2023 and 2022 (see Note 23).

8. Prepaid Expenses

	2023	2022
Taxes	P2,628,855	P2,416,184
Insurance	10,130	8,294
Rental	2,327	2,327
Others	29,423	19,061
	P2,670,735	P2,445,866

Taxes mostly pertain to the Company's input VAT credits, net of output VAT.

Rental pertains to prepayments on short-term leases entered during the period. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

9. Investments in Subsidiaries and an Associate

	Note	2023	2022
At cost:			
Subsidiary - ATIB	9a	P150,717	P150,717
Subsidiary - TCTI	9b	3,125	3,125
Associate - SCIPSI	9c	11,222	11,222
		P165,064	P165,064

- a. The following table shows the summarized financial information of ATIB:

	2023	2022
Current assets	P294,169	P261,681
Noncurrent assets	3,189,178	2,983,557
Total assets	P3,483,347	P3,245,238
Current liabilities	P857,437	P665,191
Noncurrent liabilities	131,324	257,573
Total liabilities	P988,761	P922,764
Revenues	P1,278,441	P1,328,283
Expenses	(1,034,222)	(895,523)
Net income	P244,219	P432,760

Based on unaudited financial statements.

ATIB's exclusive right to manage and render arrastre, stevedoring, storage and related cargo handling services at the Port of Batangas for Phase I was renewed on October 20, 2005 for a period of 10 years until 2015, renewable for another 10 years upon mutual agreement of PPA and ATIB. The contract with the PPA includes cargo handling and operation and management of the passenger terminals.

On October 2, 2015, ATIB signed a Contract for the Management, Operation, Maintenance and Development of Phase I, Port of Batangas with a term of October 1, 2015 until September 30, 2025. In December 2019, ATI and ATIB signed a Contract with PPA for the extension of the term from 2025 to 2035 (see Note 22).

- b. The following table shows the summarized financial information of TCTI:

	2023	2022
Current assets	P13,159	P126
Noncurrent assets	2,008,988	2,067,373
Total assets	P2,022,147	P2,067,499
Current liabilities	P2,072,840	P2,048,406
Noncurrent liabilities	193,237	130,906
Total liabilities	P2,266,077	P2,179,312
Expenses	(P121,846)	(P47,918)
Net loss	(P121,846)	(P47,918)

Based on unaudited financial statements.

The Company intends to develop, operate and manage a barge terminal in Tanza, Cavite to cater to Philippine Economic Zone Authority cargoes. In preparation for this project, TCTI was incorporated on January 18, 2018. TCTI has not started its commercial operations since its establishment. Currently, there are lease improvements and ongoing construction of port facilities. Also, equipment has been acquired and recognized under TCTI. Due to the COVID-19 pandemic, the start of commercial operations has been delayed and is expected to begin in 2024.

c. The following table shows the summarized financial information of SCIPSI:

	2023	2022
Current assets	P165,483	P125,617
Noncurrent assets	49,226	48,607
Total assets	P214,709	P174,224
Current liabilities	P44,448	P35,860
Noncurrent liabilities	1,636	1,432
Total liabilities	P46,084	P37,292
Revenues	P297,047	P283,941
Expenses	(188,360)	(193,283)
Net income	P108,687	P90,658

Based on unaudited financial statements.

The Company has a 35.71% interest in SCIPSI, which is engaged in arrastre, stevedoring and other related cargo handling services, except portorage, in Makar Wharf, General Santos City, Philippines.

ATIB, TCTI and SCIPSI are not listed in any public exchange.

Total dividend income of P98.1 million and P104.9 million was received from ATIB and SCIPSI in 2023 and 2022, respectively (see Notes 19 and 20).

10. Property and Equipment - net

The movements in this account are as follows:

2023

	Port Facilities and Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction In-progress	Total
Cost						
Balance at beginning of year	P98,371	P520,284	P858,294	P281,970	P82,245	P1,821,164
Additions	-	2,776	35,087	45,789	74,186	157,848
Disposals	-	-	(6,045)	(16,320)	-	(22,365)
Reclassifications	-	19,003	24,913	45,621	(89,537)	-
Balance at end of year	98,371	642,063	912,259	357,060	46,894	1,956,647
Accumulated Depreciation						
Balance at beginning of year	66,794	401,845	657,210	191,873	-	1,317,522
Additions	4,564	13,542	78,874	37,630	-	134,710
Disposals	-	-	(8,045)	(15,228)	-	(21,273)
Balance at end of year	71,358	415,487	730,039	214,075	-	1,430,959
Carrying Amount	P27,013	P126,576	P182,220	P142,985	P46,894	P525,688

2022

	Port Facilities and Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction in-progress	Total
Cost						
Balance at beginning of year	P98,357	P519,266	P744,879	P260,549	P102,828	P1,725,889
Additions	-	572	52,918	29,242	14,108	96,840
Disposals	-	-	(3,452)	(6,871)	-	(10,323)
Reclassifications	4	446	63,949	(850)	(54,691)	8,758
Balance at end of year	98,371	520,284	858,294	281,970	62,245	1,821,164
Accumulated Depreciation						
Balance at beginning of year	61,341	391,237	583,488	160,210	-	1,196,276
Depreciation	5,453	10,608	76,710	37,766	-	130,537
Disposals	-	-	(2,988)	(6,303)	-	(9,291)
Reclassifications	-	-	-	-	-	-
Balance at end of year	66,794	401,845	657,210	191,673	-	1,317,522
Carrying Amount	P31,577	P118,439	P201,084	P90,297	P62,245	P503,642

No borrowing costs were capitalized in 2023 and 2022.

The Company has non-cash additions as at December 31, 2023 and 2022 which amounted to P16.1 million and P21.5 million, respectively.

Depreciation is charged under "Depreciation and amortization" account included in "Costs and expenses excluding government share in revenues" in the separate statements of income (see Note 18).

Cost of fully depreciated property and equipment which are still being used by the Company amounted to P712.0 million and P493.0 million as at December 31, 2023 and 2022, respectively.

11. Intangible Assets - net

The movements in this account are as follows:

2023

	Port Concession Rights			Total
	Upfront Fees (Note 22)	Fixed Government Share	Port Infrastructure	
Cost				
Balance at beginning of year	P482,000	P8,342,270	P23,167,512	P31,991,782
Additions	-	-	1,651,136	1,651,136
Disposals	-	-	(15,653)	(15,653)
Balance at end of year	482,000	8,342,270	24,802,995	33,627,265
Accumulated Amortization				
Balance at beginning of year	108,494	4,039,521	9,511,892	13,659,907
Amortization	11,280	292,853	1,055,882	1,360,015
Disposals	-	-	(15,653)	(15,653)
Balance at end of year	119,774	4,332,374	10,552,121	15,004,269
Carrying Amount	P362,226	P4,009,896	P14,250,874	P18,622,996

2022

	Port Concession Rights			
	Upfront Fees (Note 22)	Fixed Government Share	Port Infrastructure	Total
Cost				
Balance at beginning of year	P482,000	P8,342,270	P21,892,504	P30,716,774
Additions	-	-	1,742,606	1,742,606
Reclassification	-	-	(8,758)	(8,758)
Disposals	-	-	(458,840)	(458,840)
Balance at end of year	482,000	8,342,270	23,167,512	31,991,782
Accumulated Amortization				
Balance at beginning of year	97,214	3,746,668	8,950,374	12,794,256
Amortization	11,280	292,853	1,019,786	1,323,919
Disposals	-	-	(458,268)	(458,268)
Balance at end of year	108,494	4,039,521	9,511,892	13,659,907
Carrying Amount	P373,506	P4,302,749	P13,655,620	P18,331,875

The unamortized capitalized borrowing costs as at December 31, 2023 and 2022 amounted to P50.0 million and P54.7 million, respectively. No borrowing costs were capitalized in 2023 and 2022.

Amortization is charged under "Depreciation and amortization" account included in "Costs and expenses excluding government share in revenues" in the separate statements of income (see Note 18).

The Company has non-cash additions as at December 31, 2023 and 2022 which amounted to P121.7 million and P55.0 million, respectively.

Contract asset under Port Infrastructure represents ongoing construction of port facilities and eventual putting into service in accordance with the Investment Plan. The movements in contract asset are as follows:

	2023	2022
Balance at beginning of year	P2,640,976	P1,233,551
Additions during the year	1,510,505	1,638,016
Reclassification during the year	(1,306,881)	(230,591)
Balance at end of year	P2,844,600	P2,640,976

12. Other Noncurrent Assets

	Note	2023	2022
Deposits	23, 24	P66,094	P79,301
Equity securities	23, 24	2,652	2,652
		P68,746	P81,953

Deposits mainly represent payments related to refundable security deposits on property leases and utilities. This account includes noninterest-bearing refundable security deposits on a lease agreement that was carried at fair value as of initial recognition determined based on the present value of future cash flows discounted using effective interest rate of 5.8% in 2023 and 6.0% in 2022. The carrying amounts of these refundable security deposits at amortized cost amounted to P15.0 million and P14.8 million as at December 31, 2023 and 2022, respectively.

Equity securities consist of investments in quoted and unquoted shares.

13. Income Tax

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Effective July 1, 2020, the Company, being qualified as large corporation, has its corporate income tax lowered from 30% to 25%.

The components of taxes are as follows:

	2023	2022
Current tax	P1,388,823	P1,045,481
Deferred tax	(18,268)	(185,128)
	P1,370,555	P860,353

A reconciliation between the statutory tax rate and the effective tax rate on income before income tax follows:

	2023	2022
Statutory income tax rate	25.00%	25.00%
Changes in income tax rate resulting from:		
Change in income tax rate		-
Dividend income from a subsidiary and an associate	(0.43)	(0.73)
Income subjected to final tax	(0.77)	(0.21)
Effective income tax rate	23.80%	24.06%

The movements in deferred tax balances are as follows:

2023	Note	Net Balance at January 1	Recognized In Profit or Loss	Recognized In OCI	December 31		Net
					Deferred Tax Assets	Deferred Tax Liabilities	
Port concession rights payable related to fixed government share		P422,274	P12,632	P -	P434,906	P -	P434,906
Unrealized foreign exchange loss - net		384,735	13,478	-	398,213	-	398,213
Pension liability	21	59,014	(1,655)	14,969	72,328	-	72,328
Accrued expenses		46,425	(8,867)	-	37,558	-	37,558
Excess of cost over current replacement cost of spare parts and supplies		19,807	2,500	-	22,307	-	22,307
Provisions for claims		11,511	(676)	-	10,835	-	10,835
Right-of-use assets and lease liabilities		8,540	(454)	-	8,086	-	8,086
Impairment losses on receivables		2,253	-	-	2,253	-	2,253
Rental deposit		1,036	-	-	1,036	-	1,036
Unamortized capitalized borrowing costs and custom duties		(14,177)	1,310	-	-	(12,867)	(12,867)
Net tax assets (liabilities)		P941,418	P18,268	P14,969	P987,522	(P12,867)	P974,655

2022	Note	Net Balance at January 1	Recognized in Profit or Loss	Recognized in OCI	December 31		Net
					Deferred Tax Assets	Deferred Tax Liabilities	
Port concession rights payable related to fixed government share		P405,391	P16,883	P -	P422,274	P -	P422,274
Unrealized foreign exchange loss - net		253,402	131,333	-	384,735	-	384,735
Pension liability	21	60,233	130	(1,349)	59,014	-	59,014
Accrued expenses		18,984	27,441	-	46,425	-	46,425
Excess of cost over current replacement cost of spare parts and supplies		21,432	(1,925)	-	19,807	-	19,807
Provisions for claims		11,952	(441)	-	11,511	-	11,511
Right-of-use assets and lease liabilities		(1,555)	10,095	-	8,540	-	8,540
Impairment losses on receivables		2,253	-	-	2,253	-	2,253
Rental deposit		1,036	-	-	1,036	-	1,036
Unamortized capitalized borrowing costs and custom duties		(15,489)	1,312	-	-	(14,177)	(14,177)
Net tax assets (liabilities)		P757,639	P185,128	(P1,349)	P955,595	(P14,177)	P941,418

Net deferred tax assets have been recognized because management believes that the Company will earn sufficient future taxable profits against which it can utilize the benefits therefrom.

14. Trade and Other Payables

	Note	2023	2022
Accrued expenses:			
Marketing, commercial and promotion		P529,744	P643,467
Finance costs		125,151	131,257
Personnel costs		62,643	78,034
Repairs and maintenance		60,582	55,897
Insurance		53,087	49,100
Professional fees		49,332	48,122
Trucking expense		24,600	27,176
Security expenses		21,236	16,940
Corporate social responsibility		11,634	20,634
Rental	22	11,196	11,305
Utilities		9,349	9,111
Safety and environment		1,756	1,767
Miscellaneous		118,924	102,472
Due to government agencies	22	836,380	914,491
Equipment acquisitions		236,162	177,350
Trade		156,207	364,316
Shippers' and brokers' deposits		97,555	115,815
Due to related parties	20	17,266	19,215
Other payables		132,854	114,551
	23, 24	P2,555,658	P2,901,020

Following are the terms and conditions of the liabilities:

- Trade payables are noninterest-bearing and are normally settled on 30 to 60-day terms.
- Accrued finance costs are normally settled quarterly and semi-annually throughout the financial year.
- Other payables are noninterest-bearing and are normally settled within twelve months from inception date. This account includes dividends and other non-trade payables.

Rental pertains to short-term leases entered during the period.

15. Provisions for Claims

The movements and balances of this account are as follows:

	Note	2023	2022
Balance at beginning of year		P46,049	P47,814
Provisions (reversals) during the year - net	18	(685)	522
Payments during the year		(2,020)	(2,287)
Balance at end of year		P43,344	P46,049

Provisions relate to property and equipment, and cargo damage and other claims. It is expected that most of these provisions will be settled within the next financial year or on demand.

16. Equity

Pursuant to the registration statement rendered effective by the SEC and permit to sell issued by the SEC both dated April 7, 1995, 1.0 billion common shares of the Company were registered and may be offered for sale at an offer price of P5.10 per common share. On March 26, 1999, another registration statement was rendered effective by the SEC and permit to sell issued by the SEC for 1.0 billion common shares of the Company and may be offered for sale at an offer price of P1.00 per common share. As at December 31, 2023, the Company has a total of 2.0 billion issued and outstanding common shares and 821 stockholders.

Capital Stock - P1 Par Value

The Company has 2.0 billion issued and fully paid capital stock, from its 4.0 billion authorized common shares, as at December 31, 2023 and 2022.

Retained Earnings

Cash Dividends

On April 27, 2023, the BOD approved the declaration of cash dividends amounting to P2.0 billion or P1 per share payable on June 20, 2023 to common shareholders of record as at May 26, 2022.

On April 28, 2022, the BOD approved the declaration of cash dividends amounting to P1,616.0 million or P0.808 per share payable on June 17, 2022 to common shareholders of record as at May 25, 2022.

Appropriation and Reversal of Appropriation of Retained Earnings

On December 29, 2023, the Company's BOD approved the reversal of the appropriated retained earnings amounting to P2.4 billion out of the already approved appropriation of P16.4 billion, for capital expenditures for 2023 and 2022. Furthermore, the Company's BOD approved an appropriation of the retained earnings amounting to P5.0 billion for capital expenditures for the next 5 years. The Company's BOD also approved on the same date a budget amounting to P16.0 billion for capital expenditures which include yard and berth development as well as construction of new facilities and equipment acquisition for 2024 to 2028. The capital expenditures will strengthen the Company's operations and capability to handle growth.

On December 29, 2022, the Company's BOD approved the reversal of the appropriated retained earnings amounting to P2.0 billion out of the already approved appropriation of P15.1 billion, for capital expenditures for 2022 and 2021. Furthermore, the Company's BOD approved an appropriation of the retained earnings amounting to P3.3 billion for capital expenditures for the next 4 years. The Company's BOD also approved on the same date a budget amounting to P16.0 billion for capital expenditures which include yard and berth development as well as construction of new facilities and equipment acquisition for 2023 to 2026. The capital expenditure will strengthen the Company's operations and capability to handle growth.

The appropriated retained earnings as at January 1, 2022 amounting to P15.1 billion mainly consists of approved appropriation for capital expenditures which include yard and berth development as well as construction of new facilities and equipment acquisition for 2022 to 2026.

Fair Value Reserve

Fair value reserve amounting to P5.8 million as at December 31, 2023 and 2022 represents unrealized loss on equity securities.

17. Government Share in Revenues

This account consists of the PPA's share in revenues of the Company as stipulated in the agreements discussed in Notes 2 and 22. The PPA's share in gross revenues includes variable government share amounting to P2.5 billion and P2.4 billion in 2023 and 2022 respectively (see Note 22).

18. Costs and Expenses Excluding Government Share in Revenues

	<i>Note</i>	2023	2022
Depreciation and amortization	10, 11, 22	P1,674,432	P1,659,846
Labor costs	21	1,570,043	1,468,406
Equipment running		827,488	787,615
Taxes and licenses		422,567	494,848
Management fees	20	259,221	173,445
Insurance		245,457	204,379
Facilities-related expenses		242,155	217,385
General transport		212,893	179,226
Security, health, environment and safety		109,101	107,332
Marketing, commercial and promotion		22,272	8,362
Professional fees		19,862	23,645
Entertainment, amusement and recreation		8,397	9,591
Rentals	22	2,014	12,542
Provisions for claims	15	1,600	522
Others		197,202	155,930
		P5,814,704	P5,503,074

Labor costs include salaries, benefits and pension expense.

Spare parts and supplies used and included under equipment running amounted to P268.8 million and P253.4 million in 2023 and 2022, respectively.

Provision for spare parts and supplies obsolescence included under other costs and expenses amounted to P10.0 million and nil in 2023 and 2022, respectively.

Rental pertains to short-term leases incurred during the period.

19. Other Income and Expenses

Finance income pertaining to interest income derived from cash in banks and short-term investments amounted to P189.1 million and P45.5 million for the years ended December 31, 2023 and 2022, respectively (see Note 6).

Finance cost is broken down as follows:

	<i>Note</i>	2023	2022
Interest on port concession rights payable		P426,765	P443,771
Interest on lease liabilities	22	17,062	25,122
Interest component of pension expense - net	21	11,607	8,896
Interest on bank loans/credit facilities		2,732	273
		P458,166	P478,062

Interest on port concession rights payable pertains to the interest on the unwinding of discount of said liability (see related policy on port concession rights in Note 4).

Others consist of the following:

	<i>Note</i>	2023	2022
Dividend income from subsidiaries and an associate	9, 20	P98,078	P104,884
Lease and other income - net	20	95,272	73,036
Gain on disposal of equipment and intangible assets		4,059	6,108
Foreign exchange losses - port concession rights payable		(66,418)	(728,712)
Foreign exchange (losses) gains - others		(8,460)	127,890
		P122,531	(P416,794)

Foreign exchange losses - port concession rights payable resulted from revaluation of foreign currency denominated port concession rights payable.

Lease and other income - net recognized in 2023 is mostly comprised of income from the reversal of long-outstanding deposits of dormant customers of the Company.

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

The Company, in the normal course of business, has the following transactions with its related parties:

Category/Transaction	Ref	Year	Amount of the Transaction	Outstanding Balance			Terms	Conditions
				Due from Related Parties	Due to Related Parties	Lease Liability		
Subsidiaries								
ATIB								
• Management income	a	2023	P28,161	P -	P -	P -	Payable on demand	Unsecured; no impairment
		2022	47,501	-	-	-	Payable on demand	Unsecured; no impairment
• Dividend income	a	2023	69,420	-	-	-	Payable on demand	Unsecured; no impairment
		2022	69,420	-	-	-	Payable on demand	Unsecured; no impairment
• Rental income	a	2023	-	-	-	-	Payable on demand	Unsecured; no impairment
		2022	1,106	-	-	-	Payable on demand	Unsecured; no impairment
• Advances	a	2023	(84,564)	326,617	-	-	Payable on demand	Unsecured; no impairment
		2022	116,812	242,053	-	-	Payable on demand	Unsecured; no impairment
TCTI								
• Advances	a	2023	207,631	2,069,626	-	-	Payable on demand	Unsecured; no impairment
		2022	642,501	1,861,995	-	-	Payable on demand	Unsecured; no impairment
Associate								
• Management income	b	2023	7,950	641	-	-	Payable on demand	Unsecured; no impairment
		2022	7,557	491	-	-	Payable on demand	Unsecured; no impairment
• Dividend income	b	2023	28,658	-	-	-	Payable on demand	Unsecured; no impairment
		2022	35,464	-	-	-	Payable on demand	Unsecured; no impairment
Post-employment Benefit Plan Retirement fund								
	c	2023	63,014	20,550	-	-	Payable on demand	Unsecured; no impairment
		2022	35,506	11,861	-	-	Payable on demand	Unsecured; no impairment
Others								
Management fees	d	2023	259,221	-	17,266	-	Payable within ten (10) days of the following month	Unsecured
		2022	173,445	-	19,215	-	Payable within ten (10) days of the following month	Unsecured
Advances	f	2023	149,297	81,444	11,330	-	Payable on demand	Unsecured; no impairment
		2022	6,533	5,338	1,666	-	Payable on demand	Unsecured; no impairment
Lease	g	2023	45,413	-	-	375,839	Payable within five (5) days of the following month	Unsecured
		2022	14,779	-	-	38,496	Payable within five (5) days of the following month	Unsecured
TOTAL		2023		P2,499,678	P28,696	P375,639		
TOTAL		2022		P2,121,738	P20,881	P38,496		

- a. The Company has a management agreement with ATIB for a period of five years until August 31, 2022. The terms of the agreement provide for a monthly management fee calculated using a pre-agreed rate applied to ATIB's income before income tax. Management fees earned are included under lease and other income (see Note 19).

The Company rents out cargo handling equipment to ATIB on an annual basis. Total rent income is included under lease and other income (see Note 19).

The Company received dividend income from ATIB in 2023 and 2022 (see Notes 9 and 19).

The Company collects certain receivables and pays certain expenses on behalf of ATIB.

- b. Amount owed by SCIPSI pertains to management fees equivalent of 6% of gross revenue of SCIPSI. Management fees earned are included under lease and other income (see Note 19). The Company also received dividend income from SCIPSI (see Notes 9 and 19).
- c. The Company has a noncontributory, defined benefit retirement plan covering all its regular employees, in the form of a trust being maintained by a trustee bank. The benefits are based on the employee's years of service and final plan salary. Certain payments to retired employees were paid directly by the Company to be subsequently reimbursed by the retirement fund.
- d. P & O Management Services Phils., Inc. (POMS) is a related party which is 40% owned by POAL. POMS engages in advisory services which it provides to the Parent Company by virtue of a 5-year contract. The Company's contract with POMS was further renewed on August 27, 2020 for another five years until August 31, 2025. The terms of the contract provide for the payment of a monthly fee equivalent to 5% of ATI's consolidated income before income tax of the immediately preceding month (see Note 18).
- e. The Company pays expenses on behalf of TCTI for the latter's pre-operating working capital requirements, particularly its rental.
- f. Advances include amounts owed to or by DP World Asia Holdings Limited-Regional Operating Headquarters, DP World Philippines Logistics, Ltd., and DP World Holdings Philippines, Inc., which are related parties under common control, pertaining to reimbursements for expenses paid by the Company. The balance also includes amounts owed to companies controlled by the Company's director for expenses incurred by the Company for manpower, healthcare and insurance services. As of December 31, 2023 and 2022, related amounts are recorded as Other Payables under Trade and other payables (see Note 14).
- g. The Company has entered a 5-year lease contract with a company controlled by the Company's director commencing on May 1, 2019 for a parcel of land located at Barangay Lawa, Calamba, Laguna, with a monthly lease rental of P40 per square meter, subject to an escalation of 8% beginning May 1, 2021 and every 2 years thereafter. The contract terms are based on market rates for this type of arrangement and amounts are payable on a monthly basis for the duration of the contract. The leased premises shall be used for its off-dock container yard and cargo support requirements, including but not limited to warehousing and logistics (see Note 22).

The short-term compensation and benefits of key management personnel are as follows:

	2023	2022
Short-term employee benefits	P134,508	P229,274
Post-employment benefits	11,187	11,114
	P145,695	P240,388

The outstanding related party balances are expected to be settled in cash.

21. Pension

The Company's latest actuarial valuation report is as at December 31, 2023. Valuations are obtained on a periodic basis. The following tables summarize the components of pension expense recognized in the separate statements of income and the funded status and amounts recognized in the separate statements of financial position.

Pension Expense

	<i>Note</i>	2023	2022
Interest cost on defined benefit obligation	19	P37,977	P28,824
Current service cost		35,418	40,643
Interest income on plan assets	19	(26,370)	(19,928)
Net pension expense		P47,025	P49,539

Current service cost is charged under "Labor costs" account included in "Costs and expenses excluding government share in revenues" in the separate statements of income (see Note 18). Interest cost on defined benefit obligation and interest income on plan asset are included in "Finance cost" account in the separate statements of income (see Note 19).

Pension Liability as at December 31

	2023	2022
Present value of pension obligations	(P666,550)	(P575,897)
Fair value of plan assets	437,648	378,155
Pension liability	(P228,902)	(P197,742)

Changes in the Present Value of Pension Obligations

	2023	2022
Present value of pension obligations at beginning of year	(P575,897)	(P605,375)
Actuarial (losses) gains	(68,697)	33,182
Interest cost	(37,977)	(28,824)
Current service cost	(35,418)	(40,643)
Benefits paid	51,439	65,763
Present value of pension obligations at end of year	(P666,550)	(P575,897)

Changes in the Fair Value of Plan Assets

	2023	2022
Fair value of plan assets at beginning of year	P378,155	P384,731
Actual return on plan assets:		
Actual contributions	75,743	67,046
Interest income	26,370	19,928
Remeasurement gains (losses) on plan assets	8,819	(27,787)
Benefits paid	(51,439)	(65,763)
Fair value of plan assets at end of year	P437,648	P378,155

Benefits paid include certain payments to retired employees paid directly by the Company to be subsequently reimbursed by the retirement fund. Any amount paid by the Company not reimbursed by the retirement fund within the year is recorded under "Due from related parties" account included in "Trade and other receivables - net" in the separate statements of financial position. As at December 31, 2023 and 2022, the balance due from the retirement fund amounted to P20.6 million and P11.9 million, respectively (see Note 20).

The components of retirement benefits recognized in other comprehensive income are as follows:

	2023	2022
Actuarial (losses) gains due to:		
Changes in financial assumptions	(P76,928)	P106,392
Experience adjustment	8,231	(73,210)
Remeasurement gains (losses) on plan assets	8,819	(27,787)
	(P59,878)	P5,395

The cumulative amount of actuarial gains (losses) recognized in the separate statements of changes in equity included in the "Retained earnings" account is (P56.4) million actuarial losses as at December 31, 2023 and P3.5 million actuarial gains as at December 31, 2022.

Plan Assets

The plan entitles a retired regular or full-time employee to receive a lump sum amount equivalent to one (1) month salary for every year of credited service. Period of service shall be reckoned from date hired to date of retirement, death, permanent disability, or severance.

This defined benefit pension plan exposes the Company to actuarial risks, such as interest rate risk and market (investment) risk.

Contributions will be made at the start of each year based on the funding requirements and recommendations indicated in the latest actuarial valuation report.

The Company's plan assets consist of the following:

	2023	2022
Investment in government securities	P342,929	P276,893
Equity instruments	59,531	62,214
Debt instruments	24,938	30,024
Investment in UITF	7,000	3,450
Other receivables	4,907	5,723
Cash and cash equivalents	73	62
Liabilities	(1,730)	(211)
	P437,648	P378,155

All equity instruments and government securities have quoted price in active markets.

All government securities are issued by the Philippine government and are rated Baa3 by Moody's or BBB by Standard & Poor's.

The principal assumptions used in determining pension benefit obligations for the Company's plan are shown below:

	2023	2022
Discount rate at end of year	6.14%	7.26%
Salary increase rate	5.0%-6.0%	3.5%-6.0%

Assumptions for mortality rate are based on the 2017 Philippine Intercompany Mortality Table.

The weighted average duration of defined benefit obligation is as follows:

	2023	2022
Average expected future service years	14	14

Maturity analysis of the benefit payments:

	2023
	Expected Benefit Payments
Within 1 Year	P89,865
Within 1 - 5 Years	260,163
More than 5 Years	3,317,728
	2022
	Expected Benefit Payments
Within 1 Year	P89,194
Within 1 - 5 Years	220,046
More than 5 Years	3,018,605

Sensitivity Analysis

As at December 31, 2023 and 2022, the reasonably possible changes to the relevant actuarial assumptions holding other assumptions constant, would have affected the defined benefit obligation by the amounts below:

2023	1% Increase	1% Decrease
Discount rate	(P51,060)	P60,077
Salary increase rate	62,603	(54,142)

2022	1% Increase	1% Decrease
Discount rate	(P39,931)	P46,605
Salary increase rate	49,207	(43,028)

The Company expects to pay P65.1 million in contributions to defined benefit pension plans in 2024.

Asset Liability Matching (ALM)

The Company does not perform any ALM study. The overall investment policy and strategy of the retirement plan is based on the client suitability assessment, as provided by its trust bank, in compliance with the Bangko Sentral ng Pilipinas requirements.

22. Commitments and Contingencies

Agreements within the Scope of Philippine Interpretation IFRIC 12, Service Concession Arrangements

- a. The Company is authorized by the PPA to render cargo handling services at the South Harbor until May 2013. On October 19, 2007, the cargo handling services contract was extended until May 2038 under the terms mutually agreed upon with the PPA (see Note 2).
 - i. In accordance with the Investment Plan which was revised in December 2014 pursuant to the Third Supplement to the Cargo Handling Contract, the Company has committed to invest USD385.7 million from 2010 to 2028, for the rehabilitation, development and expansion of the South Harbor facilities. The commitment is dependent on container volume. The Investment Plan is subject to joint review every two (2) years, or as often as necessary as mutually agreed, to ensure that the same conforms to actual growth levels, taking into account introduction of new technologies and allowing the Company the opportunity of a fair return on investment.

In 2020, the reclamation of the Engineering Island Basin, which is part of the South Harbor, was subject to jurisdictional dispute between the PPA and the Philippine Reclamation Authority. As of date of this report, the opinion of the Department of Justice (DOJ) on the matter is still pending. It is the opinion of the Company that any opinion rendered by the DOJ will not have any material impact on the Company's ability to use the subject reclaimed land.

ii. Government Share

- For storage operations, the Company shall pay an annual fixed government share of P55.0 million payable quarterly and a government share of 30% of its annual gross storage revenue in excess of P273.0 million.
 - For international containerized cargo operations, the Company shall pay quarterly fixed government share of USD2.3 million plus a variable government share amounting to 20% of its total gross revenues.
 - For general cargo operations, the Company shall remit government share amounting to 20% of its total gross revenues collected from arrastre services and 14% of its total gross revenues collected from stevedoring services for general cargoes.
 - For domestic terminal operations, the Company shall remit government share amounting to 10% of its total gross revenues derived from its domestic cargo handling and passenger terminal operations.
- b. The Company is authorized by the PPA to render cargo handling services at the Container Terminal "A-1," Phase II at the Port of Batangas for 25 years starting July 1, 2010. For arrastre operations, the Company shall pay an annual fixed government share of USD2.3 million for the first 2 years, USD4.7 million for the 3rd year, USD5.1 million for the 4th-7th year, and USD5.3 million for the 8th-25th year. The Company shall also remit annual variable government share based on committed yearly percentage share multiplied by whichever is higher of the projected gross income in the bid proposal or actual gross income.
- c. A lump-sum fee of P400.0 million was paid to the PPA in December 2019 as advance consideration in the event of renewal of the contracts for Port of Batangas Phase I and Container Terminal "A-1," Phase II beyond year 2035. P200 million was paid by ATIB for Phase I and the remaining P200 million was paid by the Company for Phase II.

Upon recognition of the fair value of the fixed fees representing the government share under the concession agreements as discussed above, the Company also recognized the corresponding port concession rights payable (see Note 2). The movements in the port concession rights payable are as follows:

	Note	2023	2022
Balance as at January 1		P7,555,932	P7,220,800
Accretion of port concession rights payable		422,384	439,728
Payments during the year		(658,605)	(671,794)
Effects of exchange rate changes	19	(116,107)	567,198
Balance as at December 31	24	P7,203,604	P7,555,932

Agreements outside the Scope of Philippine Interpretation IFRIC 12, Service Concession Arrangements

- a. The Company has a 5-year lease agreement with PPA effective April 3, 2017 covering a land adjacent to the Container Freight Station area of the Container Terminal "A-1" with a monthly lease rental of P1.7 million, subject to a yearly escalation of 5%.

- b. The Company has a 25-year lease agreement until April 2021 covering the land in Calamba, Laguna to be used exclusively as an Inland Container Depot for which the Company pays an annual rental of P0.1 million, subject to an escalation of 7% once every two years.

The contract was revised in 2004, changing the monthly rate to P0.5 million in January 1, 2002 to December 31, 2003 and P0.7 million in January 1, 2004 to December 31, 2005, subject to an escalation of 8% every 2 years starting January 1, 2006.

In 2021, the lease agreement was renewed for another period of 25 years commencing on April 24, 2021, and continuing the monthly rental schedule and escalation. The monthly rate amounted to P1.4 million in 2023 and 2022.

- c. The Company has a 5-year lease contract commencing on February 1, 2017 over two parcels of land located in Sta. Mesa, City of Manila with a monthly lease rental of P0.6 million, subject to an escalation of 7% once every two years. This land is being exclusively used as an off-dock container depot.

In 2022, the lease contract was renewed for another period of five (5) years commencing on February 1, 2022 until January 1, 2027 with the same terms and conditions as the original lease contract.

- d. The Company has entered a 25-year lease contract commencing on February 15, 2018 for a parcel of land located at barangay Calibuyo, Tanza, Cavite, with a monthly lease rental of P35 per square meter, subject to an escalation of 5% beginning February 15, 2020 and every 2 years thereafter. The lease premises shall be used exclusively as a port terminal, inland clearance depot, warehouse, and for other activities related or ancillary thereto.

Majority of the Company's leased properties pertain to land. The leases typically run for a period of 1-25 years, with an option to renew the lease after that date. Information about leases for which the Company is a lessee is presented below.

i. Right-of-Use Assets

Right-of-use assets related to leased properties whose lease terms are more than 12 months.

	Note	2023	2022
Balance at January 1		P528,966	P180,608
Additions to right-of-use assets		123,194	553,748
Depreciation during the year	18	(179,707)	(205,390)
Balance at December 31		P472,453	P528,966

ii. Lease Liabilities

	Note	2023	2022
Balance at January 1		P578,803	P190,064
Additions to lease liabilities		123,194	553,748
Interest expense during the year	19	17,062	25,122
Payments made		(191,636)	(190,131)
Balance at December 31		P527,423	P578,803

As at December 31, 2023 and 2022, the Company has current and noncurrent lease liabilities included in the separate statements of financial position as follows:

	2023	2022
Current	P63,984	P68,699
Noncurrent	463,439	510,104
	P527,423	P578,803

The maturity analysis of undiscounted lease payments as of December 31, 2023 and 2022 is as follows:

	2023	2022
Within one year	P49,364	P77,145
More than one year to five years	149,638	186,770
More than five years	496,555	314,888
	P695,557	P578,803

iii. Amounts to be Recognized in the Separate Statements of Income

	<i>Note</i>	2023	2022
Depreciation expense	18	P179,707	P205,390
Interest on lease liabilities	19	17,062	25,122
Expenses relating to short-term and/or low value leases	18	2,014	12,542
		P198,783	P243,054

iv. Amounts Recognized in the Separate Statements of Cash Flows

	2023	2022
Payments of lease liabilities	P174,574	P165,009
Interest paid	17,062	25,122
Cash outflow relating to short-term and/or low value leases	2,123	12,542
Total cash outflow for leases	P193,759	P202,673

- e. The Company has contingent liabilities for lawsuits and various other matters occurring in the ordinary course of business. On the basis of information furnished by its legal counsel, management believes that none of these contingencies will materially affect the Company's financial position and financial performance.

23. Financial Risk and Capital Management Objectives and Policies

The Company has various financial assets and liabilities such as cash and cash equivalents, trade and other receivables, deposits, equity securities, trade and other payables, port concession rights payable and lease liabilities which arise directly from its operations. The main purpose of these financial instruments is to raise financing for the Company's capital expenditures and operations.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The BOD reviews and agrees on policies for managing each of these risks.

Interest Rate Risk

The Company's interest rate risk management policy centers on reducing the Company's overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Company's cash in banks and cash equivalents.

As at December 31, 2023 and 2022, the interest rate profile of the Company's interest-bearing financial instruments is as follows:

	2023	2022
Fixed Rate Instruments		
Cash and cash equivalents*	P5,372,342	P4,552,513

*Excluding cash on hand amounting to P1.7 million and P2.5 million as at December 31, 2023 and 2022, respectively.

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore, a change in interest rates at the reporting date would not affect profit or loss.

Liquidity Risk

The Company monitors its risk of shortage of funds using a liquidity planning tool. This tool considers the maturity of both the Company's financial investments and financial assets and projected cash flows from operations, among others. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As at December 31, 2023	Contractual Cash Flows						Total
	Carrying Amount	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	
Trade and other payables*	P1,719,278	P227,504	P344,777	P1,146,997	P -	P -	P1,719,278
Port concession rights payable	7,203,604	-	167,273	501,818	2,676,364	6,258,786	9,604,241
Lease liabilities	527,423	-	19,454	29,910	149,638	496,555	695,557
Total	P9,450,308	P227,504	P531,504	P1,678,725	P2,826,002	P6,755,341	P12,019,076

*Excluding due to government agencies amounting to P836.4 million.

As at December 31, 2022	Contractual Cash Flows						Total
	Carrying Amount	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	
Trade and other payables*	P1,986,529	P224,475	P573,874	P1,168,180	P -	P -	P1,986,529
Port concession rights payable	7,555,932	-	167,273	501,818	2,676,364	6,258,786	9,604,241
Lease liabilities	578,803	-	27,545	49,600	186,770	314,888	578,803
Total	P10,121,264	P224,475	P768,692	P1,719,598	P2,863,134	P6,573,674	P12,169,573

*Excluding due to government agencies amounting to P914.5 million.

Credit Risk

Credit risk on trade and other receivables represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations.

The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. A regular/annual review and evaluation of accounts is being implemented to assess the credit standing of customers.

The Company does not require collateral in respect of trade and other receivables. The Company does not have trade and other receivables for which no loss allowance is recognized because of collateral. The carrying amounts of trade and other receivables represent the maximum credit exposure.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash in bank and cash equivalents, deposits, and FVOCI - equity, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company trades only with reputable banks and recognized third parties.

Exposure to credit risk is monitored on an ongoing basis. Credit checks are being performed on all clients requesting credit over certain amounts. Credit is not extended beyond authorized limits, established where appropriate through consultation with a professional credit vetting organization. Credit granted is subject to regular review, to ensure it remains consistent with the clients' current credit worthiness and appropriate to the anticipated volume of business.

Financial information on the Company's maximum exposure to credit risk as at December 31, 2023 and 2022, without considering the effects of other risk mitigation techniques, is presented below.

	<i>Note</i>	2023	2022
Cash and cash equivalents*	6	P5,372,342	P4,552,513
Trade and other receivables - net	7	3,079,746	2,854,460
Deposits	12	66,094	79,301
Equity securities	12	2,652	2,652
		P8,520,834	P7,488,926

*Excluding cash on hand amounting to P1.7 million and P2.5 million as at December 31, 2023 and 2022, respectively.

The table below shows the credit quality of the Company's financial assets based on their historical experience with the corresponding debtor.

	As at December 31, 2023			Total
	Grade A	Grade B	Grade C	
Cash in banks and cash equivalents*	P5,372,342	P -	P -	P5,372,342
Trade and other receivables - net	2,849,896	229,850	-	3,079,746
Deposits	66,094	-	-	66,094
Equity securities	2,652	-	-	2,652
	P8,290,984	P229,850	P -	P8,520,834

*Excluding cash on hand amounting to P1.7 million as at December 31, 2023.

	As at December 31, 2022			Total
	Grade A	Grade B	Grade C	
Cash in banks and cash equivalents*	P4,552,513	P -	P -	P4,552,513
Trade and other receivables - net	2,460,678	393,782	-	2,854,460
Deposits	79,301	-	-	79,301
Equity securities	2,652	-	-	2,652
	P7,095,144	P393,782	P -	P7,488,926

*Excluding cash on hand amounting to P2.5 million as at December 31, 2022.

Grade A receivables pertain to those receivables from customers that always pay on time or even before the maturity date. Grade B includes receivables that are collected on their due dates provided that they were reminded or followed up by the Company. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Company are included under Grade C.

Cash in banks is considered good quality (Grade A) as this pertains to deposits in reputable banks.

Trade and Other Receivables

The exposure to credit risk for trade and other receivables by industry is as follows:

	Note	2023	2022
Shipping lines		P236,513	P952,609
Others		2,843,233	1,901,851
	7	P3,079,746	P2,854,460

Expected Credit Loss Assessment

The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying expected credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Exposures within each credit risk grade are segmented by industry classification and an ECL rate is calculated for each segment based on delinquency and actual credit loss experience.

The following table provides information about the exposure to credit risk for trade and other receivables as at December 31, 2023 and 2022:

	Gross Carrying Amount	Impairment Loss Allowance	Credit-impaired
Current (not past due)	P3,028,298	P -	No
1 - 30 days past due	33,883	-	No
31 - 60 days past due	11,728	-	No
61 - 90 days past due	4,462	-	No
More than 90 days past due	5,570	4,195	Yes
Balance at December 31, 2023	P3,083,941	P4,195	
Current (not past due)	P2,656,625	P -	No
1 - 30 days past due	104,093	-	No
31 - 60 days past due	5,158	-	No
61 - 90 days past due	31,938	-	No
More than 90 days past due	60,841	4,195	Yes
Balance at December 31, 2022	P2,858,655	P4,195	

Loss rates are based on actual credit loss experience over three years considering circumstances at the reporting date. Any adjustment to the loss rates for forecasts of future economic conditions are not expected to be material. The Company applies the simplified approach in providing for expected credit losses prescribed by PFRS 9, which permits the use of the lifetime expected loss provision and applies a provision matrix. The application of the expected loss rates to the receivables of the Company does not have a material impact on the separate financial statements.

The maturity of the Company's trade and other receivables is less than one year so the lifetime expected credit losses and the 12-month expected credit losses are similar.

There are no significant concentrations of credit risk within the Company. Of the total trade and other receivables which are neither past due nor impaired, 100% are of high-grade quality instruments because there was no history of default on the agreed terms of the contract.

Movement in the Allowance for Impairment in Respect of Trade and Other Receivables

There was no movement in the allowance for impairment on trade and other receivables from 2020 as no reversals and write-offs were made since 2021. The allowance for impairment as at December 31, 2023 and 2022 is P4.2 million with individually and collectively impaired receivables amounting to P1.8 million and P2.4 million, respectively.

		Individually Impaired	Collectively Impaired
Balance at January 1, 2020	P4,195	P1,838	P2,357
Reversals during the year	-	-	-
Write-offs	-	-	-
Balance at December 31, 2020	P4,195	P1,838	P2,357

The significant change in the gross carrying amount of trade receivables that contributed also to the change in the impairment loss allowance during 2020 refers to the reversals in allowance for impairment. The reversals resulted from review of credit risks profiling of customers and upon identification of receivables with specific doubtful accounts.

Cash in Banks and Cash Equivalents

The Company held cash in banks and cash equivalents of P5.4 billion and P4.6 billion as at December 31, 2023 and 2022, respectively. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Grade A.

Impairment on cash in banks and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash in bank and cash equivalents have low credit risk based on the external credit ratings of the counterparties and any ECL is expected to be immaterial.

Foreign Currency Risk

The Company has foreign currency financial assets and liabilities arising from US dollar denominated revenues, government share, and other foreign currency-denominated purchases by operating units.

The Company's foreign currency-denominated accounts as of December 31 are as follows:

	2023	2022
Assets		
Cash and cash equivalents	USD19,007	USD18,757
Liabilities		
Trade and other payables	2,378	63,033
Port concession rights payable	120,527	125,605
	122,905	188,638
Net foreign currency-denominated liabilities	(USD103,898)	(USD169,881)
Peso equivalent	(P5,755,949)	(P9,479,360)

The exchange rates applicable for USD as at December 31, 2023 and 2022 are P55.4 and P55.8, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's income before income tax and equity.

	Increase (Decrease) in U. S. dollar Exchange Rate	Effect on Income Before Income Tax	Effect on Equity
2023	+5%	(P287,797)	(P215,848)
	-5%	287,797	215,848
2022	+5%	(473,968)	(355,476)
	-5%	473,968	355,476

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company considers capital to include capital stock, additional paid-in capital, retained earnings, fair value reserve and hedging reserve. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes from prior year.

The Company is not subject to externally imposed capital requirements, except for the investment it has committed in accordance with the investment plan discussed in Note 22.

The table below shows the capital structure of the Company as at December 31:

	Note	2023	2022
Capital stock		P2,000,000	P2,000,000
Additional paid-in capital		264,300	264,300
Retained earnings		20,102,382	17,759,183
Fair value reserve		(5,820)	(5,820)
Total	16	P22,360,862	P20,017,663

24. Financial Instruments

The table below presents a comparison by category of carrying amounts and estimated fair values of all the Company's financial instruments as at December 31, 2023 and 2022.

	Note	2023		2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents	6	P5,374,056	P5,374,056	P4,555,028	P4,555,028
Trade and other receivables - net	7	3,079,746	3,079,746	2,854,460	2,854,460
Deposits	12	66,094	72,261	79,301	85,393
		8,519,896	8,526,063	7,488,789	7,494,881
Equity securities	12	2,652	2,652	2,652	2,652
		P8,522,548	P8,528,715	P7,491,441	P7,497,533
Financial Liabilities					
Other financial liabilities:					
Trade and other payables*	14	P1,719,278	P1,719,278	P1,986,529	P1,986,529
Port concession rights payable	22	7,203,604	7,907,520	7,555,932	7,775,518
		P8,922,882	P9,626,798	P9,542,461	P9,762,047

*Excluding due to government agencies amounting to P836.4 million and P914.5 million in 2023 and 2022, respectively.

Fair Value of Financial Instruments

The fair values of cash and cash equivalents, trade and other receivables and trade and other payables are approximately equal to their carrying amounts due to their relatively short-term nature.

Non-derivative Financial Instruments

Quoted market prices have been used to determine the fair values of listed equity securities. The fair values of unquoted equity securities are not reliably determinable.

For noninterest-bearing deposits, the fair value is estimated as the present value of all future cash flows discounted using the prevailing market rate on interest for a similar instrument. The discount rates used are 5.8% in 2023 and 6.0% in 2022 (see Note 12).

The fair value of port concession rights payable was estimated at the present value of all future cash flows discounted using the applicable rates for similar types of loans ranging from 5.97% to 6.01% in 2023 and 6.19% to 7.23% in 2022.

The fair value of lease liabilities was estimated at the present value of all future cash flows discounted using the prevailing market rate on interest for a similar instrument.

Fair Value Hierarchy

The following table shows the levels in the fair value hierarchy of the Company's financial instruments:

As at December 31, 2023	Note	Level 1	Level 2	Level 3
Equity securities	12	P933	P -	P1,719
Port concession rights payable		-	7,907,520	-
		P933	P7,907,520	P1,719

As at December 31, 2023	Note	Level 1	Level 2	Level 3
Equity securities	12	P933	P -	P1,719
Port concession rights payable		-	7,775,518	-
		P933	P7,775,518	P1,719

There have been no transfers from one level to another in 2023 and 2022.

25. Revenue

The Company derives revenue from the transfer of services over time and at a point in time in the following major service lines:

	2023	2022
Revenues from Operations		
Stevedoring	P6,289,304	P5,548,685
Arrastre	5,249,975	4,812,203
Logistics	160,055	188,913
Special and other services	2,474,025	1,752,531
Total	P14,173,359	P12,302,332

26. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the separate financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the separate financial statements which were prepared in accordance with PFRSs. The following are the tax information/disclosures required by Revenue Regulations No. 15-2010 for the taxable year ended December 31, 2023:

A. Value Added Tax (VAT)

1. Output VAT	P644,582
Basis of the Output VAT*:	
Vatable sales	P5,371,513
Zero rated sales	8,921,838
Exempt sales	362
	P14,293,713
2. Input VAT	
Beginning of the year	P2,068,939
Current year's domestic purchases:	
a. Goods other than capital goods	86,693
b. Capital goods subject to amortization	-
c. Services lodged under cost of goods sold	767,738
d. Services lodged under other accounts	5,550
Current year's importation of goods other than capital goods	10,887
Claims for tax credit/refund and other adjustments	-
Total	2,939,807
Less: Input VAT application	(644,582)
Balance at the end of the year	P2,295,225
3. Customs Duties and Tariff Fees:	
Landed cost of imports	P10,887
Customs duties paid or accrued	3,119
	P14,006

* The base amounts are gross of PPA fees.

B. Documentary Stamp Tax

Others (insurance policies)	P36,242
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C. Withholding Taxes

Tax on compensation and benefits	P128,923
Creditable withholding taxes	187,548
Final withholding taxes	89,299
	P405,770

D. All Other Taxes (Local and National)

<i>Other taxes paid during the year recognized under "Taxes and licenses" account under Costs and Expenses</i>	
Real estate taxes	P305,009
Mayor's permit	74,692
Others	6,624
	<hr/>
	P386,325

E. Deficiency Tax Assessments

On November 22, 2022, the Company received a letter of authority (LOA) involving the examination of book of accounts and other accounting records for all internal revenue taxes (excluding VAT) for the taxable year ended December 31, 2021. The assessment was closed and settled by the Company on February 13, 2023.

On September 21, 2023, the Company received a LOA involving the examination of book of accounts and other accounting records for Value-Added Tax for the taxable year ended December 31, 2022. The assessment was closed and settled by the Company on December 14, 2023.

On September 29, 2023, the Company received a LOA involving the examination of book of accounts and other accounting records for all internal revenue taxes (excluding VAT) for the taxable year ended December 31, 2022. As of December 31, 2023, the audit for the LOA is still on-going.

F. Tax Cases

The Company has a Civil case under investigation of the Court of Tax Appeals involving deficiency local business tax payable to the City of Manila for taxable years 2013 and 2014 amounting to P33.4 million.

Information on the excise taxes is not applicable since there are no transactions that the Company would be subject to this type of tax.