COVER SHEET

						1	3	3	6	5	3

S.E.C. Registration Number

ASIAN TERMINALS INC.

(Company's Full Name)

ATI HEAD OFFICE A. BONIFACIO DRIVE, PORT AREA, MANILA

(Business Address : No. Street Company / Town / Province)

ATTY. RODOLFO G. CORVITE,JR.

Contact Person

5286000

Company Telephone Number

0	4		1	5

Month *Day*

SEC FORM 17-A

FORM TYPE

4th Thursday of April

0	4		2	3

Month *Day*

Annual Meeting
For 2015

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

864

Total No. of Stockholders
As of 12-31-2014

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

SEC Number: 133653
File Number:________

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

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

528-6000
(Telephone Number)

December 31
Calendar Year Ending
(Month & Day)

SEC Form 17-A
Form Type

NA
Amendment Designation (if applicable)

December 31, 2014
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, 2014
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) 528-6000
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, 2014	1,346,165,827
Closing price per share as of March 31, 2015	P14.00
Market value of stocks held by non-affiliates as of March 31, 2014	P18.85B

PART I- BUSINESS AND GENERAL INFORMATION

Item 1. Business

Corporate Background

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 a Third Supplement to the Contract for Cargo Handling and Related Services granted by the Philippine Ports Authority (PPA) extending ATI's current contract for twenty five (25) years or until May 2038.

The Container Terminal Division handles stevedoring, arrastre, warehousing, storage, cranage, container freight station (CFS) and other port-related services for international shipping lines. ATI has a 5-year lease contract commencing in 2011 over two parcels of land located in Sta. Mesa, City of Manila. This land is being exclusively used as an off-dock container depot. In 2014, a parcel of land belonging to Southern Textile Mills, Inc. located in Lawa, Laguna was leased for a period of 2.5 years, to serve as additional empty handling facility.

In December 2013, the management upon the approval of the Board dedicated Pier 15 to General Stevedoring operations which provide arrastre, stevedoring and storage services to international shipping lines. With favorable berth depths from 9 to 11 meters, Pier 15 also simultaneously accommodates various gigantic foreign cruise ships and foreign military vessels on goodwill visits to the country.

The ATI South Harbor facility has been certified compliant with the International Ship and Port Facility Security (ISPS) Code issued by the Office for Transportation Security, DOTC valid until December 2019.

The ATI South Harbor facility is certified for ISO 14001:2004 (EMS), OHSAS 18001:2007and ISO 28001;2007 (Supply Chain Security Management System) The certifications are valid until December 2016.

Inland Clearance Depot

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 in 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.

The ICD also serves as an empty container depot for shipping lines. This provides greater operational efficiency and minimizes locators' costs.

The facility is fully fenced and is equipped with CCTV cameras for security monitoring.

ICD is certified for ISO 14001:2004 Environmental Management System. Their certificate is valid until December 2016.

Port of Batangas

ATI Batangas, Inc. (ATIB), a 98.8%-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 has an existing 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 RO-RO 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-terminus 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 1 July 2010.

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 has a 5-year lease agreement with PPA effective 3 April 2012 covering a land adjacent to the CFS area of the Container Terminal "A-1". This area was utilized for a fee by ATI's client Asian Marine Transport Corporation until 5 October 2014 for the latter's pre-delivery inspection facility for completely built units of vehicles (CBU's).

ATIB is certified for ISO 14001:2004 valid until October 2017, OHSAS 18001:2007 valid until February 2018 and ISO 9001:2008 valid until December 2017.

ATIB and Batangas Container Terminal been certified with the International Ship and Port Facility Security (ISPS) Code issued by the Office for Transportation Security, DOTC valid until October 2017 and July 2017 respectively.

Batangas Container Terminal or BCT (Container Terminal "A-1", Phase II of the Port of Batangas)

As mentioned above ATI was awarded by the PPA a 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 signed on March 25, 2010.

BCT serves MCC, SITC and RCL shipping lines, providing a wide range of port connections across Asia.

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.

Batangas Supply Base

On February 13, 2007, 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 current contract is effective until October 19, 2015. ATI operates and manages the Batangas Supply Base within the Port of Batangas under a contract with Shell Philippines Exploration B.V. (SPEX). The Supply Base provides logistics support to the Malampaya Gas-to-Power-Project which includes cargo-handling, crane and equipment hire, transport, labor, vessel agency and waste management. The negotiations for the renewal of the SPEX contract are ongoing. The life of the Malampaya Gas field is approximately 20 years. Its other major client is GALOC Production Company (GALOC).

The Batangas Supply Base is certified for ISO 14001:2004 valid until October 2017, OHSAS 18001:2007 valid until February 2018 and ISO 9001:2008 valid until December 2017.

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 for the following; ISO 14001:2004 valid until June 2015, OHSAS 18001:2007 valid until July 2015 and ISO 9001:2008 valid until July 2015. It is Investors in People (IiP) certified beginning June 16, 2009 until September 2015. In September 2012, SCIPSI reached the IiP – Bronze level.

The Port of General Santos is certified complaint with the International Ship and Port Facility Security Code issued by the Office of Transport Security (OTS) valid until October 8, 2017.

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, 2014:

	2014		2013		2012	
Service	**Amount**	**% to Total**	**Amount**	**% to Total**	**Amount**	**% to Total**
Stevedoring	3,034,212	37%	2,709,720	41%	2,656,969	43%
Arrastre	2,613,551	32%	2,629,236	40%	2,405,008	38%
Logistics	152,623	2%	104,658	2%	121,772	2%
Special/Other Services	2,440,709	29%	1,129,878	17%	1,043,911	17%
TOTAL	**8,241,095**	**100%**	**6,573,492**	**100%**	**6,227,660**	**100%**

	2014		2013		2012	
Source	**Amount**	**% to Total**	**Amount**	**% to Total**	**Amount**	**% to Total**
Domestic	486,432	6%	653,450	10%	668,423	11%
Foreign	7,754,663	94%	5,920,042	90%	5,559,237	89%
TOTAL	**8,241,095**	**100%**	**6,573,492**	**100%**	**6,227,660**	**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, 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.

The ICD has no direct competitor insofar as offering the value proposition of being an extension of the Port of Manila and Port of Batangas.

Employees

ATI has a total manpower complement of 1,476 as of December 31, 2014. Of the total, 1,188 are in Operations, 163 are in Maintenance and 125 are in Management and Administration. The projected headcount for next 12 months is 1,697.

About 80% of the existing manpower is covered by collective bargaining agreements as follows:

TYPE OF WORKER	UNION	FROM	TO
Equipment operators and dockworkers	Associated Workers Union (AWU)	12/01/13	11/30/18
Stevedores	Katipunan ng mga Mangagawa sa Daungan	12/01/13	11/30/18
Field Supervisors	Associated Skilled and Technical Employees Union	08/16/11	08/15/16
Checkers	South Harbor Independent Port Checkers Union	09/07/11	09/07/16
Stevedores and dockworkers	Batangas Pier Stevedores and Labor Union	11/06/12	11/05/17

There were no labor strikes for the past nineteen (19) years.

Costs and Effects of Compliance with Environmental Laws

In 2014 ATI incurred approximately Php 2.85 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 14001:2004 Environmental Management System and OHSAS 18001:2007 Occupational Health and Safety 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 periodic reviews.

Adequate insurance coverage with business interruption clauses, 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 to meet operational contingencies. Results and developments are monitored during reviews.

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.

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

Item 2. Properties

The Company has outstanding leases and subleases covering land, buildings, and offshore areas in Manila, Calamba, Laguna and Sta. Clara, Batangas. Rental expenses on these properties in 2014 totaled P57.1 million. The current lease agreements have various expiration dates with the longest term expiring in April 2021. 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 1.2m through developments since 2013. Substantial investments in progress will further increase capacity over 2015. South Harbor provides optimal service through modern equipment comprising of Rubber Tyred Gantries (RTG), Container Stackers, Empty Handlers, and Internal Transfer Vehicles. The Truck Holding Area can accommodate up to 300 trucks. South Harbor has a CFS and a Designated Examination Area with 5 x-ray machines. Since early 2014, after cessation of Domestic Operations, the South Harbor facility offers efficient gate access through 5 corridors connecting to main roadways. The Terminal Operating System is driven by Navis SPARCS (Synchronous

Planning and Real Time Control System), a graphical planning software that guides proper segregation and stacking of containers, vessels berthing, loading and unloading, and equipment control.

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 has three covered warehouses and a stacking area designed for completely built units. It is equipped with certified lifting gears and two heavy forklifts with safe working load of 30T. GSD also provides offshore conventional cargo handling at 18 anchorage berths inside the Manila Bay breakwater.

Inland Clearance Depot

ICD is an all weather 4.2 hectare container yard facility. It has a maximum capacity of 2,600 TEUs. It is equipped with two (2) units of RTG 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)

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 a "pre-delivery inspection" facility (PDI) for its large CBU customer base.

ATIB operates two (2) modern passenger terminal buildings 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 ferry berth 124 meters long 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. It can handle more than 2M embarking passengers annually.

Batangas Container Terminal (Container Terminal "A-1", Phase II of the Port of Batangas)

The Batangas Container Terminal ("A-1", Phase 2) has an existing berth length of 450 meters with a draft of 13 meters. The approximate area of the entire facility of 162,500 sqm. include the container yard, working apron, maintenance and control buildings, gates and roadways. The container yard has a total of 1,900 twenty-foot ground slots and equipped with 4 units of RTGs. Ship-to-shore operations are equipped with 2 Quay Cranes. The terminal is also equipped with 10 reefer platforms, a 4,100 sqm. CFS, RFID gate management system, full CCTV coverage, and back-up generator sets.

Batangas Supply Base

For its BSB operations, ATIB allocates an open area measuring nearly 11,000 sqm. for SPEX (Shell Philippines Exploration) in addition to a 2-level covered storage facility with a lot area of nearly 2,500 sqm.

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 110 meters. SCIPSI receives and handles cargoes through the use of their various lifting equipments with capacities ranging from 3 tons to 40 tons.

Item 3. Legal Proceedings

1. ATI - MAFSICOR Case –Regional Trial Court, Manila. On August 5, 1993, ATI (then Marina Port Services, Inc.) filed a Petition for Declaratory Relief with prayer for Injunction against MAFSICOR and PPA in connection with the contract between MAFSICOR and PPA dated April 2, 1992 allowing MAFSICOR to operate a floating grains terminal at the South Harbor. ATI contends that this encroached on its right as the exclusive provider of stevedoring services at the South Harbor. The petition for a Writ for Preliminary Prohibitory Injunction was denied by the RTC. On appeal, the RTC order was nullified by the Court of Appeals (CA) upholding the position of ATI and made permanent the preliminary injunction. MAFSICOR and PPA filed with the Supreme Court (SC) a Petition for Review which was granted and the injunction order was set aside. The SC ordered the RTC for a trial on the merits and remanded all the records of the case to the lower court. The case is pending with the trial court where in 2014, ATI moved for dismissal on the ground that MAFSICOR failed to attend important court proceedings. ATI's motion to dismiss was denied so ATI filed a petition for certiorari with the Court of Appeals to question said denial.

2. 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.

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.

2013	High	Low
First Quarter (Jan. – Mar.)	15.80	9.64
Second Quarter (Apr. – June)	13.50	11.70
Third Quarter (July – Sept.)	12.90	10.50
Fourth Quarter (Oct. - Dec.)	12.46	10.50
2014	**High**	**Low**
First Quarter (Jan. – Mar.)	11.90	10.00
Second Quarter (Apr. – June)	11.50	10.32
Third Quarter (July – Sept.)	11.46	10.52
Fourth Quarter (Oct. - Dec.)	12.54	11.00
2015	**High**	**Low**
First Quarter (Jan. – Mar.)	14.48	11.50

On March 31, 2015 (last day when ATI shares were traded for March), ATI shares were traded at its highest for the price of Php14.30, lowest for Php14.00 and closed at Php14.00.

The number of stockholders as of December 31, 2014 was 864. Of the 2,000,000,000 common shares outstanding as of December 31, 2014, a total of 775,996,250 shares or 38.80% are foreign-owned .

Top 20 stockholders as of December 31, 2014:

Name	No. of Shares	% to Total
DP World Australia (POAL) Ltd.	346,466,600	17.32
ATI Holdings, Inc.	291,371,230	14.57
PCD Nominee Corporation (Filipino)	206,396,635	10.32
Pecard Holdings, Inc.	198,203,968	9.91
Philippine Seaport Inc.	196,911,524	9.85
Daven Holdings, Inc	155,906,071	7.80
PCD Nominee Corporation (Non-Filipino)	136,728,945	6.84
SG Holdings, Inc.	130,000,000	6.50
Morray Holdings Inc.	100,000,000	5.00
Harbourside Holding Corp.	80,000,000	4.00
Aberlour Holding Co. Inc.	71,517,463	3.58
Rescom Developers, Inc.	26,627,884	1.33
Agatha Builders Corp.	20,761,899	1.04
Tanco, Eusebio, H.	15,257,663	0.76
Southern Textile Mills, Inc.	4,470,335	0.22
Saw, Nancy	3,926,000	0.20
Granite Realty Corporation	1,000,000	0.05
Luym, Douglas	800,000	0.04
Tanco, Joseph Luym	795,000	0.04
Oben, Reginaldo Oben &/or Teresa	784,266	0.04
TOTAL	1,987,925,483	99.40

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	Record Date
April 26, 2012	0.30	May 14, 2012
April 25, 2013	0.35	May 17, 2013
April 24, 2014	0.35	May 13, 2014

Under the Company's By-Laws, dividends shall be declared only from unrestricted retained 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)

None.

Item 6. Management Discussion and Analysis

Revenues for the year ended December 31, 2014 of P8,241.1 million grew by 25.4% from P6,573.5 million in 2013. Revenues were higher than last year due to the following: 1) higher international containerized cargo volumes in Batangas Container Terminal, up by 762.5% from last year; 2) higher volumes handled in Port of Batangas; and 3) higher revenues from Inland Clearance Depot. On the other hand, revenues from South Harbor international non-containerized cargo decreased by P1.4 million or 0.4% due to lower volume.

Cost and expenses in 2014 totaled P5,253.4 million, 29.0% higher than the P4,070.9 million in 2013. Port authorities' share in gross revenues increased by 48.4% to P1,655.2 million in 2014 from P1,115.6 million in 2013 following higher revenues. Labor costs went up by 12.6% to P978.9 million in 2014 from P869.1 million in 2013 due to increased manpower requirements to support higher volumes handled and salary rate increases. Depreciation and amortization in 2014 of P862.0 million were higher by 10.9% compared to P776.9 million in 2013 on account of additions to intangible assets and property and equipment. Equipment running costs grew by 12.8% to P541.6 million in 2014 from P480.1 million in 2013 due to higher repairs and maintenance and parts replacement costs for cargo handling equipment and higher fuel costs brought about by truck ban port congestion. Taxes and licenses of P215.6 million in 2014 went up by 27.6% from P169.0 million in 2013 due to higher realty tax on account of increased real property (land) valuation (Ordinance No. 8330), declaration of additional areas and equipment and higher tax rate. Security, health, environment and safety costs in 2014 increased by 57.1% to P152.4 million from P97.0 million in 2013 due to additional security posts for additional areas as part of expansion, truck ban port congestion management and increased industrial safety focus. Rentals of P171.0 million in 2014 rose by 85.1% from P92.4 million in 2013 due to higher equipment rentals relative to higher volumes and additional space rentals. Management fees in 2014 of P115.9 million were higher by 36.1% compared to P85.2 million in 2013 following higher net income. Facilities-related expenses in 2014 went up by 13.0% to P159.8 million from P141.5 million in 2013 due to higher utilities, lightings and building maintenance expenses, and higher IT costs. Professional fees in 2014 of P52.4 million were higher by 93.3% compared to P27.1 million in 2013 on account of higher consultancy and recruitment fees. Other expenses in 2014 totaled P227.7 million, up by 153.0% from P90.0 million last year, as last year included reversal of excess provisions for claims relating to cargo, labor, and civil cases and this year included higher expenses related to corporate responsibility and provisions for obsolescence.

On the other hand, Insurance in 2014 amounted to P74.9 million, 4.5% down from P78.5 million in 2013 due to lower property insurance premiums. General transport costs declined by 5.8% to P41.8 million in 2014 from P44.3 million in 2013 on account of lower trucking costs in Sta. Mesa Empty Depot.

Finance costs in 2014 increased by 14.8% to P540.5 million from P470.8 million in 2013 mainly due to higher interest expense on port concession rights payable. Finance income decreased by 39.7% to P32.2 million in 2014 from P53.4 million in 2013 due to lower interest rates for money market placements. Others-net amounted to P181.3 million while in 2013, Others-net amounted to negative P426.8 million. This account includes unrealized forex gains of P121.8 million in 2014 and unrealized forex losses of P524.9 million in 2013 resulting from revaluation of dollar-denominated concession rights payable. Also, this account includes fair value losses on a cash flow hedge, which commenced on July 1, 2014.

Income before income tax amounted to P2,660.7 million in 2014, 60.4% higher than P1,658.3 million in 2013. Provision for income tax in 2014 increased by 67.7% to P759.3 million from P452.8 million in 2013.

Net income for the year ended December 31, 2013 of P1,901.3 million was 57.7% above the P1,205.5 million last year. Earnings per share was up to P0.95 in 2014 from P0.60 in 2013. Without the foreign exchange impact – as per accounting rules brought in from 2013 – net income would have been P1,846.1 million, up 17.8% from P1,567.5 million in 2013 on a like-for-like basis.

Plans for 2015

Asian Terminals Inc. is continuously upgrading the efficiencies and capabilities of its containerized cargo, non-containerized cargo and passenger handling facilities in Manila and Batangas as it keeps these vital port assets responsive to the needs of major industries and supportive of the growth of Philippine economy.

At the core of this is ATI's programmed capital investments worth Php2.8 billion for 2015 with planned acquisition of more container-handling equipment, rehabilitation of piers, upgrade of port systems and technologies and development of new container storage areas within the Manila South Harbor expanded port zone. All these form part of ATI's investments commitments with the Philippine Ports Authority.

Aside from these, efforts in promoting the Batangas Container Terminal as the best alternative gateway to Manila ports will be continued, with keen focus on encouraging carriers to deploy network tonnage with a frequency required by shippers and appending market share in the Cavite, Laguna, Batangas, Rizal and Quezon (Calabarzon) region, for which the port was primarily built to serve.

Further, ATI is keeping its eyes open for more business growth drivers, including exploring new port operations locally or overseas, given the right opportunity. ATI shall continue to maximize its resources, its expertise and management capabilities in bringing its competencies where the growth potential is promising and where it could deliver greater value to its customers and stakeholders.

Consolidated Financial Condition

Total assets as of December 31, 2014 grew by 6.5% to P19,870.7 million from P18,649.3 million as of December 31, 2013. Total current assets as of December 31, 2014 increased by 27.5% to P4,723.2 million from P3,705.4 million as of December 31, 2013. Cash and cash equivalents of P3,606.9 million as of December 31, 2013 were higher by 31.2% compared to P2,750.1 million as of December 31, 2013. Trade and other receivables-net as of December 31, 2014 rose by 31.2% to P478.8 million from P365.0 million as of December 31, 2013 on account of higher revenues for the period. Spare parts and supplies-net as of December 31, 2014 of P194.3 million went up by 3.2% from P188.2 million as of December 31, 2013 in support of operational requirements and equipment maintenance program. Prepaid expenses of P443.2 million as of December 31, 2014 increased by 10.2% from P402.2 million as of December 31, 2013.

Total non-current assets amounted to P15,147.5 million as of December 31, 2014, 1.4% higher compared to P14,943.9 million as of December 31, 2013. Property and equipment-net grew by 33.3% to P455.6 million as of December 31, 2014 from P341.7 million as of December 31, 2013. Additions to property and equipment which were not subject of the service concession arrangement totaled P163.5 million. Intangible assets-net increased by 0.2% to P14,175.4 million as of December 31, 2014 from P14,153.2 million as of December 31, 2013. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P853.0 million in 2014, which was partly offset by amortization for the period. Deferred tax assets-net went up by 26.6% to P386.9 million as of December 31, 2014 from P305.7 million as of December 31, 2013 resulting from the additional deferred tax on concession rights payable. Other noncurrent assets as of December 31, 2014 decreased by 18.0% to P70.2 million from P85.5 million as of December 31, 2013 due to amortization of input taxes on additions to property and equipment and intangible assets.

Total liabilities increased by 1.4% to P9,873.3 million as of December 31, 2014 from P9,734.0 million as of December 31, 2013. Trade and other payables as of December 31, 2014 totaled P1,861.7 million, 6.2% higher than P1,752.2 million as of December 31, 2013. Trade and other payables are covered by agreed payment schedules. Provision for claims went down by 2.5% to P50.8 million as of December 31, 2014 from P52.1 million as of December 31, 2013 due to settlement of claims. Income and other taxes payable went up by 23.9% to P209.6 million as of December 31, 2014 from P169.1 million as of December 31, 2013 on account of income tax for the period. Port concession rights payable (current and noncurrent) as of December 31, 2014 totaled P7,629.4 million, 0.8% below the P7,694.7 million as of December 31, 2013 due to payments of PPA fixed fees. Pension liability as of December 31, 2014 of P121.8 million were higher by 84.7% compared to P66.0 million as of December 31, 2013.

Consolidated Cash Flows

Net cash provided by operating activities amounted to P3,133.5 million in 2014, higher by 9.6% vs. P2,858.2 million in 2013 due to higher operating income.

Net cash used in investing activities in 2014 of P963.0 million were lower by 49.4% compared to P1,902.7 million in 2013. Last year included the initial recording of the concession rights asset (intangibles) following the change in accounting policy in relation to fixed concession fees.

Cash used in financing activities in 2014 of P1,309.6 million were 6.8% higher than the P1,226.4 million in 2013 mainly due to payments of PPA fixed fees for the period. Cash dividends paid in 2014 amounted to P700.0 million, the same amount paid in 2013.

Adoption of New or Revised Standards, Amendments to Standards and Interpretation

Except as otherwise indicated, the adoption of the amendments to standards did not have any significant impact on the Group’s consolidated financial statements.

- *Offsetting Financial Assets and Financial Liabilities (Amendments to* PAS 32*).* These amendments clarify that: (a) an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and (b) gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle.
- *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to* PAS 36*)*. These narrow-scope amendments to PAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarified that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.
- *Novation of Derivatives and Continuation of Hedge Accounting (Amendments to* PAS 39*)*. The amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).
- *Philippine Interpretation* IFRIC 21 *Levies*. This interpretation provides guidance on accounting for levies in accordance with the requirements of PAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation confirms that an entity recognizes a liability for a levy when, and only when, the triggering event specified in the legislation occurs. An entity does not recognize a liability at an earlier date even if it has no realistic opportunity to avoid the triggering event. Other standards should be applied to determine whether the debit side is an asset or expense. Outflows within the scope of PAS 12 *Income Taxes*, fines and penalties, and liabilities arising from

emission trading schemes are explicitly excluded from the scope.

New or Revised Standards and Amendments to Standards Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2014. However, the Group has not applied the following new standard in preparing these consolidated financial statements. PFRS 9 is not expected to have a significant impact on the Group's consolidated financial statements.

- PFRS 9 *Financial Instruments*. PFRS 9, published in July 2014, replaces the existing guidance in PAS 39 *Financial Instruments: Recognition and Measurement*. PFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from PAS 39. PFRS is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- *Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments to PAS 16 and PAS 38).
- *Annual Improvements to* PFRSs 2010-2012 Cycle.
- *Annual Improvements to* PFRSs 2011-2013 Cycle.

Other information:

- The Company's businesses are affected by the local and global trade environment. Factors that could cause actual results of the Company to differ materially include, but are not limited to:
  - material adverse change in the Philippine and global economic and industry conditions;
  - natural events (earthquake, typhoons and other major calamities); and
  - material changes in exchange rates.
- There was no known trend, event or uncertainty that had or may have a material impact on liquidity and on revenues or income from continuing operations. There was no known event that may cause a material change in the relationships between costs and revenues.
- There was no seasonal factor that had a material effect on the financial condition and results of operations.
- There was no event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- Except for the commitments and contingencies mentioned in Note 22 of the consolidated financial statements, the Company has no knowledge of any material off-balance sheet (statement of financial position) transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period that would address the past and would have material impact on future operations.
- Projected capital expenditures for 2015 is P2.8 billion, which includes yard and berth development as well as equipment acquisition. The capital expenditure will strengthen the Company's operations and capability to handle growth and will be sourced from internal funds.

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 2014:

- ATIB's total assets were only 4.2% of the consolidated total assets
- Income before other income and expense from ATIB was only 9.0% of consolidated income before other income and expense. [1]

Consolidated KPI	Manner of Calculation	2014	2013	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	17.4%	15.3%	Increase resulted from higher income before other income (expense) 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	20.1%	13.9%	Increase due to higher net income.
Current ratio	Ratio of current assets over current liabilities	2.09 : 1.00	1.77 : 1.00	Increase due to higher current asset.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.99 : 1.00	2.09 : 1.00	Decrease due to higher equity.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.99 : 1.00	1.09 : 1.00	Decrease due to higher equity.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	12 days	15 days	Due to improved collection efforts.
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.	1.95	2.24	Improved as a result of extensive safety campaign and strict implementation of policy on health, safety and environment.

[1] Income before other income and expense is defined as income before net financing costs, net gains on derivative instruments and others.

[2] 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.

Summary of Selected Financial Data (in millions)

Description	*Year ended December 31, 2014*	*Year ended December 31, 2013*
Revenues	*P 8,241.1*	*P 6,573.5*
Net income	*1,901.3*	*1,205.5*
Total assets	*19,870.7*	*18,649.3*
Total liabilities	*9,873.3*	*9,734.0*

Years ended December 31, 2013 and 2012

Revenues for the year ended December 31, 2013 of P6,573.5 million went up by 5.6% from P6,227.7 million last year. Revenues from South Harbor international containerized cargo grew by P304.2 million or 6.0% brought about by higher vessel related and cargo-related revenues per unit of cargo. Revenues from South Harbor international non-containerized cargo increased by P79.2 million or 32.7% due to higher volume and higher cargo-related revenues per unit. Revenues from Port of Batangas were higher by P64.4 million or 13.8% due to higher volumes. Revenues from Batangas Container Terminal increased by P43.2 million or 382.8% due to volume growth of 35% and additional rental income. On the other hand, revenues from South Harbor domestic terminal operations and Inland Clearance Depot declined by P113.7 million or 33.1% and P30.8 million or 37.6% due to lower volumes.

Cost and expenses went up by 5.9% to P4,070.9 million in 2013 from P3,845.9 million in 2012. Port authorities' share in gross revenues increased by 14.7% to P1,115.6 million in 2013 from P972.5 million in 2012 following higher revenues and higher percentage share. Labor costs in 2013 amounted to P869.1 million, 1.5% higher compared to P856.1 million in 2012 due to rate increases. Depreciation and amortization in 2013 of P776.9 million were higher by 7.8% compared to P720.5 million in 2012 on account of amortization of additional concession rights and intangible assets. Equipment running costs were up by 1.0% to P480.1 million in 2013 from P475.1 million in 2012 due to higher repairs and maintenance and parts replacement costs for quay cranes (QCs) and rubber-tired gantries (RTGs) mitigated by lower fuel and electricity costs. Taxes and licenses of P169.0 million in 2013 were up by 17.1% from P144.3 million in 2012 due to higher business taxes. Security, health, environment and safety costs in 2013 rose by 22.2% to P97.0 million from P79.4 million in 2012 due to higher security costs brought about by rate increases, additional security posts and higher safety costs resulting from the enhancement of safety requirements. Rentals of P92.4 million in 2013 grew by 47.6% from P62.6 million in 2012 on account of higher forklift and space rentals. Professional fees in 2013 increased by 14.6% to P27.1 million from P23.7 million in 2012 on account of higher surveyors' costs and recruitment fees.

On the other hand, Management fees in 2013 of P85.2 million were lower by 16.8% compared to P102.4 million in 2012 on account of lower net income. Insurance in 2013 of P78.5 million decreased by 6.2% from P83.6 million in 2012 due to savings in insurance premiums. Facilities-related expenses of P141.5 million in 2013 went down by 9.1% from P155.5 million in 2012 due to lower maintenance costs for pavements and lightings. General transport costs declined by 13.0% to P44.3 million in 2013 from P51.0 million in 2012 on account of lower trucking costs. Other expenses in 2013 totaled P90.0 million, 21.5% below than P114.6 million in 2012, due to reversal of excess provisions for claims relating to cargo, labor, and civil cases.

Finance costs in 2013 increased by 95.9% to P470.8 million from P240.3 million in 2012 mainly due to additional interest cost on port concession rights payable brought about by the new concession rights in South Harbor in 2013. Finance income decreased by 22.2% to P53.4 million in 2013 from P68.7 million in 2012 due to lower average balance of cash and cash equivalents and lower interest income rates. In 2013, Other expenses-net amounted to P426.8 million, while in 2012, Other income-net totaled P178.7 million. Due to a change in accounting policy, included in these amounts were unrealized foreign exchange losses of P517.1 million in 2013 and unrealized foreign exchange gains of P145.0 million in 2012 resulting from the revaluation of outstanding port concession rights payable.

Income before income tax in 2013 of P1,658.3 million were lower by 30.6% vs. P2,388.9 million in 2012 and is attributable to higher financing charges and unrealized foreign exchange losses in relation to the change in accounting policy for fixed fees paid to the grantor. Provision for income tax in 2013 decreased by 33.8% to P452.8 million from P683.8 million in 2012.

The Company's net income for the year ended December 31, 2013 of P1,205.5 million was lower by 29.3% compared to P1,705.1 million last year. Excluding the impact of change in accounting policy for fixed fees paid to the grantor, net income would have been increased by 1.1% from P1,678.3 million in 2012 to P1,696.6 million in 2013 (see discussion on Changes in Accounting Policies). Further, the Company had to absorb a significant increase in Port authorities' share in 2013. Without the impact of this increase, net income would have grown by 11.0%. Earnings per share was down to P0.60 in 2013 from P0.85 in 2012.

Consolidated Financial Condition

Total assets as of December 31, 2013 totaled P18,649.3 million, 58.5% higher than P11,768.3 million as of December 31, 2012 mainly due to increase in Intangible assets-net brought about by additional port concession rights asset and investments in port infrastructure and equipment in South Harbor. Total current assets as of December 31, 2013 decreased by 0.4% to P3,705.4 million from P3,719.7 million as of December 31, 2012. Cash and cash equivalents of P2,750.1 million as of December 31, 2013 were lower by 8.9% compared to P3,019.2 million as of December 31, 2012 due to acquisitions of property and equipment and intangibles and higher amortization of port concession rights payable following the increase in fixed fees paid to the grantor. Trade and other receivables-net as of December 31, 2013 increased by 28.4% to P365.0 million from P284.3 million as of December 31, 2012 on account of higher revenues. Spare parts and supplies-net as of December 31, 2013 of P188.2 million went down by 2.3% from P192.6 million as of December 31, 2012. Prepaid expenses of P402.2 million as of December 31, 2013 were up by 79.9% from P223.6 million as of December 31, 2012 due to unamortized portion of prepaid real property and business taxes and unapplied input taxes.

Total non-current assets amounted to P14,943.9 million as of December 31, 2013, 85.7% up from P8,048.7 million as of December 31, 2012. Property and equipment-net decreased by 21.6% to P341.7 million as of December 31, 2013 from P435.8 million as of December 31, 2012 following a reclassification to Intangibles-net of computer equipment identified as part of the concession arrangement with PPA amounting to P207.8 million. Intangible assets-net grew by 93.7% to P14,153.2 million as of December 31, 2013 from P7,306.2 million as of December 31, 2012 due to additional port concession rights following the change in accounting policy for fixed fees paid to the grantor. Also, acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P1,615.0 million in 2013. Deferred tax assets-net increased by 113.6% to P305.7 million as of December 31, 2013 from P143.1 million as of December 31, 2012 mainly due to impact of change in accounting policy for fixed fees paid to grantor. Other noncurrent assets as of December 31, 2013 went down by 12.3% to P85.5 million from P97.5 million as of December 31, 2012 due to lower noncurrent input taxes.

Total liabilities went up by 185.0% to P9,734.0 million as of December 31, 2013 from P3,414.8 million as of December 31, 2012 due to increase in port concession rights payable. Trade and other payables of P1,752.2 million as of December 31, 2013 were higher by 45.4% compared to P1,204.9 million as of December 31, 2012. Trade and other payables are covered by agreed payment schedules. Provision for claims declined by 36.4% to P52.1 million as of December 31, 2013 from P81.9 million as of December 31, 2012 due to reversal of excess provisions for claims relating to cargo, labor, and civil cases. Income and other taxes payable went down by 3.7% to P169.1 million as of December 31, 2013 from P175.6 million as of December 31, 2012.

Consolidated Cash Flows

Net cash provided by operating activities amounted to P2,858.2 million in 2013, up by 23.0% from P2,323.9 million in 2012.

Net cash used in investing activities increased by 117.5% to P1,902.7 million in 2013 from P874.8 million in 2012. Funds used in acquisitions of property and equipment and intangible assets totaled P1,979.6 million in 2013, 116.2% higher against P874.8 million in 2012.

Cash used in financing activities in 2013 of P1,226.4 million were 31.1% higher than P935.7 million in 2012. Cash dividends paid were P700 million and P600 million in 2013 and 2012, respectively.

Changes in Accounting Policies

Except as otherwise indicated, the adoption of the amendments to standards and interpretations did not have any significant impact on the Group’s consolidated financial statements.

- *Presentation of Items of Other Comprehensive Income (Amendments to PAS 1).* The amendments: (a) require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; (b) do not change the existing option to present profit or loss and other comprehensive income in two statements; and, (c) change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other PFRSs continue to apply in this regard.

  As a result of the amendments to PAS 1, the Group has modified the presentation of Other Comprehensive Income in its consolidated statements of comprehensive income to present separately items that would be reclassified to profit or loss from those items that would never be reclassified to profit or loss. Comparative information has been represented accordingly.

- *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7)*. These amendments include minimum disclosure requirements related to financial assets and financial liabilities that are: (a) offset in the statement of financial position; or (b) subject to enforceable master netting arrangements or similar agreements. They include a tabular reconciliation of gross and net amounts of financial assets and financial liabilities, separately showing amounts offset and not offset in the statement of financial position.

- PFRS 10, *Consolidated Financial Statements.* PFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when: (a) it is exposed or has rights to variable returns from its involvement with that investee; (b) it has the ability to affect those returns through its power over that investee; and (c) there is a link between power and returns. Control is reassessed as facts and circumstances change. PFRS 10 supersedes PAS 27 (2008), *Consolidated and Separate Financial Statements* and Philippine Interpretation SIC-12, *Consolidation - Special Purpose Entities.*

  The Group concluded that it has control over ATIB as its subsidiary and therefore has continuously consolidated its account, while the Group remains to account SCIPSI as its associate using the equity method.

- PFRS 12, *Disclosure of Interests in Other Entities.* PFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e., joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities; and the effects of those interests on the entity's financial position, financial performance and cash flows.

- *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to PFRS 10, PFRS 11, and PFRS 12).* The amendments simplify the process of adopting PFRSs 10 and 11, and provide relief from the disclosures in respect of unconsolidated structured entities. Depending on the extent of comparative information provided in the financial statements, the amendments simplify the transition and provide additional relief from the disclosures that could have been onerous. The amendments limit the restatement of comparatives to the immediately preceding period; this applies to the full suite of standards. Entities that provide comparatives for more than one period have the option of leaving additional comparative periods unchanged. In addition, the date of initial application is now defined in PFRS 10 as the beginning of the annual reporting period in which the standard is applied for the first time. At this date, an entity tests whether there is a change in the consolidation conclusion for its investees.

- PFRS 13, *Fair Value Measurement.* PFRS 13 replaces the fair value measurement guidance contained in individual PFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other PFRSs. It does not introduce new requirements to measure assets or liabilities at fair value nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

  In accordance with the transitional provisions of PFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not presented comparative information for new disclosures.

- PAS 28, *Investments in Associates and Joint Ventures* (2011). PAS 28 (2011) supersedes PAS 28 (2008), *Investments in Associates*. PAS 28 (2011) makes the following amendments: (a) PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and, (b) on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not remeasure the retained interest.

- *Annual Improvements to PFRSs 2009 - 2011 Cycle - various standards* contain amendments to 5 standards with consequential amendments to other standards and interpretations. The following are the said improvements or amendments to PFRSs:

  - PAS 1 *Presentation of Financial Statements - Comparative Information beyond Minimum Requirements.* This is amended to clarify that only one comparative period - which is the preceding period - is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with PFRSs. For example, if an entity elects to present a third statement of comprehensive income, then this additional statement should be accompanied by all related notes, and all such additional information should be in accordance with PFRSs. However, the entity need not present other primary statements for that additional comparative period, such as a third statement of cash flows or the notes related to these other primary statements.

- PAS 1 - *Presentation of the Opening Statement of Financial Position and Related Notes.* This is amended to clarify that: (a) the opening statement of financial position is required only if: a change in accounting policy, a retrospective restatement or a reclassification has a material effect upon the information in that statement of financial position; (b) except for the disclosures required under PAS 8, notes related to the opening statement of financial position are no longer required; and (c) the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented. This is regardless of whether an entity provides additional comparative information beyond the minimum comparative information requirements. The amendment explains that the requirements for the presentation of notes related to additional comparative information and those related to the opening statement of financial statements are different, because the underlying objectives are different.

- PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment.* The amendment is to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in PAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using PAS 2, Inventories.

▪ PAS 19, *Employee Benefits* (Amended 2011), includes the following requirements: (a) actuarial gains and losses are recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which is currently allowed under PAS 19; and (b) interest income on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

As a result of the adoption of PAS 19 (2011), the Group has changed its accounting policy with respect to the basis for determining the income or expense related to its defined benefit plans. Prior to the effectivity of PAS 19 (2011), the Group has already adopted the policy of recognizing all actuarial gain and loss in other comprehensive income.

The change in accounting policy resulted to recognizing net interest expense on the net defined benefit obligation 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 obligation, taking into account any changes in the net defined benefit obligation during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit obligation will now comprise interest cost on the defined benefit obligation and the interest income on the plan assets. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return. The impact of the change is not significant to the Group.

Comparatives have been restated and the effects are summarized in the Summary of Quantitative Impact of Changes in Accounting Policies in Note 4 of the consolidated financial statements.

Change in Accounting Policy for Fixed Fees Paid to the Grantor

The Group as the operator, makes payments to PPA as the Grantor, at the inception of the service concession arrangement and/or over the concession period. The fixed fees paid to PPA were previously accounted for on an "as incurred" basis, that is, they were recognized as expense as they were incurred. As a result of the change in accounting policy, the Group includes the fair value of the fixed element of such payments in the cost of the intangible asset (port concession rights) and recognizes a corresponding financial liability at inception of the agreement. The Group believes that such accounting treatment provides more relevant information about the financial performance of the intangible asset along with the risks associated with this asset and is consistent with industry practice in relation to this type of asset.

Comparatives have been restated and the effects are summarized in the Summary of Quantitative Impact of Changes in Accounting Policies in Note 4 of the consolidated financial statements.

Excluding the changes in accounting policies, the consolidated statements of income and EPS are as follows:

ASIAN TERMINALS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, Except Per Share Data)

	Year Ended December 31		
	2013	2012	2011
REVENUES	**P4,886,364**	P4,858,659	P4,390,611
COSTS AND EXPENSES	**(2,675,068)**	(2,613,650)	(2,359,862)
OTHER INCOME AND EXPENSES			
Finance cost	**(560)**	(1,988)	(61,734)
Finance income	**58,750**	73,837	83,168
Others - net	**90,296**	33,763	85,503
INCOME BEFORE INCOME TAX	**2,359,782**	2,350,621	2,137,686
INCOME TAX EXPENSE			
Current	**645,878**	668,256	629,810
Deferred	**17,339**	4,070	(12,601)
	663,217	672,326	617,209
NET INCOME	**P1,696,565**	P1,678,295	P1,520,477
Attributable To:			
Owners of the Parent Company	**P1,694,578**	P1,676,675	P1,519,397
Non - controlling interest	**1,987**	1,620	1,080
	P1,696,565	P1,678,295	P1,520,477
Basic/Diluted Earnings Per Share Attributable to Owners of the Parent Company	**P0.85**	P0.84	P0.76

Other information:

- The Company's businesses are affected by the local and global trade environment. Factors that could cause actual results of the Company to differ materially include, but are not limited to:
  - material adverse change in the Philippine and global economic and industry conditions;
  - natural events (earthquake, typhoons and other major calamities); and
  - material changes in exchange rates.
- There was no known trend, event or uncertainty that had or may have a material impact on liquidity and on revenues or income from continuing operations. There was no known event that may cause a material change in the relationships between costs and revenues.
- There was no seasonal factor that had a material effect on the financial condition and results of operations.
- There was no event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- Except for the commitments and contingencies mentioned in Note 22 of the consolidated financial statements, the Company has no knowledge of any material off-balance sheet (statement of financial position) transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period that would address the past and would have material impact on future operations.
- Projected capital expenditures for 2014 is P2.2 billion, which includes yard and berth development as well as equipment acquisition. The capital expenditure will strengthen the Company's operations and capability to handle growth and will be sourced from internal funds.

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 2013:

- ATIB's total assets were only 3.1% of the consolidated total assets
- Income before other income and expense from ATIB was only 9.1% of consolidated income before other income and expense[3].

Consolidated KPI	Manner of Calculation	2013	2012	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	15.3%	23.5%	Lower due to increase in total assets primarily from change in accounting policies and additional investments in port infrastructure and equipment resulting in higher capital employed.

[3] Income before other income and expense is defined as income before net financing costs, net gains on derivative instruments and others.

Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of the parent	13.9%	21.8%	Decrease due to lower net income.
Current ratio	Ratio of current assets over current liabilities	1.77 : 1.00	2.39 : 1.00	Lower due to increase in current liabilities.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	2.09 : 1.00	1.41 : 1.00	Higher due to increase in total assets.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	1.09 : 1.00	0.41 : 1.00	Increase resulting from increase in liabilities and stockholders' equity.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	15 days	12 days	Increase due to higher revenues.
Lost Time Injury Frequency Rate (LTIFR)[4]	Number of lost time from injuries per standard manhours	0.41	0.44	Improved as a result of extensive safety campaign and strict implementation of policy on health, safety and environment.

Summary of Selected Financial Data (in millions)

Description	*Year ended December 31, 2013*	*Year ended December 31, 2012*
Revenues	*P 6,573.5*	*P 6,227.7*
Net income	*1,205.5*	*1,705.1*
Total assets	*18,649.3*	*11,768.3*
Total liabilities	*9,734.0*	*3,414.8*

<u>Years ended December 31, 2012 and 2011</u>

The Company's net income for the year ended December 31, 2012 went up by 20.2% to P1,705.1 million from P1,418.8 million in 2011. Earnings per share was up to P0.85 in 2012 from P0.71 in 2011.

Revenues for the year ended December 31, 2012 of P6,227.7 million grew by 12.1% from P5,554.6 million in 2011. Revenues from South Harbor international containerized cargo

[4] Lost Time Injury Frequency Rate (LTIFR) Number of Lost Time Injuries (LTI) within a given accounting period relative to the total number of hours worked in the same accounting period.

increased by P642.5 million or 14.5% on account of higher volume and tariff increase on vessel-related charges and cargo-related charges. Pursuant to PPA Memorandum Circular No. 13-2011, tariffs on vessel-related services for foreign containerized cargoes at South Harbor were increased by 17.0%, 6.0% effective on November 18, 2011 and 11.0% effective on May 18, 2012. Further, pursuant to PPA Memorandum Circular No. 7-2012, cargo-related tariff for foreign containerized and non-containerized cargoes at South Harbor were increased by 15%, 8% effective on July 15, 2012 and 7% on January 15, 2013. Revenues from South Harbor international non-containerized cargo and the Port of Batangas were higher by P25.1 million or 11.5% and P104.3 million or 28.7%, respectively, due to higher volumes. On the other hand, revenues from South Harbor domestic terminal operations dropped by P62.6 million or 15.4% due to lower volumes.

Cost and expenses in 2012 amounted to P3,845.9 million, 12.1% higher than P3,429.9 million in 2011. Labor costs in 2012 of P856.1 million were higher by 7.3% compared to P798.2 million in 2011 due to higher volumes handled. Equipment running costs increased by 19.5% to P475.1 million in 2012 from P397.7 million in 2011 brought about by higher electricity, higher cost of replacement parts of equipment and higher fuel price and consumption. Depreciation and amortization in 2012 went up by 6.0% to P720.5 million from P679.7 million in 2011 due to additions to intangible assets. Taxes and licenses of P144.3 million in 2012 were higher by 6.8% from P135.1 million in 2011 due to increase in realty tax rate from 2% to 3% for certain real properties. Management fees grew by 9.2% to P102.4 million in 2012 from P93.8 million in 2011, on account of higher net income. Insurance in 2012 of P83.6 million increased by 15.3% from P72.5 million in 2011 due to higher insurance premiums and additional insurance coverage. Security, health, environment and safety costs in 2012 were up by 8.6% to P79.4 million from P73.1 million in 2011 due to higher waste water treatment costs and security costs. Facilities-related expenses of P155.5 million in 2012 increased by 26.6% from P122.9 million in 2011 due to higher maintenance costs for pavements and lightings. Rentals of P62.6 million in 2012 rose by 18.6% from P52.8 million in 2011 on account of higher rentals for equipment, forklifts, and tugboats. Professional fees in 2012 went up by 28.2% to P23.7 million from P18.5 million in 2011 on account of consultancy, survey and legal fees. Other expenses this year totaled P114.6 million, 1.3% higher compared to P113.2 million last year, due to higher travel costs, processing-related expenses (brokerage, wharfage, etc.), and office expenses, among others. On the other hand, General transport costs decreased by 11.6% to P51.0 million in 2012 from P57.6 million in 2011 on account of lower trucking costs.

Finance costs in 2012 of P240.3 million were lower by 22.4% compared to P309.8 million in 2011 as it included interest costs from loans of P300 million. Finance income decreased by 17.8% to P68.7 million in 2012 from P83.5 million in 2011 due to lower interest income rate. Others-net increased by 90.0% to P178.7 million in 2012 from P94.1 million in 2011 due to foreign exchange gains resulting from revaluation of foreign currency denominated port concession rights payable.

Income before income tax in 2012 increased by 19.9% to P2,388.9 million from P1,992.5 million for 2011. Provision for income tax of P683.8 million in 2012 was 19.2% higher than P573.6 million in 2011.

Consolidated Financial Condition

Total assets as of December 31, 2012 of P11,768.3 million were 4.0% higher than P11,310.8 million as of December 31, 2011. Total current assets as of December 31, 2012 increased by 8.8% to P3,719.7 million from P3,419.9 million as of December 31, 2011. Cash and cash equivalents were up by 20.1% to P3,019.2 million as of December 31, 2012 from P2,513.0 million as of December 31, 2011 mainly due to lower dividend payments. Trade and other receivables-net as of December 31, 2012 decreased by 21.2% to P284.3 million from P361.0 million as of December 31, 2011 on account of improved collection efforts. Spare parts and supplies-net as of December 31, 2012 of P192.6 million were 12.1% higher compared to

P171.8 million as of December 31, 2011 in support of operational requirements. Prepaid expenses of P223.6 million as of December 31, 2012 were 40.2% lower than P374.2 million as of December 31, 2011 mainly due to reduction in advances to contractors.

Total non-current assets amounted to P8,048.7 million as of December 31, 2012, 2.0% higher compared to P7,890.8 million as of December 31, 2011. Property and equipment-net went up by 9.5% to P435.8 million as of December 31, 2012 from P397.9 million as of December 31, 2011. Acquisitions of property and equipment which were not subject of the service concession arrangement totaled P92.1 million in 2012. Intangible assets-net grew by 1.8% to P7,306.2 million as of December 31, 2012 from P7,177.8 million as of December 31, 2011. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P823.7 million in 2012. Deferred tax assets-net as of December 31, 2012 amounted to P143.1 million, 5.3% higher than P135.9 million as of December 31, 2011 as a result of movements in underlying transactions related to pension. Other noncurrent assets as of December 31, 2012 went down by 18.0% to P97.5 million from P118.9 million as of December 31, 2011 due to lower input taxes on asset acquisitions.

As of December 31, 2012, total liabilities of P3,414.8 million were 14.8% lower compared to P4,008.3 million as of December 31, 2011. Trade and other payables decreased by 25.2% to P1,204.9 million as of December 31, 2012 from P1,609.8 million as of December 31, 2011 as 2011 included dividends payable of P500 million already paid in 2012. Trade and other payables are covered by agreed payment schedules. Provision for claims were down by 7.0% to P81.9 million as of December 31, 2012 from P88.0 million as of December 31, 2011 on account of settlement of claims. Income and other taxes payable went up by 5.7% to P175.6 million as of December 31, 2012 from P166.0 million as of December 31, 2011 due to lower value added taxes payable.

Consolidated Cash Flows

Net cash provided by operating activities of P2,323.9 million in 2012 was lower by 3.6% compared to P2,409.6 million in 2011 due to working capital changes.

Net cash used in investing activities increased by 62.4% to P874.8 million in 2012 from P538.7 million in 2011. Funds used in acquisitions of property and equipment and intangible assets totaled P915.8 million this year, 81.7% higher against P503.9 million last year.

Cash used in financing activities in 2012 of P935.6 million were lower by 43.8% than P1,665.2 million in 2011. Cash dividends paid were P600 million and P1,100 million in 2012 and 2011, respectively. The remaining long-term debt of P300.0 million was pre-terminated in 2011.

Changes in Accounting Policies

The Company has adopted the following amendments to standard starting January 1, 2012 and accordingly, changed its accounting policies. The adoption of this amendments to standard did not have any significant impact on the Company's consolidated financial statements.

> *Disclosures - Transfers of Financial Assets (Amendments to PFRS 7)*, require additional disclosures about transfers of financial assets. The amendments require disclosure of information that enables users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognized financial assets.

Other information:

- The Company's businesses are affected by the local and global trade environment. Factors that could cause actual results of the Company to differ materially include, but are not limited to:
  - material adverse change in the Philippine and global economic and industry conditions;
  - natural events (earthquake, typhoons and other major calamities); and
  - material changes in exchange rates.
- There was no known trend, event or uncertainty that had or may have a material impact on liquidity and on revenues or income from continuing operations. There was no known event that may cause a material change in the relationships between costs and revenues.
- There was no seasonal factor that had a material effect on the financial condition and results of operations.
- There was no event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- Except for the commitments and contingencies mentioned in Note 27 of the consolidated financial statements, the Company has no knowledge of any material off-balance sheet (statement of financial position) transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period that would address the past and would have material impact on future operations.
- Projected capital expenditures for 2013 is P1.8 billion, which includes yard and berth development as well as equipment acquisition. The capital expenditure will strengthen the Company's operations and capability to handle growth and will be sourced from internal funds.

Key Performance Indicators (KPI)

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 2012:

- ATIB's total assets were only 4.7% of the consolidated total assets
- Income before other income and expense from ATIB was only 9.0% of consolidated income before other income and expense[5].

Consolidated KPI	Manner of Calculation	2012	2011	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	23.5%	23.3%	Increase due to slightly higher income before interest and tax.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of the parent	21.8%	19.8%	Increase on account of higher net income.
Current ratio	Ratio of current assets over current liabilities	2.39 : 1.00	1.68 : 1.00	Increase due to lower current liabilities.

[5] Income before other income and expense is defined as income before net financing costs, net gains on derivative instruments and others.

Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.41 : 1.00	1.55 : 1.00	Decrease due to higher equity.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.41 : 1.00	0.55 : 1.00	Decrease due to payments of interest-bearing loans and higher stockholders' equity.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	12 days	14 days	Lower due to improved collection efforts.
Lost Time Injury Frequency Rate (LTIFR)	Number of lost time from injuries per standard manhours	0.44	0.88	Improved as a result of extensive safety campaign and strict implementation of policy on health, safety and environment.

Summary of Selected Financial Data (in millions)

Description	*Year ended December 31, 2012*	*Year ended December 31, 2011*
Revenues	*P 6,227.7*	*P 5,554.6*
Net income	*1,705.1*	*1,418.8*
Total assets	*11,768.3*	*11,310.8*
Total liabilities	*3,414.8*	*4,008.3*

Information on Independent Accountant and External Audit Fees

The appointment of R.G. Manabat & Co. as the external auditors of Asian Terminals, Inc. for 2014 was approved by the shareholders during the annual meeting held on April 24, 2014. The same external auditors are being recommended for re-election at the scheduled annual meeting of the Stockholders.

In compliance with Securities Regulation Code Rule 68, Mr. Enrico E. Baluyut has been the Partner-in Charge for not more than five years.

The aggregate fees for audit services rendered were as follows:

	2014 (P'000)	2013 (P'000)
Audit Fees	2,762.5	3,250.0

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 2014 and 2013.

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.

Financial Statements

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

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

Name	Age	Position
Rashed Ali Hassan Abdulla	43	Chairman
Eusebio H. Tanco	66	Director/President
Suhail Al Banna	57	Director
Flemming Dalgaard	50	Director
Kwok Leung Law	51	Director
Teodoro L. Locsin, Jr.	66	Director
Monico V. Jacob	69	Director
Felino A. Palafox, Jr.	64	Director
Artemio V. Panganiban	78	Director
Arsenio N. Tanco	86	Director
Andrew R. Hoad	48	Executive Vice President
Jose Tristan P. Carpio	46	Vice President for Finance and Chief Financial Officer
Rodolfo G. Corvite, Jr.	55	Corporate Secretary and Vice President for Business Support Services
Sean L. Perez	50	Vice President for Marketing and Commercial
Christopher Joe Styles	45	Vice President for Engineering
Bastiaan W. Hokke	52	Vice President for Group Operations

A brief background on the 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):

Rashed Ali Hassan Abdulla, 43**,** UAE national, is the Chairman of the Board of Directors of Asian Terminals, Inc. and the Senior Vice-President and Managing Director of DP World Asia Pacific since November 2013. His main responsibility is managing several business units in China, Korea, HK and SE Asia. Mr. Abdulla previously held the position of Senior Vice President Global Operations DP World Head Office (from 2011 to 2013). He joined DP World as a graduate trainee in 1995 and has risen rapidly through ranks. He was executed an international assignment in Romania-Constanta from 2004 to 2007, as Manager - Container Terminal. Upon his return to Dubai in 2007, he was promoted to Director of Jebel Ali's brand new Terminal 2. From 2009 to 2011 he was appointed as Chief Operating Officer of all Jebel Ali operations and Business Units, including Containers Terminals, General Cargo, Marine, Safety and Security. Mr. Abdulla graduated from UAE University in 1995 with a Bachelor's degree in Geography. He earned a Diploma in Maritime and Port Management from National University of Singapore in 2002 and Managing Terminal Operations in P & O Institute, Cardiff, UK (2006). He joined the Board in January 15, 2013.

Eusebio H. Tanco, 66, 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), West Negros University (since 2013) , Mactan Electric Company (since 1988), DLS-STI College (since 2003), Insurance Builders Inc. (since 1979), Rescom Developers, Inc (since 1983), Agatha Builders Corp. (since 1982), Mar-Bay Homes Inc. (since 1980), Capital Managers and Advisors, Inc. (since 1995), STI Investments (since 2007), Cement Center, Inc. and First Optima Realty Corporation, and the executive committee chairman of STI Education Services Group, Inc. (since 2003). He is also the president of Philippines First Insurance Co. (since 1973), Prime Power Holdings (since 1999), Global Resource for Outsourced Workers, Inc. (GROW, Inc.) (since 2002), GROW Vite (since 2014), STMI Logistics, Inc (since 1988), Total Consolidated Asset Management Inc. (TCAMI) (since 2006), Eujo Philippines, Inc. (since 1986), Optima Financing Corporation (since 1977), Classic Finance, Inc. (since 2004). In addition, he is a Director of Venture Securities, Inc.(since 1980), PhilPlans First, Inc. (since 2009), Philhealthcare Inc. (since 2009), Philippine Life Financial Assurance (formerly Asian Life Financial Assurance, since 2012), United Coconut Chemicals, Inc.(since 1995), J & P Coats Manila Bay (since 1980), M.B. Paseo (since 1980), Philippine Racing Club (since 2011), Leisure & Resorts World Corporation (since 2011) and Philippine Stock Exchange (since 2007). 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.

Suhail Al Banna, 57, UAE national, was formerly the Company's Executive Vice-President - Technical from February 2007 to June 2008. He was a part of the world of information technology for more than 20 years and brings with him a wealth of experience and knowledge of the latest technology trends and developments, vis-à-vis the management and control of ports and terminals. A graduate of San Diego State University, USA, he also enhanced his management proficiency and expertise through participation in Executive Training and General Management Programmes at well-reputed institutions, viz. Kellog Business School and Harvard Business School, respectively. While he continues to function as a Board Member of ATI, his involvement in DP World's present and future business development is now more global. Since 2008, he is the Senior Vice President - Government Relations, DP World and is based at the organization's Head Office in Dubai. He is a Member of the Board of DP World Dakar in Senegal (since 2008), Chairman of the Board of Tejari

Solution (since 2012), a JV company established between Tejari World and Bravo Solution. Since 2013, he is the Senior Vice President and Managing Director of DP World Middle East and Africa Region, the Chairman of Maputo Container Terminal, DP World Jeddah South Container Terminals and Director of DP World Algiers, Djen Djen Container Terminal and Sukhna Container Terminal (Egypt). He joined the Board in 2007.

Monico Jacob, 69, Filipino, is presently the President and CEO of the STI Education Services Group (since 2003), and STI Education Systems Holdings Inc. (since 2011). He is the Chairman of PhilPlans First Inc. and Philippine Life Financial Assurance, Inc. (PhilPlans and PhilLife, respectively, since 2012). He is also the Chairman of Global Resource for Outsourced Workers, Inc. (GROW, Inc., since 2000), Total Consolidated Asset Management Inc. (since 2006), and GROW-Vite (since 2014). He is currently a director of Information and Communications Technology Academy, Inc. (iACADEMY, since 2010) and Philhealthcare, Inc. (PhilCare, since 2012). He is also an independent director of Jollibee Foods, Inc. (since 2001), Phoenix Petroleum Philippines (since 2008),Century Properties Group, Inc. (since 2010) lopez Holdings (since 2013) and 2Go (since 2011). 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., 65, Filipino**,** has 42 years of experience in the field of architecture and 40 years in planning. He is the Principal Architect-Urban Planner and Founder of Palafox Associates which was founded in 1989. For more than 25 years, he led and managed his firm in carrying out the planning of more than 16 billion square meters of land area and the architecture of more than 12 million square meters of building floor area in 38 countries. Palafox Associates ranks 89th in the London–based/ BD World architecture magazine's list of world's top architectural firms and also cited Top 8 in the world for Leisure projects. 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 is the past President of the Philippine Institute of Environmental Planners and the Management Association of the Philippines. 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 Advanced Management Development Program for Real Estate in 2003, and 6 other continuing education courses, from the Harvard University. Architect Palafox is a registered APEC Architect and a recipient of several local and international awards. He joined the Board in 2009.

Arsenio Tanco, 86, Filipino, is the President of Coats Manila Bay, Inc. (since 2000) and Manila Bay Spinning Mills, Inc (since 1993). He is currently a director of Philippines First Insurance Co., Inc. (since 1973), Philippine Belt Manufacturing Corporation (since 1971), Manila Bay Hosiery Mills, Inc.(since 1950) Federation of Philippine Industries, Inc.(since 2002). Since 2006, he serves as director of Total Consolidated Asset Management Inc. He was the Chairman of Federation of Philippine Textile Industries from 2003 to 2007 and a member of the Board of Trustees of Philippine Employer-Labor Social Partners, Inc. since 2007. He holds a

Bachelor's degree in Mechanical Engineering from Mapua Institute of Technology and BS Textiles and MS Textile Manufacturing from North Carolina State University where he graduated with High Honors. He joined the Board in 2009.

Kwok Leung Law, 51, Chinese, is the Director, Finance and Business Development, DP World Asia Pacific since 2013. He was the Finance Director of DP World Southeast Asia from 2010 to 2013, Finance Director for Saigon Premier Container Terminal (DP World) in HCMC, Vietnam from 2008 to 2010. In 2003, he became the Chief Operating Officer/General Manager Finance of ATL Logistics Centre Hong Kong Limited and the Financial Controller of Sea-Land in Hong Kong in 1996. He is a Fellow Member of Chartered Association of Certified Accountants and an Associate Member of Hong Kong Institute of Certified Public Accountants. Mr. Law is a holder of Bachelor's Degree in Business Administration from National Chung Hsing University in Taiwan and holds a Master's Degree in Business Administration from the Chinese University of Hong Kong. He joined the Board in February 18, 2010.

Flemming Dalgaard, 50, is from Denmark and is currently Senior Vice President responsible for DP World global strategy. He has held this position since January 2014. Prior to this position he was Senior Vice President and Managing Director for Europe and Russia for DP World (since March 2008). He received his education in Denmark and commenced his professional career with the A.P. Moller-Maersk Group as a management trainee in 1986 and obtained his shipping degree from the company's International Shipping Academy. He has a broad international experience in shipping, logistics and port developments and has held senior positions all over the world including China, Germany, South Africa, Denmark, Kenya and Dubai. Mr. Dalgaard has supplemented his shipping degree with various executive programs at Wharton, INSEAD, London Business School and university of Columbia in New York. He is a member of the Board of Directors for DP World Southampton and Rotterdam World Gateway. He is also a Chartered Director (CDIR) of the IOD as well as a Chartered Fellow at the UK Institute for Logistics and Transport. He joined the Board in November 21, 2013.

Artemio V. Panganiban, 78, Filipino, He served as Chief Justice of the Supreme Court 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 since 2007 to present. He sits as an independent director in following listed 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);Bank of the Philippine Islands (2010-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), and Adviser, DoubleDragon Properties Corp. (2014). He is a member of the Company's Compensation Committee and Nomination Committee. He serves as an independent director of Asian Terminals, Inc. since April 22, 2010.

Teodoro Locsin, Jr., 66, Filipino**.** He served as member of the House of Representatives from 2001 to 2010. Since 2005, he is an independent director of The Medical City, and a member of the Board of Governors of iAcademy. He is an editor, publisher, television host and speechwriter of former presidents Corazon Aquino, Joseph Ejercito Estrada and Gloria Arroyo. He also served as a Minister of Information during President Aquino's term. Atty. Locsin, Jr., worked as an associate at Angara Abello Concepcion Regala and Cruz Law Offices. He also worked as an executive assistant to the Chairman of Ayala Corporation, Enrique Zobel. He obtained his Bachelor of Law from the Ateneo de Manila University and Master of Laws from Harvard University. Atty. Locsin, Jr. is the Chairman of the Audit Committee and is a member of the Executive Committee. He serves as an independent director of Asian Terminals, Inc. since April 22, 2010.

Andrew R. Hoad, **48**, British, is the Executive Vice President. He held various positions with P & O Group and CSX World Terminals since 1988. He became the General Manager for DPWorld Sales Asia based in Hongkong from 2004 to 2005. Thereafter, he was assigned to Dubai and the Far East as Commercial Director for Asia and Indian Subcontinent from 2005 to 2008. Prior to joining ATI, he was the CEO of DPWorld Caucedo Container Terminal In the Dominican Republic from 2008 to 2011 and CEO of DP World Callao Container terminal in Peru in 2011. Mr. Hoad holds both Bachelor and Masters degrees in History and Economic History from Pembroke College, Cambridge University. He joined ATI in 2012.

Jose Tristan P. Carpio, 46, 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., **55,** Filipino, is the Corporate Secretary since 1997 and the Vice President for Business Support Services. He 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.

Sean James L. Perez, **50**, Filipino, is the Vice-President for Marketing and Commercial. He was the Vice-President for Marketing, Commercial and MGT from October 2008 to January 2010, 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**.**

Bastiaan W. Hokke, 52, Dutch, is ATI's Vice President for Group Operations. When he joined ATI in April 2011, he was the Vice President for ATI Batangas, Batangas Container Terminal and Inland Clearance Depot until September 2012. Prior to joining ATI, he worked at Port of Tanjung Pelepas in Malaysia as General Manager for Operations from 2005 to 2007. In 2007, he worked as Chief Operating Officer at Salalah Port services in Oman. From 2009 to 2011, he was appointed as Chief

Services Officer in the said port. Mr. Hokke attended Erasmus University, Faculty of Law in Rotterdam. He also took up Account Management in the said university.

Christopher Joe Styles, 45, British, joined ATI in December 2013 as Vice President for Engineering. Prior to joining ATI, he worked at APM Terminals from September 2008 to November 2013 holding various positions in its terminals in Bahrain and Jordan. His last position was General Manager for Technical Services in Bahrain. Mr. Styles graduated in 2009 from University of Leicester with a Masters degree in Business Administration and in 1990 at the Lackham College with a Bachelor's Degree in Mechanical Engineering. He also holds a Greenbelt in Lean Six Sigma.

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

Mr. Arsenio N. Tanco, a director, is the uncle of Mr. Eusebio H. Tanco, President and Director.

Except for the disclosure made above, there are no other 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, the said persons have not been convicted by final judgment during the last five years up to the present of any offense punishable by the laws of the Philippines or of the laws of any other country.

Item 10. Executive Compensation

1. The total annual compensation of the Company's President and the most highly compensated officers amounted to P64 million in 2014 and P58 million in 2013. The projected annual compensation in 2015 is P71 million.

   The total annual compensation of all other officers and directors in 2014 amounted to P105 million and in 2013 amounted to P82 million. The projected annual compensation in 2015 is P118 million.

		(in millions of pesos)			
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**	**Total**
Eusebio H. Tanco President/CEO					
Andrew R. Hoad Executive Vice President					
Bastiaan W. Hokke Vice President for Group Operations					
Rodolfo G. Corvite, Jr. Vice President for Business Support Services					
Christopher Joe Styles Vice President for Engineering					
CEO and most highly compensated officers	2015 (Projected)	58	13	0	71
All other officers* and directors as a group unnamed	2015 (Projected)	95	23	0	118

Managers and above

		(in millions of pesos)			
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**	**Total**
Eusebio H. Tanco President					
Andrew R. Hoad Executive Vice President					
Rodolfo G. Corvite, Jr. Vice President for Business Support Services					
Sean Perez Vice President for Marketing and Commercial					
Bastiaan W. Hokke Vice President for Group Operations					
CEO and most highly compensated officers	2014 (Actual)	53	11	0	64
All other officers* and directors as a group unnamed	2014 (Actual)	84	21	0	105

Managers and above

		(in millions of pesos)			
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**	**Total**
Eusebio H. Tanco President					
Andrew R. Hoad Executive Vice President					
Rodolfo G. Corvite, Jr. Vice President for HR,HSES and Administration					
Sean Perez Vice President for Marketing and Commercial					
Bastiaan W. Hokke Vice President for ATI Batangas, BCT and ICD					
CEO and most highly compensated officers	2013 (Actual)	50	8	0	58
All other officers* and directors as a group unnamed	2013 (Actual)	71	11	0	82

Managers and above

2) The Directors do not receive compensation for services provided as a director other than reasonable per diems[6] 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 shall 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 specifies 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.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2014, the Company knows of no one who owns in excess of 5% of its common stock except as set forth in the table below:

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) Limited Level 21 400 George St., Sydney NSW 2000, GPO Box 4084, Sydney NSW 2001 Australia (Stockholder)	DP World Australia (POAL) Limited	Australian	346,466,600	17.32%
Common	ATI Holdings, Inc. 3rd Floor SSHG Law Centre, 105 Paseo de Roxas Makati City (Stockholder)	ATI Holdings, Inc.	Australian	291,371,230	14.57%
Common	PCD Nominee Corp. (Filipino.) G/F MKSE Bldg. 6767 Ayala Ave., Makati City	(Beneficial Owners unknown to Issuer) *(**AsiaSec Equities, Inc.** 8/F Chatham*	Filipino	206,396,635 *(116,731,033)*	10.32% *(5.84%)*

[6] Directors' per diem amounted to Php 2,725,000,000 (for 2014) and Php3,040,000.00 (for 2013). The Chairman receives Php60,000.00 per diem, for every board meeting attended, while members of the Board receive Php50,000.00.

		House 116 Valero cor. V. A. Rufino Sts. Salcedo Village, Makati City)			
Common	Pecard Group Holdings, Inc. 3rd 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. 3rd Floor SSHG Law Centre, 105 Paseo de Roxas Makati City (Stockholder)	Philippine Seaport, Inc.	Filipino	196,911,524	9.85%
Common	Daven Holdings 7th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City (Stockholder)	Daven Holdings	Filipino	155,906,071	7.80%
Common	PCD Nominee Corp. (Non-Fil.) G/F MKSE Bldg. 6767 Ayala Ave., Makati City	(Beneficial Owners unknown to Issuer) ***(The Hongkong and Shanghai Banking Corp., Ltd.*** *HSBC Securities Services, 12th Flr, The Enterprise Center, Tower I 6766 Ayala Ave. cor. Paseo de Roxas, Makati City)*	Non-Filipino	136,728,945 *(125,603,300)*	6.84% *(6.28%)*
Common	SG Holdings Inc. 7th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City (Stockholder)	SG Holdings, Inc	Filipino	130,000,000	6.50%
Common	Morray Holdings, Inc. 7th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City (Stockholder)	Morray Holdings, Inc.	Filipino	100,000,000	5.00%

2. Security Ownership of Management

Owners of record of ATI shares among Management as of December 31, 2014, are as follows:

Title of Class	Name of Beneficial/Record Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Class
Common	Suhail Al Banna	1/direct	UAE	.00 %
-do-	Felino A. Palafox, Jr.	15,300/direct	Filipino	.00%
-d0-	Monico V. Jacob	1/direct	Filipino	.00%
-do-	Kwok Leung Law	1/direct	Chinese	.00%
-do-	Flemming Dalgaard	1/direct	Danish	.00%
-do-	Rashed Ali Hassan Abdulla	1/direct	UAE	.00%
-do-	Eusebio H. Tanco	15,257,663/ direct 26,627,884/indirect	Filipino	2.09%
-do-	Arsenio N. Tanco	133,333/direct 3,338,667/indirect	Filipino	.17%
-do-	Artemio V. Panganiban (independent director)	1/direct	Filipino	.00%
-do-	Teodoro L. Locsin, Jr. (independent director)	1/direct	Filipino	.00%
--do-	Rodolfo G. Corvite, Jr.	222,398/direct	Filipino	.01%
	TOTAL	45,595,252		2.28%

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

The Company renewed the management agreement with P & O Management Services, Phils., Inc. (POMS) for a period of five years from September 1, 2010 until August 31, 2015. Forty percent (40%) of the outstanding capital stock of POMS is owned by DP World Australia (POAL) Limited. As of December 31, 2014, POAL owns 17.32% of the total outstanding capital stock of ATI. In addition, POAL owns 100% of ATI Holdings, Inc. which owns 14.57% (as of December 31, 2014) of the outstanding capital stock of ATI. Other expenses are further discussed in Note 19 of the Audited Consolidated Financial Statements.

The Company avails of leases from Insurance Builders and Mar-Bay Homes, Inc. where Mr. Eusebio H. Tanco is Chairman, and Eujo Philippines, Inc. and Southern Textile Mills, Inc. where Mr. Tanco is the President. Insurance and health care services were also availed from Philippines First Insurance Co. and PhilCare where Mr. Eusebio H. Tanco is President and Mr. Arsenio N. Tanco is a Director.

Since February 2010, ATI has engaged Global Resource for Outsourced Workers, Inc. (now named GROW Vite Staffing Services, Inc. or Grow Vite), to provide manpower services for the Company. In November 2012, ATI Batangas has also engaged then GROW (now Grow Vite) for manpower services. Atty. Monico V. Jacob is the President of GROW Vite and Mr. Eusebio Tanco is its Chairman.

Item 13. Corporate Governance

The Company has substantially complied with the provisions of its Manual on Corporate Governance which was adopted in August 30, 2002 and amended on February 25, 2011. On December 19, 2014, the Board in its special meeting amended the Manual of Corporate Governance in compliance with the provisions of SEC Memorandum Circular No. 9 series of 2014.

The Company commits to the principles and best practices of good governance to attain its goals and objectives. Its principal officers and directors have attended Corporate Governance seminars or orientation in compliance with the provisions of its Manual of Corporate Governance and provisions of the SEC Memorandum Circular No. 20 series of 2013. The seminars were given by accredited providers such as the Institute of Corporate Directors (ICD), Philippine Securities Consultancy Corporation (PhilSeCC), Risks, Opportunities, Assessment and Management Inc. (ROAM) and SGV.

The Company has not deviated from its Manual since the time of the self-rating process previously conducted and reported to the Securities and Exchange Commission on July 31, 2003. Formulation of evaluation system to determine level of compliance of the Board and top level management is under process.

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.

The 2014 Consolidated Changes to Annual Corporate Governance Report (ACGR) submitted last January 9, 2015 is hereby attached, in compliance with the Advisory of the Securities and Exchange Commission (SEC) dated March 12, 2015.

Item 14. Exhibits and Reports on SEC Form 17-C

(A) Exhibits

Exhibit 1*	Quarterly Report (SEC Form 17-Q) As of September 30, 2014
Exhibit 2	Financial Statements and Schedules

*Please refer to the September 30, 2014 Quarterly Report (SEC Form 17-Q) submitted to the Securities and Exchange Commission

(B) Reports on SEC Form 17-C

Date Reported	Item(s) Reported
January 24, 2014	Certificate of Attendance of Directors in the Board Meetings for 2013
January 24, 2014	Certification of Compliance with the Manual on Corporate Governance
February 18, 2014	Notice of Guidelines for Nominations for Election to the Board of Directors
February 26, 2014	Setting the date, venue, agenda and record date of the 2014 Annual Stockholders' Meeting, amendment to the Second Article of the Articles of Incorporation

April 28, 2014	Declaration of cash dividends, appointment of independent auditors, approval of the audited financial statements, results of the 2014 annual stockholders' meeting and organizational meeting and approval of the amendments to the Articles of Incorporation
May 9, 2014	Certification on Qualification of Independent Directors
July 21, 2014	SEC approval of the amendments to the Articles of Incorporation

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 15th day of April 2015.

By:

ANDREW R. HOAD
Executive 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

MARICAR B. PLENO
Assistant Vice President for Accounting
and Financial Planning

SUBSCRIBED AND SWORN to before me this APR 15 2015 day of April 2015 affiants exhibiting to me their respective Driver's License or Passport Nos.:

Name	Passport No./Driver's Lic. No.	Date & Place of Issue
1. Andrew R. Hoad	507651723	November 15,2012/UK
2. Jose Tristan P. Carpio	EC2215520	September 26, 2014/Manila
3. Rodolfo G. Corvite, Jr.	EB3806967	October 6, 2011/Manila
4. Maricar B. Pleno	N0388062925	May 30, 2012/ Manila

ATTY. RAMIL JOSELITO R. TAMAYO
Notary Public

Doc. No.290
Page No.59
Book No.XII-D
Series of 2015.

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SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills,Mandaluyong City, Metro Manila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No.	0000133653
Company Name	ASIAN TERMINALS INC. 2
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	101092015000999
Document Type	LETTER/MISC
Document Code	LTR
Period Covered	January 09, 2015
No. of Days Late	0
Department	CED/CFD/CRMD/MRD/NTD
Remarks	CONSOLIDATED ACGR

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM –ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1.	Report is filed for the year	:	2014
2.	Exact Name of Registrant as Specified in its Charter	:	ASIAN TERMINALS,INC.
3.	Address of Principal Office	:	ATI Head Office, A. Bonifacio Drive Port Area, Manila 1018
4.	SEC Identification Number	:	133653
5.	Industry Classification Code (SEC use only)	:	____________________
6.	BIR Tax Identification Number	:	000-132-413-000
7.	Telephone Number	:	(632) 528-6000
8.	Former name, address and fiscal year, if changed since last report	:	N/A

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	10
Actual Number of Directors for the year	10

a) Composition of the Board

Name	Executive, Non-Executive or Independent	If Nominee, identify the principal	Nominator in the last election (If ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)[1]	Elected when (Annual / Special Meeting)	No. of years served as director
Rashed Ali Hassan Abdulla	Non-Executive	ATI Holdings	ATI Holdings	2013	April 24, 2014/ Annual	April 24, 2014/ Annual	2
Eusebio H. Tanco	Executive	NA	ATI Holdings	1993	April 24, 2014/ Annual	April 24, 2014/ Annual	21
Suhail Al Banna	Non-Executive	ATI Holdings	ATI Holdings	2007	April 24, 2014/ Annual	April 24, 2014/ Annual	7
Flemming Dalgaard	Non-Executive	ATI Holdings	ATI Holdings	2013	April 24, 2014/ Annual	April 24, 2014/ Annual	1
Monico V. Jacob	Non-Executive	NA	ATI Holdings	2009	April 24, 2014/ Annual	April 24, 2014/ Annual	5
Felino A. Palafox, Jr.	Non-Executive	NA	ATI Holdings	2009	April 24, 2014/ Annual	April 24, 2014/ Annual	5
Arsenio N. Tanco	Non-Executive	NA	ATI Holdings	2009	April 24, 2014/ Annual	April 24, 2014/ Annual	5
Kwok Leung Law	Non-Executive	ATI Holdings	ATI Holdings	2010	April 24, 2014/ Annual	April 24, 2014/ Annual	4
Artemio V. Panganiban	Independent	NA	ATI Holdings-no relationship	2010	April 24, 2014-2 years	April 24, 2014/ Annual	4
Teodoro L. Locsin, Jr.	Independent	NA	Kwok Leung Law-no relationship	2010	April 24, 2014-2 years	April 24, 2014/ Annual	4

b) Summary of the corporate governance policy that the board has adopted (emphasis on treatment of all shareholders, respect for rights of minority shareholders disclosure duties and board responsibilities).

[1] From the election immediately following January 2, 2012

The Company commits itself to adhere to the best corporate principles and practices. The Board and the Management believe that the corporate governance is a necessary component of what constitutes sound strategic business management and the cogent proof of good corporate governance is that which is visible to the eyes of its investors. The Company respects the rights of the shareholders as guaranteed by the Corporation Code and the provisions of the Corporate Governance Manual ("CG Manual").

c) Frequency of Board review and approval of the vision and mission.

The Board reviews the mission and vision as necessary and as practicable.

d) Directorship in Other Companies

(i) Directorship in Company's Group[2]

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
NA	NA	NA

(ii) Directorship in Other Listed Companies

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Artemio V. Panganiban	GMA Network Inc. First Philippine Holdings, Corp. Metro Pacific Investments, Corp. Manila Electric Company Robinsons Land Corporation GMA Holdings, Inc. Petron Corporation Bank of the Philippine Islands Philippine Long Distance Telephone Company	Independent Independent Independent Independent Independent Independent Independent Independent Independent
Eusebio H. Tanco	STI Education Systems Holdings Inc. Philippine Stock Exchange Leisure and Resorts World Corporation Philippine Racing Club, Inc.	Regular, Chairman Regular Regular Regular
Monico V. Jacob	STI Education Systems Holdings Inc. 2Go Group Inc.	Regular Independent

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	Phoenix Petroleum Philippines, Inc. Jollibee Foods, Inc. Lopez Holdings, Inc.	Independent Independent Independent

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its groups.

Director's Name	Name of the Significant Shareholder	Description of the relationship
Kwok Leung Law	ATI Holdings, Inc.	Director
Rashed Ali Hassan Abdulla	ATI Holdings, Inc.	Director

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously?

The CG Manual provides that directors shall submit themselves to a low indicative limit on membership in other corporate Boards.

In particular, is the limit of five board seats in other publicity listed companies imposed and observed?

No.

If yes, briefly describe other guidelines: NA

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	NA	NA
Non-Executive Director	NA	NA
CEO	NA	NA

e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares/ Through (name of record owner)	% of Capital Stock
Eusebio H. Tanco	15,257,663	26,627,884	2.09
Arsenio N. Tanco	133,333	3,338,667	0.17
Felino A. Palafox Jr.	15,300	NA	0.00

Suhail Al Banna	1	NA	0.00
Flemming Dalgaard	1	NA	0.00
Rashed Ali Hassan Abdulla	1	NA	0.00
Artemio V. Panganiban	1	NA	0.00
Teodoro L. Locsin Jr.	1	NA	0.00
Kwok Leung Law	1	NA	0.00
Monico V. Jacob	1	NA	0.00
Total	15,406,303	29.966,551	2.26

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes _X_ No ___

Identify the Chair and CEO:

Chairman of the Board	Rashed Ali Hassan Abdulla
CEO/President	Eusebio H. Tanco

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	**Chief Executive Officer**
Role	Preside in meetings of directors and stockholders; ensure that the Company adheres to the principles of good governance and best practices; perform such other duties as may be assigned by the Board	General care and supervision of the business and affairs of the Corporation and perform such other duties as may be assigned by the Board.
Accountabilities	Responsible for matters and responsibilities as may be assigned by the Board	Responsible for general care and supervision of the business and affairs of the Corporation and perform such other duties as may be assigned by the Board
Deliverables	Ensure that all decisions and acts of the Board and Management are deliberated upon and approved by the Board in accordance with the By-laws and applicable laws and for the best interest of the Company	Ensure that the Company is geared towards the attainment of its vision, ensure compliance with by laws and other applicable laws in all the dealings of the Company and management; in coordination with the

		management, report to the Board the company's operational results.

3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key manager positions?

The key officers are chosen based on their competencies/ qualifications for the position for which they are being designated after due evaluation by the Board

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board?

The CG Manual requires that a director must have "high educational attainment and/or sufficiently relevant experience in managing the business of the Corporation" (Part II, B, 2 (b) 1). Further, a director must have a "working knowledge of statutory and regulatory requirements affecting the Corporation, including the contents of its articles of incorporation and By-laws, the requirements of the commission, and where applicable, the requirements of other regulatory agencies".

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes. The CG Manual as stated above ensures that the requirement is complied with.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non- Executive and Independent Directors

	Executive	**Non-Executive**	**Independent Director**
Roles	General care and supervision of the business and affairs of the Corporation, in coordination with the Management; perform such other duties as may be assigned by the Board.	General care and supervision of the business and affairs of the Corporation, in coordination with the Management; perform such other duties as may be assigned by the Board.	Ensure that judgment is independent and free from any business or other relations which could interfere with decisions.
Accountabilities	Accountable to the stockholders for the duties and responsibilities stated in the CG Manual and the By-laws.	Accountable to the stockholders for the duties and responsibilities stated in the CG Manual and the By-laws.	Accountable to the stockholders for the duties and responsibilities stated in the CG Manual and the By-laws.
Deliverables	Proper discharge of Board functions by meeting regularly and perform duties and functions as	Proper discharge of Board functions by meeting regularly and perform duties and functions as	Proper discharge of Board functions by meeting regularly and perform duties and functions as

	stated in the CG Manual.	stated in the CG Manual.	stated in the CG Manual.

Provide the company's definition of "independence" and describe the company's compliance to the definition.

The Company describes independence as recognized in the CG Manual. The independent views and opinions of the directors during meetings are considered.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served five years, does it limit the term for no more than four additional years? Please explain.

The independent directors are selected annually in accordance with the Corporation Code, Securities Regulation Code, Company By-laws and CG Manual, by the Nomination Committee and Board of Directors for recommendation in the Annual Shareholders' Meeting.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
NA			

(b) Selection/Appointment, Re-election. Disqualification, Removal, Reinstatement and Suspension

Describe the procedure for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors (ii) Non-Executive Directors	At least 60 calendar days Prior to the Annual Stockholders' Meeting, a Notice of Nomination is disclosed to the SEC and the PSE and posted in the Company website, notifying stockholders to submit the names of nominees for	For both executive director and non-executive directors, at least the minimum qualifications set forth in the Corporate Governance Manual, the Nomination Committee Guidelines, Company By-laws and applicable laws, must be

	election to the Board, to the Corporate Secretary within the date mentioned in the Notice. Within a reasonable time, from the deadline, the Nomination Committee will meet to pass upon the qualifications of the nominees. Pursuant to the by-laws, 8 regular directors and 2 independent directors receiving the highest number of votes from stockholders present during the annual meeting, are elected for a term of 1 year. Any vacancy except due to removal or expiration of the term may be filled up by the majority vote of the remaining directors then in office, constituting a quorum.	possessed by the directors for election or appointment.
(iii) Independent Directors		In addition to the above, the independent directors may only hold office as such (provided he does not possess the disqualifications provided by the Corporate Governance Manual, Nomination Committee Guidelines and applicable laws)
b. Re-appointment.		
(i) Executive Directors	Same as above	Same as above
(ii) Non-Executive Directors		
(iii) Independent Directors	Same as above	Same as above
c. Permanent Disqualifications		
(i) Executive Directors	For the annual election, the Nomination Committee convenes to pass upon the qualifications of the directors. Pursuant tot he Corporate Governance Manual, the Board, in consultation with the Nomination Committee, may from time to time, provide additional grounds for disqualification, consistent with the Corporation Code, By-laws, the Securities and Regulation Code and other applicable laws or issuances. For any vacancy in the interim, the Board will determine if replacement possess none of the disqualifications.	The grounds for disqualification as set forth in the Corporate Governance Manual, Nomination Committee Guidelines and applicable laws.
(ii) Non-Executive Directors		
(iii) Independent Directors		
d. Temporary Disqualification		
(i) Executive Directors	Same as above	Same as above
(ii) Non-Executive Directors		

(iii) Independent Directors		
e. Removal		
(i) Executive Directors (ii) Non-Executive Directors	Pursuant to the By-laws, the any director may be removed, either with or without cause, at any time, by the affirmative vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock entitled to vote at a regular meeting or at a special meeting of the stockholders called for the purpose and held after due notice as provided in Section 28 of the Corporation Code.	With or without cause, the stockholders may remove any director
(iii) Independent Directors	In addition to above, an independent director may also be removed if he possesses any of the grounds for disqualification.	The grounds for disqualification as set forth in the Corporate Governance Manual, Nomination Committee Guidelines and applicable laws.
f. Re-instatement		
(i) Executive Directors (ii) Non-Executive Directors	Same process as laid down in (a) hereof	Same criteria as in (a) hereof
(iii) Independent Directors	Same process as in (a) hereof	Same criteria as in (a) hereof.
g. Suspension		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	No definite process for suspension.	No definite process for suspension.

Voting Result of the last Annual General Meeting

There were only 10 nominees to the 10 Board seats to be filled up. On motion duly seconded all the 10 directors were deemed elected by all stockholders present in person or represented by proxy during the 2014 Annual Stockholders' Meeting. Total number of shares represented is 1,656,966,526 or 82.85% of the 2 billion outstanding shares.
The directors are:

Name of Director
Rashed Ali Hassan Abdulla
Eusebio H. Tanco
Suhail Al Banna
Monico V. Jacob
Flemming Dalgaard
Kwok Leung Law
Felino A. Palafox, Jr.
Arsenio N. Tanco

Artemio V. Panganiban
Teodoro L. Locsin Jr.

6) Orientation and Education Program

(a) Disclosure details of the company's orientation program for new directors, if any.

(b) State any in-house training and external courses attended by Directors and Senior Management[3] for the past three (3) years:

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of training	Program	Name of Training Institution
Rashed Ali Hassan Abdulla (Chairman)	August 28,2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Teodoro L. Locsin Jr. (Independent Director)	August 28,2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Felino A. Palafox, Jr. (Director)	August 28,2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Arsenio N. Tanco (Director)	August 28,2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Suhail Al Banna (Director)	August 28,2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Flemming Dalgaard (Director)	August 28,2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Artemio V. Panganiban (Independent Director)	February 4, 2014	Corporate Governance and Risk Management Summit	Institute of Corporate Directors (ICD)
Monico V. Jacob (Director)	March 7, 2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Eusebio H. Tanco (President & Director)	November 14, 2014	Seminar on Corporate Governance	SGV & Co.

[3] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing, and controlling the activities of the company..

Andrew R. Hoad (Executive Vice President-Technical)	August 28,2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Rodolfo G. Corvite, Jr. (Corporate Secretary/ VP Business Support Services/ CIO)	August 28,2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Jose Tristan P. Carpio (Treasurer/ Vice President for Finance/ CFO)	August 28,2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Christopher Joe Styles (Vice President for Engineering)	August 28,2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Bastiaan W. Hokke (Vice President for Group Operations)	October 21, 2014	Corporate Governance Seminar	Philippine Securities Consultancy Corporation (PhilSeCC)
Kwok Leung Law (Director)	December 16, 2014	Corporate Governance Seminar	Philippine Securities Consultancy Corporation (PhilSeCC)
Sean James L. Perez (Vice President for Marketing and Commercial)	December 16, 2014	Corporate Governance Seminar	Philippine Securities Consultancy Corporation (PhilSeCC)

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct/ Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Pursuant to the provisions of the Corporate Governance Manual, directors must fairly conduct business transactions and must not be engaged in any business which competes with or is antagonistic to that of the Company.	Disclosure form is accomplished before election or appointment.	Disclosure form is accomplished upon hiring.
(b) Conduct of Business and Fair Dealings	Same as above	Subject to Company's Table of Offenses and Penalties for violations	Subject to Company's Table of Offenses and Penalties for violations
(c) Receipt of gifts from third parties	None.	If acceptance of gifts cannot be avoided, it has to be reported	If acceptance of gifts cannot be avoided, it has to be reported

		through a declaration of gift form	through a declaration of gift form
(d) Compliance with Laws & Regulations	Recognizes the duty of the directors to be compliant at all times, to the by-laws, Corporation Code and such other laws and regulations.	Subject to Company's Table of Offenses and Penalties for violations	Subject to Company's Table of Offenses and Penalties for violations
(e) Respect for Trade Secrets/Use of Non-public Information	The Company strongly adheres to the provisions of Corporate Governance Manual relative to the general responsibility of the directors as one of trust and confidence and that they shall at all times act in manner characterized by transparency, accountability and fairness.	Employee signs off a confidentiality agreement	Employee signs off a confidentiality agreement
(f) Use of Company Funds, Assets, and Information	In addition to above, the directors must comply with the provisions of the by-laws and the Corporation Code with respect to the approvals required for the use of funds, assets and information.	Subject to the policy on authority limits	Subject to the policy on authority limits
(g) Employment & Labor Laws & Policies	Recognizes the duty of the directors to be compliant at all times, to the by-laws, Corporation Code and such other laws and regulations, including labor laws.	Senior management ensures that Company benefits and employee policies are compliant with Labor Code	Company benefits and employee policies are compliant with Labor Code
(h) Disciplinary Action	The Company follows the provisions of the By-laws, the Corporation Code and other laws, relative to the imposition of any disciplinary action on erring directors.	Subject to Company's Table of Offenses and Penalties for violations, following rules on due process	Subject to Company's Table of Offenses and Penalties for violations, following rules on due process

(i) Whistle Blower	None	Confidentiality of the employee/information are maintained at all times	Confidentiality of the employee/information are maintained at all times
(j) Conflict Resolution	Any conflict is resolved by the Board as a body, taking into account the voting requirements of the Corporation Code and applicable laws.	Resolved through immediate handling/meeting with concerned parties	Grievance machinery provision in the Collective Bargaining Agreements

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

   Yes.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

   Compliance with the code of conduct is implemented by the Management and is monitored both by the internal audit and the Compliance Officer.

4) Related Party Transactions

   (a) Policies and Procedures

   Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	NA. The Company is the Parent company
(2) Joint Ventures	NA.
(3) Subsidiaries	Transactions with subsidiaries are on an arm's length basis in a manner similar to transactions with non-related parties. Review and approval follows the same Authority Approval Matrix used for all transactions.
(4) Entities Under Common Control	NA
(5) Substantial stockholders	Transactions with substantial stockholders are on an arm's length basis in a manner similar to transactions with non-related parties. Review and approval follows the same Authority Approval Matrix used for all transactions.

(6) Officers including spouse/children/siblings/ parents	Transactions with officers are on an arm's length basis in a manner similar to transactions with non-related parties. Review and approval follows the same Authority Approval Matrix used for all transactions. Officers concerned voluntarily inhibit from participating on these matters.
(7) Directors including spouse/children/siblings/ parents	Transactions with directors are on an arm's length basis in a manner similar to transactions with non-related parties. Review and approval follows the same Authority Approval Matrix used for all transactions. Directors concerned voluntarily inhibit from participating and voting on these matters.
(8) Interlocking director relationship spouse/children/siblings/ parents	Transactions with interlocking directors are on an arm's length basis in a manner similar to transactions with non-related parties. Review and approval follows the same Authority Approval Matrix used for all transactions and the provisions of the Corporation Code. Directors concerned voluntarily inhibit from participating and voting on these matters.

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers /5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None
Name of officer/s	None
Name of Significant Shareholders	None

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers, and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	Disclosure Form
Group	Disclosure Form

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family[4], commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
NA	NA	NA

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Name of Related Significant Shareholders	Type of Relationship	Brief Description
NA	NA	NA

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
NA	NA	NA

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	The Company is in the process of formulating the system.
Corporation & Third Parties	Comply with ADR requirements of the courts
Corporation & Regulatory Authorities	As provided in applicable contracts and as may be provided by regulatory authorities.

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

[4] Family relationship up to the fourth civil degree either by consanguinity or affinity.

Board meeting schedules for the succeeding year, are agreed at the last meeting of the preceding year.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year (2014)[5]	No. of Meeting Attended	%
Chairman	Rashed Ali Hassan Abdulla	April 24, 2014	6	6	100
Member	Flemming Dalgaard	April 24, 2014	6	4	67
Member	Eusebio H. Tanco	April 24, 2014	6	6	100
Member	Suhail Al Banna	April 24, 2014	6	3	50
Member	Kwok Leung Law	April 24, 2014	6	6	100
Member	Arsenio N. Tanco	April 24, 2014	6	6	100
Member	Felino A. Palafox, Jr.	April 24, 2014	6	6	100
Member	Monico V. Jacob	April 24, 2014	6	6	100
Independent	Artemio V. Panganiban	April 24, 2014	6	6	100
Independent	Teodoro L. Locsin, Jr.	April 24, 2014	6	6	100

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

None

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

Minimum quorum requirement is majority of the Board except on matters which require high votes as provided for by the By laws.

5) Access to Information

(a) How many days in advance are board papers[6] for board of directors meetings provided to the board?

Not less than 5 days.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes

[5] In 2014, there were 4 regular meetings held and 2 special meetings

[6] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc.?

The Corporate Secretary acts as the Company Compliance Officer. He assists the Chairman, President and EVP in preparing the agenda. He ensures that directors are apprised of developments in compliance and corporate governance matters.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes.

(e) Committee Procedures

Disclosure whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes X No___

Committee	Details of the Procedure
Executive	Materials and agenda are given in advance prior to the meeting
Audit	Materials and agenda are given in advance prior to the meeting
Nomination	Materials and agenda are given in advance prior to the meeting
Compensation	Materials and agenda are given in advance prior to the meeting
Others (specify)	NA

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details?

Yes.

Procedures	Details
Getting external advice.	Directors refer any matter to the Management for consultation with external advisers

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

None

Existing Policies	Changes	Reason
NA	NA	NA

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Pursuant to the By laws, the Board fixes the salaries and bonuses of all officers.

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Based on qualifications, tenure, performance, industry practice	Based on qualifications, tenure, performance, industry practice
(2) Variable remuneration	NA	NA
(3) Per diem allowance	NA	NA
(4) Bonus	Based on company performance and individual performance for the applicable year	Based on company performance, division performance and individual performance for the applicable year
(5) Stock Options and other financial instruments	NA	NA
(6) Others (specify)	NA	NA

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Based on qualifications, tenure, performance, industry practice	Fixed	Fixed
Non-Executive Directors	Pursuant to By-laws	Fixed	Fixed

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details the last three (3) years.

Yes

Remuneration Scheme	Date of Stockholders' Approval
The directors may only receive such compensation as may be granted by 2/3 of the outstanding capital stock of the corporation. The compensation must not exceed 10% of the net income before income tax during the preceding year.	2003

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration		NA	NA
(b) Variable Remuneration	NA	NA	NA
(c) Per diem Allowance	NA	2.085M	640K
(d) Bonuses	NA	NA	NA
(e) Stock Options and/or Other financial instruments	NA	NA	NA
(f) Others (specify)	NA	NA	NA
Total			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	NA	NA	NA
2) Credit granted	NA	NA	NA
3) Pension Plan/s Contributions	NA	NA	NA
4) Pension Plans, Obligations incurred	NA	NA	NA
5) Life Insurance Premium	NA	NA	NA
6) Hospitalization Plan	NA	NA	NA
7) Car Plan	NA	NA	NA
8) Others (specify)	NA	NA	NA
Total	NA	NA	NA

4) Stock Rights, Options and Warrant

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

None.

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Options/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
NA	NA	NA	NA	NA

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subjects to approval during the Annual Stockholders' Meeting:

None

Incentive Program	Amendments	Date of Stockholders' Approval
NA	NA	NA

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
1) Andrew R. Hoad - Executive Vice President-Technical	Php67M
2) Bastiaan W. Hokke - Vice President for Group Operations	
3) Christopher Jose Styles- Vice President for Engineering	
4) Rodolfo G. Corvite Jr. - Vice President for Business Support Services	
5) Sean L. Perez - Vice President for Marketing and Commercial	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
Executive	1	5	1	The By-laws mandates the creation of the Committee and its responsibilities	Pursuant to By-laws, may exercise such powers as may be delegated by the Board	Report to the Board any matter resolved by it within its authority	Such power delegated by the Board subject to restrictions provided by Section 35 of the Corporation Code.
Audit	NA	2	1	Yes	Assist the Board in fulfilling its oversight responsibility of the company's corporate governance processes.	1. Financial statements and disclosure matters. 2. Evaluation of internal controls and risk management. 3. Review internal/external audit performance. 4. Review compliance to legal and regulatory requirements.	Full access to management, personnel and records for the purpose of performance of its duties and responsibilities
Nomination	1	3	1	With existing Nomination Committee Guidelines	Pass upon the qualifications of candidates nominated for election to the Board.	Evaluation of candidates for election to the Board	Pre-screen and shortlist the candidates for election to the Board.
Compensation	NA	4	1	The Corporate Governance Manual mandates the creation of the Committee and its responsibilities	Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate	Evaluation of compensation related policies	Recommend to the Board any changes in compensation-related matters affecting employees and officers.

					officers, directors and employees		
Others (specify)	NA	NA	NA	NA	NA	NA	NA

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the committee
Chairman	Rashed Ali Hassan Abdulla	April 24, 2014	0	NA	NA	2
Member	Eusebio H. Tanco	April 24, 2014	0	NA	NA	8
Member	Felino A. Palafox, Jr.	April 24, 2014	0	NA	NA	5
Member (ID)	Artemio V. Panganiban	April 24, 2014	0	NA	NA	4
Member	Kwok Leung Law	April 24, 2014	0	NA	NA	4
Member	Flemming Dalgaard	April 24, 2014	0	NA	NA	1
Member	Monico V. Jacob	April 24, 2014	0	NA	NA	5

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the committee
Chairman (ID)	Teodoro L. Locsin, Jr.	April 24, 2014	4	4	100	4
Member	Monico V. Jacob	April 24, 2014	4	3	75	5
Member	Kwok Leung Law	April 24, 2014	4	3	75	4

Disclosure of the profile or qualifications of the Audit Committee (AC) members.

Atty. Teodoro L. Locsin, Jr., who is the Chairman of the Committee, is a member of the legal profession and has served as a member of the House of Representative from 2001 to 2010. He is an independent director of The Medical City and has held various government positions in the past.

Atty. Monico V.Jacob is a member of the legal profession and is serving as independent director of various corporations, listed or otherwise. He also served as Associate Commissioner of the Securities and Exchange Commission in 1986.

Mr. Kwok Leung Law is the Finance Director of DPWorld Southeast Asia since 2010. He holds a degree in Business Administration from National Chung Hsing University in Taiwan and a Master's Degree in Business Administration from the Chinese University of Hong Kong. He is a Fellow Member of Chartered Association of Certified Accountants and an Associate Member of Hong Kong Institute of Certified Public Accountants.

Describe the Audit Committee's responsibility relative to the external auditor.

The primary responsibility is to review the qualifications, audit scope, approach, fees and expenses. Evaluate and determine any non-audit work performed, including the fees therefore, and ensure that such work will not conflict with the external auditors' duties as such or foreshadow its independence.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the committee
Chairman	Rashed Ali Hassan Abdulla	April 24, 2014	1	1	100	2
Member	Eusebio H. Tanco	April 24, 2014	1	1	100	9
Member	Felino A. Palafox, Jr.	April 24, 2014	1	1	100	5
Member (ID)	Artemio V. Panganiban	April 24, 2014	1	1	100	4
Member	Kwok Leung Law	April 24, 2014	1	1	100	1

(d) Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the committee
Chairman	Rashed Ali Hassan Abdulla	April 24, 2014	1	1	100	1
Member	Kwok Leung Law	April 24, 2014	1	1	100	4
Member	Felino A. Palafox, Jr.	April 24, 2014	1	1	100	5
Member (ID)	Artemio V. Panganiban	April 24, 2014	1	1	100	4
Member	Arsenio N. Tanco	April 24, 2014	1	1	100	5

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

NA

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

In the Organizational Meeting in April 24, 2014, Mr. Flemming Dalgaard was appointed as one of the members of Executive Committee to occupy the vacancy.

Name of Committee	Name	Reason
Executive	Flemming Dalgaard	Occupy vacant slot

Audit	None	NA
Nomination	None	NA
Remuneration	None	NA
Others (specify)	NA	NA

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	NA	NA
Audit	Self Assessment of the AC, review of the Internal Audit Reports and the Financial Statements	No issues
Nomination	Pass upon the qualifications of nominees for election to the Board	No issues
Compensation	Study the recommendation of the Management relative to the remuneration of management employees and officers.	No issues
Others (specify)	NA	NA

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	NA	None
Audit	NA	None
Nomination	NA	None
Compensation	NA	None
Others (specify)	NA	NA

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

To ensure that the Company's business objectives are achieved, 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 reviews.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Chairman of the Board and senior management review and sign off its annual Risk Management and Internal Control Self-Certification Statement based on the following parameters:

- Identification of risk assessment of new risks.
- Prioritization of risks based on agreed impact and likelihood tables.
- Determination of risk treatment strategies for significant risks.
- Confirmation that all significant risks and related action plans have been notified to the Regional Management.
- Risk assessment workshops maybe held at the level below the BU Board using a combination of business stream, functional and geographical participants.
- The risk management process applies to all critical projects and business processes as required.

(c) Period covered by the review;

January 1, 2014 to December 31, 2014.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
The risk management system is reviewed at least annually.

The following are the criteria for assessing its effectiveness: Control Environment; Risk Assessment; Control Activities; Information and Communication, and Monitoring.

(e) Where no review was conducted during the year, an explanation why not.

NA

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

The following are the top 5 risks identified by the Company according to impact and likelihood:

Risk Exposure	Risk Management Policy	Objective
Destructive Typhoon/Flood	▪ Insurance ▪ Retrofitting ▪ Business Continuity Planning ▪ Safety Procedures	To prevent or minimize Death, injury; Property & Cargo damage/loss; Business Interruption; Partial/Total Closure
Destructive Earthquake / Destructive Tsunami	▪ Insurance ▪ Retrofitting ▪ Business Continuity Planning ▪ Safety Procedures	To prevent or minimize Death, injury; Property & Cargo damage/loss; Business Interruption; Partial/Total Closure
Unstable Global Economic Condition	▪ Business Continuity Planning ▪ Budget Controls	To prevent reduction or decline in Volume; minimize Spending Constraints
Incidents affecting IT Systems	▪ IT Infrastructure ▪ Business Continuity Planning	To prevent or minimize Operational Disruption/Stoppage; Efficiency Loss; Record Loss; Business Loss; Customer Claims
Unreasonable Government Laws/Regulations; Contractual Interpretation or Implementation; Unreasonable Tax Audit; Non-Renewal of Contracts	▪ Preserving good relationship with regulators and stakeholders ▪ Marketing/Customer relations initiatives ▪ Business Continuity Planning ▪ Productivity & Efficiency improvements	To prevent or minimize Unnecessary Litigation; Revenue Loss; Business Interruption; Erosion of Business Reputation

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Same as 2(a) above.

Risk Exposure	Risk Management Policy	Objective

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

None.

Risk to Minority Shareholders

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Destructive Typhoon/Flood	Annual review and monitoring. Assessed based on impact and likelihood.	Adequate Insurance; Structural Testing & Improvement; Retrofitting; Business Continuity Planning; Emergency Response Procedures; Drill Exercise
Destructive Earthquake / Destructive Tsunami		Adequate Insurance; Structural Testing & Improvement; Retrofitting; Business Continuity Planning; Emergency Response Procedures; Drill Exercise
Unstable Global Economic Condition		Business Continuity Planning; Budget Controls
Incidents affecting IT Systems		IT back-up systems, system monitoring and preventive maintenance; Business Continuity Planning; Disaster Recovery Procedures; vendor screening and contract/agreement stipulations
Unreasonable Government Laws/Regulations; Contractual Interpretation or Implementation; Unreasonable Tax Audit; Non-Renewal of Contracts		Preserving good relationship with regulators and stakeholders; Marketing/Customer relations initiatives ; Business Continuity Planning; Productivity & Efficiency improvements

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Same as 3(a) above.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Senior Management	Regular reviews	Review and implementation

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

Internal control system is described as a process effected by the Board and management, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

i) Effectiveness and efficiency of operations.
ii) Reliability of financial reporting.
iii) Compliance with applicable laws, regulations and internal policies.
iv) Safeguarding of assets.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Board of Directors has reviewed the effectiveness of the Company's internal control and considers them effective and adequate based on reports of the Audit Committee, and the Internal Audit Department

(c) Period covered by the review;

The review covers the year 2014.

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system;

Annually, with consideration to the individual reports issued out by the Audit Committee and Internal Audit Department for the audit areas covered during the year.

(e) Where no review was conducted during the year, an explanation why not.

NA

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource internal Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Assurance	Audit universe, reviewed annually by Internal Audit, and confirmed by management, from which the annual audit plan is developed.	In-house	Brian Stone	Results reported to EVP-Technical and Audit Committee.
Consulting	May include all business activities in which Internal Audit is knowledgeable e.g. control design for new processes, training, advice, etc. as requested by management.	In-house	Brian Stone	Reported to the Business Unit Head, EVP-Technical and Audit Committee.
Fraud investigations	All business activities: upon management's request, or if found during an audit engagement.	In-house	Brian Stone	Reported to EVP-Technical and Audit Committee.

(b) Do the appointment and/or removal of the internal Auditor or the accounting/auditing firm or corporation to which the internal audit functions is outsourced require the approval of the audit committee?

Yes

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Internal Auditor reports functionally to the Audit Committee to allow Internal Audit to be independent and to effectively accomplish its purpose. The Internal Auditor has unrestricted access to all functions, documents, records or reports (in both paper and or electronic format), property, and personnel with stringent regard for safekeeping and confidentiality.

(d) <u>Resignation, Re-assignment and Reasons</u>

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
None	NA

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	85% compliance. Batangas Container Terminal (BCT) audit rescheduled to 2015 as requested by management & HR audit still ongoing.
Issues[7]	No significant issues noted.
Findings[8]	No significant findings noted.
Examination Trends	No significant trends of pervasive issues and findings from previous years.

The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

1) Preparation of an audit plan inclusive of a timeline and milestone;
2) Conduct of examination based on the plan;
3) Evaluation of the progress in the implementation of the plan;
4) Documentation of issues and findings as a result of the examination;
5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the results of an assessment as to whether the established controls, policies and procedures have been implemented under the column "implementation."

Policies & Procedures	Implementation
Audit Committee Charter	Implemented
Internal Audit Charter	Implemented
Planning, execution, reporting procedures	Implemented
Follow up procedures	Implemented

[7] "Issues" are compliance matters that arise from adopting different interpretations.
[8] "Findings" are those with concrete basis under the company's policies and rules.

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	RatingAgencies
Internal Audit reports directly to the Audit Committee, with the EVP-Technical as its primary respondent.	NA	NA	NA
External Audit reports directly to the Audit Committee, with frequent communication of its independence in its correspondences with the Company. Lead audit partner is also replaced every 5 years.	NA	NA	NA

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanism are in place to ensure that compliance.

The President and Corporate Secretary as Compliance Officer.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' Welfare	Health, Safety, Environment and Security (HSES) Policy	Third party safety induction, port orientation and access control systems
Supplier/contractor selection practice	HSES Policy	Third party safety induction, port orientation and work permit systems
Environmentally friendly value-chain	HSES Policy	ISO 140001 (Environmental Management System) certified. Chemical Spill Response Capability.
Community interaction	Corporate Social Responsibility (CSR) Policy	CSR initiatives and employee volunteerism programs

Anti-corruption programs and procedures	Company Table of Offenses and Penalties(TOP)	Enforcement in accordance with the TOP; internal audit monitoring
Safeguarding creditors' rights	As provided in relevant agreements or contracts.	Monitoring

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

   ATI pursues a strong Corporate Responsibility (CR) philosophy and updates its stakeholders on its CR activities, programs and initiatives through a section in its Annual Report, which is printed and distributed to stockholders and made available to the public upon request.

3) Performance-enhancing mechanisms for employee participation.

   (a) What are the company's policy for its employees' safety, health, and welfare?

   HSES Policies – ISO 28000:2008(Supply Chain Security Management System), ISO 14001:2004 (Environment Management System), OHSAS 18001:2007(Health and Safety Management System)

   (b) Show data relating to health, safety and welfare of its employees.

   ATI has been fatality-free for 472 days (September 14, 2013 to December 31, 2014).

   Loss Time Injury Frequency Rate (LTIFR) for 2014 is 1.24.

   - Regular Safety Meetings
   - Regular Environmental And Energy saving Meetings
   - Annual Physical Examination (APE)
   - Daily Safety inspections
   - Safety toolbox meetings
   - Behavioural based safety approach
   - CCTV monitoring of safety and security infractions
   - Emergency Response procedures for contingencies.
   - Business Continuity Plans
   - Weather and wind monitoring systems
   - 24/7 medical clinic.
   - 24/7 Fire truck
   - Chemical response kits
   - Safety signages
   - Speed limit monitoring using radar
   - Employee wellness and sports activities
   - Flu Vaccinations
   - Interagency cooperation meeting (PFSAC)
   - Joint RLS and HSES Equipment Inspections
   - FRS committee meetings

- Random Drug Testing
- Water Potability Testing
- Work Environment Measurement Activity (Testing on Ambient Air, Illumination and Noise)
- Quarterly measurement of Ambient Water and Ambient Air for DENR
- Submission of Legal Requirements to:
    - DOLE
    - DENR
    - PPA
- Strict compliance and monitoring of legal permits and licenses
- Coordination meeting with Truckers Association
- Emergency Drills
- Safety related trainings such as:
    - Auditors Training
    - Accident Incident Investigation Training
    - Advanced Fire Fighting Training
    - Advanced Trainer and Assessor Program (ATAP) with Working at Heights (WAH)
    - Basic Fire Fighting Training
    - Basic Fire Safety Training
    - Bomb Threat Training
    - Chemical Spill Training
    - Continuing Environmental Education Program (CEEP)
    - Contractors Management Training
    - Defensive Driving Training
    - Document Control Training
    - Fatal Risk Standards (FRS) Training
    - Fire Safety Officer Training
    - First Aid and Basic Life Support Training
    - Hazardous Waste Operations and Emergency Response (HAZWOPER) Training
    - HIRAC Training
    - Incident Reporting
    - Isolation Training
    - ISO Orientation and Internal Audit Training
    - Legal Requirements Training
    - OS Training
    - PCO Accreditation Training
    - Pinning Station Training
    - Proactive Safety Training
    - Safety 101 Training
    - Safety Culture Excellence Training
    - Safety in the use of nuclear equipment and devices training course (RSO)
    - Safe Driving Training
    - Safety Training for Supervisors
    - Traffic Management Training
    - Various HSES Trainings: Induction, Toolbox, PPE, Fatigue, Alcohol and Drugs
    - Vessel Safety Training
    - Working at Heights Training

(c) State the company's training and development programmes for its employees. Show the data.

Training	Title
Behavioral/ Leadership Related	Basic Supervisors Skills Training, Caring for your Customers, Decision Making, Do or Delegate, Effective Presentation Training, Effective Writing, Giving Presentations, Caring for your Customers, Identifying the Root Causes of Performance Issues, Problem Solving for Decision Makers, Putting Customers First, Improving Individual Performance, Leading the Workplace, Managing Meetings, Managing Yourself, Personal Journey Training, Putting Customers First, Quality in Practice, Team Building, Working in Teams
Engineering Related	Arc Flash Electrical Suit Training, Basic Tire Safety Training, Dulevo Sweeper Operations Training, Electronic Engine Maintenance Training, Engine Maintenance Training, Mainpac Training, Maintenance Best Practices Simulation, Maintenance Planning and Scheduling, Thermography Training, Transmission Training, Ultrasound and Infrared Training, Ultrasound and SDT Training
Health, Safety, Environment and Security Related	Accident Incident Investigation Training, Advanced Fire Fighting Training, Advanced Trainer and Assessor Program (ATAP) with Working at Heights (WAH), Basic Fire Fighting Training, Basic Fire Safety Training, Bomb Threat Training, Chemical Spill Training, CONTINUING ENVIRONMENTAL EDUCATION PROGRAMME (CEEP), Continuing Environmental Education Seminar, Defensive Driving Training, Document Control Training, Fatal Risk Standards (FRS) Training, Fire Safety Officer Training, First Aid and Basic Life Support Training, FRS TRAINING: Risk Assessment, HIRAC, JSA, Pedestrian Safety, Mobile Equipment, Handling Loads, Isolation, Hazardous Substances, Dangerous Cargoes, Hazardous Waste Operations and Emergency Response (HAZWOPER) Training, HIRAC Training, HIRAC, FRS, and Isolation Training, ISO Orientation and Internal Audit Training, Isolation Training, ITV Training, Legal Requirements Training, PCO Accreditation Training, Pinning Station Training, Proactive Safety Training, Safety 101 Training, Safety Culture Excellence, Safety in the use of nuclear equipment and devices training course (RSO), Safety Driving Training, Safety Induction, Safety Training for Supervisors, Various HSES Trainings: Toolbox, PPE, Fatigue, Alcohol and Drugs, Incident Reporting, Contractor Management, Traffic Mgmt, Other HSES Protocols, Various OS Trainings (OS 1,2,4,5,7, 8,9,10,15), Vessel Inspection Checklist Training, Vessel Safety Training, Working at Heights with Pinning Station Training

Training	Title
Operations Related	Advanced Load Slinging Training, Cargo Handling and General Duties Training, Cargo Operations Training, CBU RORO Operations Training w/ Deck Master Training, Checkers RDT Training, Checkers Training, Deck Master Training, DTO Supervisors OJT in CTD (for the DTO to CTD Transfer), Familiarization to CBU RORO Operations, Forklift Training, Gear Development Program in TSD, Gear Locker Training, Hustling Familiarization Training, Inspection Report Training, Internal Transfer Vehicle (ITV) Training, Lashing and Unlashing Training, Load Slinging Training, Navis Sparcs Training, Pinning Station Training, Principles of Asset Management, Quay Crane Training, Rubber Tyre Gantry Training, Radio Land Mobile Licensing Seminar, RDT Training, Reachstacker Training, Ships Crane Training, Sideloader Training, Supervising Terminal Operations Training, Supervisors Training, Vessel Inspection and Introduction to Load Slinging, Vessel Safety Training, VMT Training with Yard Familiarization, Winchman Training, Yard Familiarization Training
Support Unit Related (HR, Finance, Information Technology, Commercial and Marketing, etc.)	Advanced Excel Training, An Introduction to Corporate Social Responsibility, Annual Listing & Disclosure Rules Seminar, Anti Bribery and Corruption Training Course, Basic Anti Fraud and Techniques, Basic Excel Training, Basic Supervisors Skills Training, Claims Awareness Program and Updates Meeting, Components of Asset Management, Corporate Governance Training, Corporate Orientation, Credit and Collection Training, Culture Change, Transforming Organizations, Disciplinary Procedures, Engineering Insurance Seminar, HR Connect (My World Survey, Anti Bribery, Corp Responsibility), iLearn Orientation, Industrial Relations Training, Insurance Awareness Training, KPI Form Briefing, Latest Updates and HR's Role in Compliance of DOLE, SSS, Philhealth, and Pagibig Requirements, MCLE Training, Operational Auditing: Influencing Positive Change, Overcoming Human Relations Challenges in IA, Philcare Orientation, Records Information Management System & Intro to 8s Training, SEC-PSE Corporate Governance Forum, Tax Savings Strategies, Understanding Balance Sheets, Understanding Profit and Loss

(d) State the company’s reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.

Performance -based management system and productivity incentive schemes are being implemented.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

The complaint is addressed to the Senior Management for appropriate investigation. The employees are protected from retaliation by ensuring their anonymity during and after investigation and subsequent resolution.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a)Holding 5% shareholding or more*

Shareholder	Number of Shares	Percent	Beneficial Owner
DP World Australia (POAL) Limited	346,366,600	17.32	DP World Australia (POAL) Limited
ATI Holdings, Inc.	291,371,230	14.57	ATI Holdings, Inc.
PCD Nominee Corporation (Filipino)	206,396,635	10.32	PCD Nominee Corporation (Filipino) **unknown to issuer*
Pecard Group Holdings, Inc.	198,203,968	9.91	Pecard Group Holdings, Inc.
Philippine Seaport, Inc.	196,911,524	9.85	Philippine Seaport, Inc.
Daven Holdings, Inc.	155,906,071	7.80	Daven Holdings, Inc.
PCD Nominee Corporation (Non-Filipino)	136, 728,945	6.84	PCD Nominee Corporation (Non-Filipino) **unknown to issuer*
SG Holdings, Inc.	130,000,000	6.50	SG Holdings, Inc.
Morray Holdings, Inc.	100,000,000	5.00	Morray Holdings, Inc.

** as of December 31, 2014*

Name of Senior management	Number of Direct Shares	Number of Indirect shares/ Through (name of record owner)	% of Capital Stock
Eusebio H. Tanco	15,257,663	26,627,884	2.09
Rodolfo G. Corvite, Jr.	222,398	NA	0.01

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Not required under the SEC Form 17-A

Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each Director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	A separate Certification on SEC Form 17-C is disclosed every January of each year.
Attendance details of each director/commissioner in respect of meeting held	A separate Certification on SEC Form 17-C is disclosed every January of each year.
Details of the remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee[9]

Name of Auditor	Audit Fee (PhpM)	Non-audit Fee
R.G. Manabat & Co.	2,762.5	None

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.
a) Posting on the Company Website
b) Electronic Mail
c) Postal service
d) Press releases
e) Disclosures

5) Date of release of audited financial report:

March 7, 2014 for the year ended December 31, 2013.

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

[9] For the period ending December 31, 2014

Yes

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloaded annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) <u>Disclosure of RPT</u>

RPT	Relationship	Nature
DP World Australia (POAL) Limited, and P&O Management Services Phils., Inc.(POMS)	Contractual	Management Contract between ATI and POMS. 40% of POMS is owned by DP World Australia (POAL) Limited.
ATI Holdings, Inc. (ATIH) and DP World Australia (POAL) Limited	Business	DP World Australia (POAL) Limited owns 100% of ATIH
Insurance Builders, Marbay Homes, Southern Textile Mills, Inc. (STMI) and Eujo Philippines Inc. and Eusebio H. Tanco	Business	ATI avails of leases from Insurance Builders where Mr. Tanco is the Chairman, and STMI and Eujo Philippines, Inc., where Mr. Tanco is the President
Philippines First Insurance Inc. and PhilCare and Eusebio H. Tanco and Arsenio N. Tanco	Business	ATI avails of insurance and health care services from Philippines First Insurance Inc. and PhilCare where Eusebio H. Tanco is the President and Arsenio N. Tanco is a Director.
GROW Vite Staffing Services Inc. (GROW Vite) and Eusebio H. Tanco and Monico V. Jacob	Business	ATI avails of outsourced manpower services from GROW Vite where Eusebio H. Tanco is the Chairman and Monico V. Jacob is the President

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

The Board coordinates with the Management and the Compliance Officer in monitoring the existence of related party transactions. See discussion in Item B (4) (a)

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Presence of majority of the outstanding capital stock

(b) System Used to Approved Corporate Acts

Explain the system used to approve corporate acts.

System Used	Voting
Description	Majority vote

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

None

Stockholders' Rights under the Corporation Code	Stockholders' Rights not in the Corporation Code
NA	NA

Dividends (for 2014)

Declaration Date	Record Date	Payment Date
April 24, 2014	May 13, 2014	June 6, 2014

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may

communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
In every meeting, the stockholders are given opportunity to bring out any matter related to the agenda and proposed action.	The matter is raised to the floor during the meeting and before adjournment.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
   a. Amendments to the company's constitution
   b. Authorization of additional shares
   c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The Company complies with the procedures set forth in the By-laws and the provisions of the Corporation Code and other regulations issued by the regulatory bodies such as the SEC and the PSE.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

   Yes

   a. Date of sending out notices:

   March 19, 2014 (Notice was released together with the Definitive Information Statement)

   b. Date of the Annual/Special Stockholders' Meeting:

   April 24, 2014

4. State, if any, questions and answers during the Annual/Special Stockholder'' Meeting.

   No significant questions were raised.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Approval of the following:
   a) Minutes of the previous meeting
   b) Re-election of the incumbent directors

c) Approval of the Audited Financial Statements for the year ended December 31, 2013
d) Appointment of the independent auditors
e) Approval of the amendments to the Articles of Incorporation
e) Approval and ratification of the acts of the Board and the Management for 2013
f) Adjournment of the meeting

There were no dissenting votes.

12. Date of publishing the results of the votes taken during the most recent AGM for all resolutions:

April 24, 2014 to PSE and April 28, 2014 to the SEC. Posted on the Company website on April 28, 2014.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification: None

Modification	Reasons for Modification
NA	NA

(f) Stockholders' Attendance

(I) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members/ Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual Meeting (2014)	1)Rashed Ali Hassan Abdulla 2)Eusebio H. Tanco 3)Suhail Al Banna 4) Arsenio N. Tanco 5) Felino A. Palafox, Jr. 6) Artemio V. Panganiban 7) Teodoro L. Locsin, Jr. 8) Kwok Leung Law 9) Flemming Dalgaard 10) Andrew R. Hoad 11) Rodolfo G. Corvite, Jr. 12) Jose Tristan P. Carpio 13) Bastiaan W. Hokke 14) Christopher Joe Styles	April 24, 2014	poll	0.85%	82%	82.85%

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to his standard. where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	Individual shareholders may send proxy stating the name of designated person/s. Corporate shareholders may send proxy accompanied by a notarized secretary's certificate indicating the designated person and the officer authorized to sign the proxy form on behalf of the corporation.
Notary	For corporate shareholders, yes
Submission of proxy	Last day is 10 days prior to the actual meeting, pursuant to the SEC Circular No. 5 series 1996
Several proxies	During registration and prior to the meeting, the registration committee determines from the attending proxies whether proxies will vote separately or as a whole.
Validity of proxy	The Company follows the provisions of the Corporation Code on validity of proxy
Proxies executed abroad	Notarized and consularized
Invalidated Proxy	Proxy is invalidated if it fails to meet the minimum requirements of the Corporation Code.
Validation of Proxy	The proxies received within the period stated in the Notice are sent to the stock and transfer agent for validation. For late proxies, validation may be made before the meeting by the representatives of the stock and transfer agent.
Violation of Proxy	Vote will not be considered.

(h) Sending of Notices

State the company's policies and procedure on the sending notices of Annual/Special Stockholders' Meeting.

Policies	Procedures
The Company incorporates the Notice and Agenda to the Information Statement distributed at least 15 business days prior to the meeting, pursuant to the requirements of the Implementing Rules and Regulations of the of the Securities and Regulation Code.	The Company sends the Notice and Agenda together with the Information Statement by personal service, courier or mail to the stockholders of record at least 15 business days prior to the actual date of the meeting.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	872 plus the 181 PCD participants
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	March 25 to 28, 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by Stockholders	March 25 to 28, 2014
State whether CD format or hard copies were distributed	Hard Copies
If yes, indicate whether requesting stockholders were provided hard copies	Yes

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualifications, date of first appointment, Experience, and directorships in other listed companies) Nominated for election/re-election.	Item is included in the distributed Information Statement
The auditors to be appointed or re-appointed.	Item is included in the distributed Information Statement
An explanation of the dividend policy, if any dividend is to be declared.	Item is included in the distributed

	Information Statement
The amount payable for final dividends.	Item is included in the distributed Information Statement
Documents required for proxy vote.	Reference to Section 58 of the Corporation Code

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
The CG Manual provisions on rights of stockholders are observed.	As provided in the CG Manual

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communication policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The key officers in coordination with the Marketing and Commercial Department, the Office of the Corporate Communications and the Corporate Secretary review any external communication to be released. Internal communication is handled by top management and coordinated with the compliance officer.

2) Describe the company's investor program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the constant details (e.g. telephone, fax, and email) of the officer responsible for investor relations.

	Details
(1) Objectives	• Inform stockholders of the financial and operational results of the company for the preceding fiscal year and the end of every quarter; • Provide potential investors with factual

	information about the Company as requested
(2) Principles	• Transparency • Accountability • Sound Operational Strategies • Prudent Fiscal Management
(3) Modes of Communications	• Annual Stockholders Meeting • ATI annual report • Corporate Website • Disclosures • Press releases • Port tours and site visits
(4) Investors Relations Officer	Inquiries and matters on IR are addressed in coordination with Finance, Marketing, Corporate Communications and Corporate Secretary.

Telephone Number : 528-6000
Fax: 527-3647
Email: marketing@asianterminals.com.ph
corpcom@asianterminals.com.ph

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as merges, and sales of substantial portions of corporate assets?

The provisions of the Bylaws and the Corporation Code and other applicable rules issued by the SEC are followed with respect to matters pertaining to transactions described above.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

NA

L. CORPORATE SOCIAL RESPONSIBILITIES INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
ATI Scholarship Program	Qualified children and dependents of ATI employees; underprivileged kids in surrounding communities
Support for ABS-CBN's Bantay Kalikasan Tree-planting and protection of La Mesa Watershed	Metro Manila Residents – protection of source of potable water (as of December 31, 2013, 14 hectares of the La Mesa forest

	reserve have been protected by ATI
DepEd's Adopt-a-School Program	Selected public elementary schools in surrounding port community.
Free medical and dental mission	Surrounding underprivileged port communities.
Support for Marina, Philippine Ports Authority & Philippine Coast Guards annual coastal clean-up drive	Surrounding port communities
Support for charitable institutions	Various NGOs for their target beneficiaries such as abandoned children, cultural minorities and the disabled.
Corporate donations during severe calamities	Communities affected by severe typhoons, flooding and natural calamities in various parts of the country- sustained support for Typhoon Yolanda victims

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual Performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	Process to be formulated	NA
Board Committees	Self assessment of the audit committee is done annually in accordance with the Audit Committee Charter	Performance Rating on various functions is made. Rating is 1 to 10 with 10 as the highest
Individual Directors	Process to be formulated	NA
CEO/President	Process to be formulated	NA

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
In case of violation of any of the provisions of the Manual:	a) first violation, the subject person shall be reprimanded. b) Suspension from office shall be imposed in case of the second violation. The duration of the suspension shall depend on the gravity of the violation. c) Third violation, the maximum penalty of removal from office shall be imposed.

**NOTE: Last January 9, 2015 the Consolidated Changes to the ACGR for 2014 was submitted to the SEC as required by SEC Memorandum Circular No. 12 series of 2014.*

This current submission is in compliance with SEC Memorandum Circular No. 4 series of 2015, which requires all publicly listed companies to submit the ACGR for the year ending December 31, 2014. It is accompanied by a Secretary's Certificate executed last January 9, 2015 with excerpts of the Board Minutes as applicable, regarding the updates in the ACGR.

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA) S.S.

SECRETARY'S CERTIFICATE

I, **RODOLFO G. CORVITE, JR.**, Filipino, of legal age, with office address at ATI Head Office, A. Bonifacio Drive, Port Area, Manila, after having been sworn, in accordance with law, depose and state that:

1. I am the Corporate Secretary of Asian Terminals, Inc. (ATI), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at ATI Head Office, A. Bonifacio Drive, Port Area, Manila;

2. As such I have custody of the documents and other records of the Corporation;

3. The consolidated changes in the Annual Corporate Governance Report (ACGR) for 2014 reflects the resolutions of the Board of Directors of ATI, as applicable, in its regular and special meetings. *List and excerpts are hereto attached as Annex "A";*

4. Nothing further.

IN WITNESS WHEREOF, I have signed this Certificate this 9day of January 2015 in Manila, Philippines.

RODOLFO G. CORVITE, JR.
Corporate Secretary

SUBSCRIBED AND SWORN to before me this JAN 0 9 2015 day of January 2015 at Manila, affiant exhibiting to me his Passport Number EB3806967 issued on October 6, 2011 in Manila.

Doc. No. 49;
Page No. 11;
Book No. 1;
Series of 2015.

ATTY. RAMIL JOSELITO B. TAMAYO
NOTARY PUBLIC TIN NO. 231430744000 ROLL NO. 49687
PTR No. 3437901 Until 1-5-16 MCLE No. IV-0021944 issued July 12 2013
IBP LIFE No. 942235, Commission No. 2014-013 Until 12-31-15 MANILA
Office Add: National Press Club Bldg. Magallanes Drive, Intramuros, Manila

SC ATI 2015-01-01 (ACGR 2014 Certification)

Annex "A"

Resolutions:

1. February 24, 2014- Re-appointment of External Auditors, Amendment to the Articles of Incorporation, Annual Stockholders' Meeting date, time, venue, agenda and record dates.

I. CORPORATE ISSUES

E. 2014 ANNUAL STOCKHOLDERS MEETING

Noted:

As provided in the ATI By-Laws (Art. III Sec. 2) the annual stockholders meeting will be held on the fourth Thursday of April which would be April 24 at 2PM.

Venue will be at the Diamond Hotel Ballroom.

Record date is March 25 and the ex date is March 19.

The Agenda will include the election of Directors, the approval of the 2013 Audited Financial Statements, appointment of independent auditors, approval of the amendment to the articles of incorporation and the approval and ratification of the acts of the board and management for the year 2013.

Further, notice to stockholders has been sent last February 17 to submit their nominees for election to the ATI Board on or before February 24th. The Nominations Committee will then convene after the nominations have been received to pass upon the qualifications of the nominees.

V. MATTERS FOR APPROVAL

A. Re-appointment of External Auditors

4. RESOLVED: Upon motion duly seconded, the Board unanimously approved the re-appointment of R.G. Manabat & Co. as external auditors of the Company for 2014.

C. Amendment of the Articles of Incorporation

Noted:

1. The current provisions of the ATI Articles of Incorporation restrict conduct of business outside the country. ATI can only do business within the Philippines. This will give ATI the ability to look into more projects outside the Philippines.
2. The amendment will be submitted for approval of 2/3 of stockholders during the Annual Stockholders Meeting on April 24, 2014.
3. **RESOLVED:** The Board upon motion duly seconded, unanimously resolved to approve the amendment of the Articles of Incorporation to allow ATI to conduct business in the Philippines or overseas, subject to the approval of 2/3 of the stockholders in the Annual Stockholders Meeting on April 24, 2014.

2. April 24, 2014- Declaration of dividends, record and payment dates

5. RESOLVED: Upon motion duly made and seconded, the Board unanimously approved the declaration of cash dividends in the amount of Php0.35 per share or a total of Php700M payable on June 6, 2014 to stockholders of record as of May 13, 2014.

VI. OTHER MATTERS

A. Amendment to the Articles of Incorporation

1. The additional amendment to the Articles of Incorporation is in compliance with the SEC Memorandum Circular No. 6, series of 2014 requiring all corporations to amend their principal office address.
2. The proposed amendment to the Third Article is:

   "THIRD: That the place where the principal office of the corporation is to be located at ATI Head Office, A. Bonifacio Drive, Port Area, Manila"

3. This amendment, together with the one approved in the last board meeting will be presented for the approval of the stockholders in the Annual Stockholders' Meeting.
4. **RESOLVED:** The Board upon motion duly seconded, unanimously resolved to approve the amendment of the Articles of Incorporation, subject to the approval of the stockholders in the Annual Stockholders Meeting.

ASIAN TERMINALS, INC. AND A SUBSIDIARY

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17-A, Item 7

ASIAN TERMINALS INCORPORATED
ISO 28000, ISO 14001 & OHSAS 18001 certified
Delivering reliable and consistent services

Asian Terminals Inc. Head Office
A. Bonifacio Drive, Port Area, Manila
1018 Philippines
P.O. Box 3021, Manila, Philippines
Tel. No. (+632) 528-6000
Fax (+632) 527-2467

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of ASIAN TERMINALS, INC. AND A SUBSIDIARY (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements 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.

RASHED ALI HASSAN ABDULLA
Chairman of the Board

EUSEBIO H. TANCO
President

JOSE TRISTAN P. CARPIO
Chief Financial Officer

Signed this 10th of March, 2015

SUBSCRIBED AND SWORN TO before me this MAR 1 0 2015 day of _____ 2015, the signatories exhibiting to me their respective Passports/Driver's License Nos., as follows:

Name	Passport Nos.	Date/Place Issued
1. Rashed Ali Hassan Abdulla	LY6118219	2/15/15; Dubai
2. Eusebio H. Tanco	EC2037045	9/4/14; Manila
3. Jose Tristan P. Carpio	EC2215520	9/26/14; Manila

Notary Public

Doc. No. 209
Page No. 42
Book No. IV;
Series of 2015.

JEFF L. MARTINEZ
Notary Public, Until Dec. 31, 2015
PTR No. 3051490, 1/6/2015, Manila
IBP No. [illegible], Manila IV (for 2015)
Roll of Attorney No. [illegible]
MCLE COMPL. No. IV [illegible], 1/7/2013
2nd Floor, Casa Maritima
651 Gen. Luna St., Intramuros, Manila

ASIAN TERMINALS, INC. AND A SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014, 2013, and 2012

REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
Asian Terminals, Inc.

We have audited the accompanying consolidated financial statements of Asian Terminals, Inc. and a Subsidiary, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, 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, 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Asian Terminals, Inc. and a Subsidiary as at December 31, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2014, in accordance with Philippine Financial Reporting Standards.

R.G. Manabat & Co.

March 10, 2015
Makati City, Metro Manila

R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

Branches: Subic · Cebu · Bacolod · Iloilo

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Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
E-Mail ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying consolidated financial statements of Asian Terminals, Inc. and a Subsidiary, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, 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, 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

PRC-BOA Registration No. 0003, valid until December 31, 2016
SEC Accreditation No. 0004-FR-4, Group A, valid until November 10, 2017
IC Accreditation No. F-2014/014-R, valid until August 26, 2017

KPMG

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Asian Terminals, Inc. and a Subsidiary as at December 31, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2014, in accordance with Philippine Financial Reporting Standards.

R.G. MANABAT & CO.

ENRICO E. BALUYUT
Partner
CPA License No. 065537
SEC Accreditation No. 1177-A, Group A, valid until March 31, 2015
Tax Identification No. 131-029-752
BIR Accreditation No. 08-001987-26-2014
Issued September 26, 2014; valid until September 25, 2017
PTR No. 4748099MC
Issued January 5, 2015 at Makati City

March 10, 2015
Makati City, Metro Manila

ASIAN TERMINALS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Thousands)

		December 31	
	Note	**2014**	2013
ASSETS			
Current Assets			
Cash and cash equivalents	*6, 24*	**P3,606,926**	P2,750,116
Trade and other receivables - net	*7, 24*	**478,795**	364,982
Spare parts and supplies		**194,263**	188,155
Prepaid expenses	*8*	**443,250**	402,152
Total Current Assets		**4,723,234**	3,705,405
Noncurrent Assets			
Investment in an associate	*9*	**59,374**	57,713
Property and equipment - net	*10*	**455,625**	341,718
Intangible assets - net and goodwill	*11*	**14,175,435**	14,153,233
Deferred tax assets - net	*13*	**386,883**	305,681
Other noncurrent assets	*12*	**70,179**	85,548
Total Noncurrent Assets		**15,147,496**	14,943,893
		P19,870,730	P18,649,298
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*14, 19*	**P1,861,686**	P1,752,178
Provisions for claims	*15*	**50,750**	52,060
Port concession rights payable - current portion	*24*	**134,029**	124,782
Income and other taxes payable		**209,567**	169,080
Total Current Liabilities		**2,256,032**	2,098,100
Noncurrent Liabilities			
Port concession rights payable - net of current portion	*24*	**7,495,409**	7,569,891
Pension liability	*20*	**121,829**	65,974
Total Noncurrent Liabilities		**7,617,238**	7,635,865
		9,873,270	9,733,965

Forward

	Note	December 31 2014	2013
Equity			
Equity Attributable to Equity Holders of the Parent Company	*16*		
Capital stock		**P2,000,000**	P2,000,000
Additional paid-in capital		**264,300**	264,300
Retained earnings		**7,841,267**	6,653,749
Hedging reserve		**(106,838)**	-
Fair value reserve		**(5,820)**	(5,820)
		9,992,909	8,912,229
Non-controlling Interest		**4,551**	3,104
Total Equity		**9,997,460**	8,915,333
		P19,870,730	P18,649,298

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Data)

		Years Ended December 31		
	Note	**2014**	2013	2012
REVENUES FROM OPERATIONS	*2*	**P8,241,095**	P6,573,492	P6,227,660
COSTS AND EXPENSES	*17, 19, 20*	**(5,253,420)**	(4,070,918)	(3,845,896)
OTHER INCOME AND EXPENSES				
Finance cost	*18*	**(540,493)**	(470,845)	(240,303)
Finance income	*18*	**32,217**	53,408	68,660
Others - net	*18*	**181,270**	(426,847)	178,744
		(327,006)	(844,284)	7,101
CONSTRUCTION REVENUES	*11*	**853,046**	1,614,984	823,714
CONSTRUCTION COSTS	*11*	**(853,046)**	(1,614,984)	(823,714)
		-	-	-
INCOME BEFORE INCOME TAX		**2,660,669**	1,658,290	2,388,865
INCOME TAX EXPENSE	*13*			
Current		**789,823**	645,878	668,256
Deferred		**(30,475)**	(193,109)	15,543
		759,348	452,769	683,799
NET INCOME		**P1,901,321**	P1,205,521	P1,705,066
Income Attributable to				
Equity Holders of the Parent Company		**P1,899,055**	P1,203,539	P1,703,447
Non-controlling interest		**2,266**	1,982	1,619
		P1,901,321	P1,205,521	P1,705,066
Basic/Diluted Earnings per Share Attributable to Equity Holders of the Parent Company	*21*	**P0.95**	P0.60	P0.85

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

		Years Ended December 31		
	Note	**2014**	2013	2012
NET INCOME FOR THE YEAR		**P1,901,321**	P1,205,521	P1,705,066
OTHER COMPREHENSIVE INCOME				
Item that will never be reclassified to profit or loss				
Remeasurement of pension liability (asset)	*20*	**(16,466)**	101,848	(75,982)
Tax on item taken directly to equity	*13*	**4,940**	(30,554)	22,795
		(11,526)	71,294	(53,187)
Items that are or may be reclassified to profit or loss				
Cash flow hedge - effective portion		**(167,881)**	-	-
Cash flow hedge - reclassified to profit or loss		**15,256**	-	-
Tax on items taken directly to equity		**45,787**	-	-
	16	**(106,838)**	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR - Net of tax		**(118,364)**	71,294	(53,187)
TOTAL COMPREHENSIVE INCOME		**P1,782,957**	P1,276,815	P1,651,879
Total Comprehensive Income Attributable to				
Equity Holders of the Parent Company		**P1,780,680**	P1,274,787	P1,650,278
Non-controlling interest		**2,277**	2,028	1,601
		P1,782,957	P1,276,815	P1,651,879

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands, Except Per Share Data)

		Years Ended December 31								
		Attributable to Equity Holders of the Parent Company								
				Retained Earnings						
	Note	Capital Stock	Additional Paid-in Capital	Appropriated for Port Development	Unappropriated	Hedging Reserve	Fair Value Reserve	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2014		**P2,000,000**	**P264,300**	**P4,700,000**	**P1,953,749**	**P -**	**(P5,820)**	**P8,912,229**	**P3,104**	**P8,915,333**
Cash dividends - P0.35 a share for ATI	*16*	-	-	-	(700,000)	-	-	(700,000)	(830)	(700,830)
Appropriations during the year	*16*	-	-	-	-	-	-	-	-	-
Net income for the year		-	-	-	1,899,055	-	-	1,899,055	2,266	1,901,321
Other comprehensive income										
Actuarial loss - net of tax		-	-	-	(11,537)	-	-	(11,537)	11	(11,526)
Cash flow hedge - effective portion - net of tax	*16*	-	-	-	-	(117,517)	-	(117,517)	-	(117,517)
Cash flow hedge - reclassified to profit or loss - net of tax	*16*	-	-	-	-	10,679	-	10,679	-	10,679
Balance at December 31, 2014		**P2,000,000**	**P264,300**	**P4,700,000**	**P3,141,267**	**(P106,838)**	**(P5,820)**	**P9,992,909**	**P4,551**	**P9,997,460**
Balance at January 1, 2013		P2,000,000	P264,300	P1,000,000	P5,093,143	P -	(P5,820)	P8,351,623	P1,906	P8,353,529
Prior period adjustments		-	-	-	(14,181)	-	-	(14,181)	-	(14,181)
Cash dividends - P0.35 a share for ATI	*16*	-	-	-	(700,000)	-	-	(700,000)	(830)	(700,830)
Appropriations during the year	*16*	-	-	3,700,000	(3,700,000)	-	-	-	-	-
Net income for the year		-	-	-	1,203,539	-	-	1,203,539	1,982	1,205,521
Other comprehensive income										
Actuarial gain - net of tax		-	-	-	71,248	-	-	71,248	46	71,294
Balance at December 31, 2013		P2,000,000	P264,300	P4,700,000	P1,953,749	P -	(P5,820)	P8,912,229	P3,104	P8,915,333

Forward

Years Ended December 31

	Attributable to Equity Holders of the Parent Company							
			Retained Earnings					
	Capital Stock	Additional Paid-in Capital	Appropriated for Port Development	Unappropriated	Fair Value Reserve	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2012	P2,000,000	P264,300	P1,000,000	P4,042,865	(P5,820)	P7,301,345	P1,135	P7,302,480
Cash dividends - P0.30 a share for ATI	-	-	-	(600,000)	-	(600,000)	(830)	(600,830)
Net income for the year	-	-	-	1,703,447	-	1,703,447	1,619	1,705,066
Other comprehensive income								
Actuarial loss - net of tax	-	-	-	(53,169)	-	(53,169)	(18)	(53,187)
Balance at December 31, 2012	P2,000,000	P264,300	P1,000,000	P5,093,143	(P5,820)	P8,351,623	P1,906	P8,353,529

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

		Years Ended December 31		
	Note	**2014**	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P2,660,669**	P1,658,290	P2,388,865
Adjustments for:				
Depreciation and amortization	*10, 11*	**861,976**	776,926	720,506
Finance cost	*18*	**540,493**	470,845	240,303
Finance income	*18*	**(32,217)**	(53,408)	(68,660)
Contributions to retirement funds	*20*	**-**	(28,036)	(2,597)
Net unrealized foreign exchange (gains) losses		**(117,726)**	523,061	(128,752)
Equity in net earnings of an associate	*9*	**(34,618)**	(29,333)	(23,568)
Gain on disposals of:				
Property and equipment		**(2,279)**	(7,288)	(625)
Intangible assets		**(1,588)**	-	51
Loss on retirement of intangible assets		**17,273**	-	-
Amortization of noncurrent prepaid rental		**984**	984	984
Provisions for inventory obsolescence		**10,434**	-	-
Operating income before working capital changes		**3,903,401**	3,312,041	3,126,507
Decrease (increase) in:				
Trade and other receivables	*7*	**(111,788)**	(81,931)	76,660
Spare parts and supplies		**(16,542)**	4,476	(21,952)
Prepaid expenses	*8*	**(41,098)**	(178,577)	150,637
Increase (decrease) in:				
Trade and other payables	*14*	**150,568**	498,396	(341,074)
Provisions for claims	*15*	**(1,310)**	(29,808)	(6,161)
Income and other taxes payable		**(3,778)**	(8,359)	(5,002)
Cash generated from operations		**3,879,453**	3,516,238	2,979,615
Finance income received		**29,053**	53,664	67,826
Finance cost paid		**(382)**	(14,045)	(1,988)
Income tax paid		**(745,558)**	(644,001)	(653,743)
Net cash provided by operating activities		**3,162,566**	2,911,856	2,391,710

Forward

	Note	2014	2013	2012
		Years Ended December 31		
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	*10*	**(P163,471)**	(P82,619)	(P92,070)
Intangible assets	*11*	**(853,046)**	(1,896,984)	(823,714)
Decrease (increase) in other noncurrent assets		**20,457**	12,801	23,129
Proceeds from disposals of:				
Property and equipment		**2,332**	27,334	625
Intangible assets		**2,694**	-	1,162
Increase in deposits		**(4,933)**	(835)	(1,876)
Dividends received		**32,957**	37,614	17,911
Net cash used in investing activities		**(963,010)**	(1,902,689)	(874,833)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	*16*	**(700,000)**	(700,000)	(600,000)
Cash dividends to non-controlling interest		**(830)**	(830)	(830)
Port concession rights payable		**(637,801)**	(579,275)	(402,651)
Net cash used in financing activities		**(1,338,631)**	(1,280,105)	(1,003,481)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**860,925**	(270,938)	513,396
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(4,115)**	1,864	(7,181)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*6*	**2,750,116**	3,019,190	2,512,975
CASH AND CASH EQUIVALENTS AT END OF YEAR	*6*	**P3,606,926**	P2,750,116	P3,019,190

See Notes to the Consolidated Financial Statements.

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 accompanying consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiary, ATI Batangas, Inc. (ATIB), (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 (PSE). 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 A. Bonifacio Drive, Port Area, Manila.

P & O Management Services Phils., Inc. (POMS) manages ATI by virtue of a management agreement (see Note 19). Forty percent of the outstanding capital stock of POMS is owned by DP World Australia (POAL) Limited. POAL directly owns 17.32% of the total outstanding capital stock of ATI.

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 with the Philippine Ports Authority (PPA) dated October 19, 2007.

b. Port of Batangas

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 October 19, 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 Fast Craft Passenger Terminal.

A Lease Agreement for the management and operation of additional assets and facilities in Phase I was signed with PPA effective August 1, 2009 until October 20, 2015. 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 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.

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 (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations issued by the Philippine Financial Reporting Standards Council (FRSC).

The accompanying consolidated financial statements were authorized for issue by the Board of Directors (BOD) on March 10, 2015.

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:

- available-for-sale (AFS) financial assets measured at fair value; and

- net pension (asset) liability measured at the fair value of plan assets less the present value of the defined benefit obligation.

Functional and Presentation Currency

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of ATI and ATIB as at December 31, 2014 and 2013. ATIB is a 98.82% owned subsidiary. The financial statements of ATIB 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.

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. Significant Accounting Policies

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

The Group has adopted amendments to standards and interpretations, including any consequential amendments to other standards, with date of initial application of January 1, 2014.

Adoption of New or Revised Standards, Amendments to Standards and Interpretation

The adoption of the following amendments to standards and interpretation did not have any impact on the Group's financial statements.

- *Offsetting Financial Assets and Financial Liabilities (Amendments to* PAS 32*)*. These amendments clarify that: (a) an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and (b) gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle.

- *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to* PAS 36*)*. These narrow-scope amendments to PAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarified that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

- *Novation of Derivatives and Continuation of Hedge Accounting (Amendments to* PAS 39*)*. The amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

- *Philippine Interpretation* IFRIC 21 *Levies*. This interpretation provides guidance on accounting for levies in accordance with the requirements of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation confirms that an entity recognizes a liability for a levy when, and only when, the triggering event specified in the legislation occurs. An entity does not recognize a liability at an earlier date even if it has no realistic opportunity to avoid the triggering event. Other standards should be applied to determine whether the debit side is an asset or expense. Outflows within the scope of PAS 12, *Income Taxes*, fines and penalties, and liabilities arising from emission trading schemes are explicitly excluded from the scope.

New or Revised Standards and Amendments to Standards Not Yet Adopted
A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2014. However, the Group has not applied the following new standard in preparing these consolidated financial statements. PFRS 9 is not expected to have a significant impact on the Group's financial statements.

- PFRS 9, *Financial Instruments*. PFRS 9, published in July 2014, replaces the existing guidance in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from PAS 39. PFRS is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The following new or amended standards are not expected to have a significant impact on the Group's financial statements:

- *Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments to PAS 16 and PAS 38).
- *Annual Improvements to* PFRSs 2010-2012 Cycle.
- *Annual Improvements to* PFRSs 2011-2013 Cycle.
- *Annual Improvements to* PFRSs 2012-2014 Cycle.

Financial Assets and Financial Liabilities
Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those classified as financial assets at fair value through profit or loss (FVPL), includes transaction costs.

Financial assets are classified into the following categories: financial assets at FVPL, loans and receivable, held-to-maturity (HTM) investments, and AFS financial assets. Financial liabilities are classified as either financial liabilities at FVPL or other financial liabilities. The Group determines the classification of financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at every reporting date.

The Group does not have HTM investments and financial assets and liabilities at FVPL.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest method, less any impairment in value. Any interest earned on loans and receivables shall be recognized as part of "Finance income" in the consolidated statements of income on an accrual basis. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate. The periodic amortization is also included as part of "Finance income" in the consolidated statements of income. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired.

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 and which are subject to an insignificant risk of change in value.

The Group's cash and cash equivalents, trade and other receivables and deposits are included in this category (see Notes 6, 7, 12 and 24).

The combined carrying amounts of financial assets under this category amounted to P4.1 billion and P3.1 billion as at December 31, 2014 and 2013, respectively (see Note 24).

AFS Financial Assets. AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other financial asset categories. Subsequent to initial recognition, AFS financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS debt instruments, are recognized in other comprehensive income and presented in the "Fair value reserve" in equity. Dividends earned on holding AFS equity securities are recognized as dividend income when the right to receive payment has been established. When individual AFS financial assets are either derecognized or impaired, the related accumulated unrealized gains or losses previously reported in equity are transferred to and recognized in profit or loss.

AFS financial assets also include unquoted equity instruments with fair values which cannot be reliably determined. These instruments are carried at cost less impairment in value, if any.

The Group's investments in quoted and unquoted shares are included under "AFS financial assets" account classified under this category (see Note 12).

The carrying amount of financial assets under this category amounted to P2.7 million as at December 31, 2014 and 2013 (see Note 24).

Financial Liabilities

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability.

Included in this category is the Group's trade and other payables and port concession rights payable (see Notes 14 and 24).

The combined carrying amounts of financial liabilities under this category amounted to P9.5 billion and P9.4 billion as at December 31, 2014 and 2013, respectively (see Note 24).

Derecognition of Financial Assets and Liabilities

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

- the right to receive cash flows from the asset has expired; or
- 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 the control of the asset.

When the Group has transferred its rights to receive cash flows from an asset 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 repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where 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. The difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Assets Carried at Amortized Cost. For assets carried at amortized cost such as loans and receivables, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If no objective evidence of impairment has been identified for a particular financial asset that was individually assessed, the Group includes the asset as part of a group of financial assets pooled according to their credit risk characteristics and collectively assesses the group for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in the collective impairment assessment.

Evidence of impairment for specific impairment purposes may include indications that the borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower.

For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets.

If there is objective evidence of impairment, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). Time value is generally not considered when the effect of discounting the cash flows is not material. If a loan or receivable has a variable rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. For collective impairment purposes, impairment loss is computed based on their respective default and historical loss experience.

The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The impairment loss for the period shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

Assets Carried at Cost. If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS Financial Assets. If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair values, less any impairment loss on that financial asset previously recognized in profit or loss is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as AFS financial assets are not recognized in profit or loss. Reversals of impairment losses on debt instruments are recognized in profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

<u>Offsetting Financial Instruments</u>

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.

Spare Parts and Supplies
Spare parts and supplies are stated at the lower of cost and net realizable value (selling price less cost to complete and sell). 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 a Subsidiary
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 subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling Interest
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. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

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 of the associate after the date of acquisition. The Group's share in the profit or loss of the associate is recognized in the Group's statement 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 in value. 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	5 years
Transportation and other equipment	4 - 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, if any.

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 economic lives, 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 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 Group as part of the service concession arrangement.

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 Group but as intangible asset; and

c. Future fixed fee considerations in exchange for license or right. Fixed fees are 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 economic lives, 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 economic lives ranging from 2 to 25 years.

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 and intangible 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 capital 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." Additional paid-in capital also arises from additional capital contributions from the shareholders.

Retained Earnings and Dividend Distribution

Retained earnings include current and prior years' results, net of transactions with shareholders and dividends declared, if any.

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.

Other Comprehensive Income

Other comprehensive income are items of income and expense that are not recognized in profit or loss as required or permitted by the related accounting standards.

Revenue, Cost and Expense Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, net of discounts, rebates and applicable taxes. The following are specific recognition policies of the Group:

Revenues from Operations

- Revenues from cargo handling operations are recognized when services are rendered.
- Passenger terminal fees are recognized upon sale of terminal tickets.
- 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 based on the stage of completion of work performed in accordance with PAS 11, *Construction Contracts*. The fair value of the construction and upgrade services provided is equal to the recorded cost of the intangible asset built up from day one until the construction activity ceases.

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

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one of the following applies:

(a) there is a change in contractual terms, other than a renewal or extension of the arrangement;

(b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

(c) there is a change in the determination of whether fulfillment is dependent on a specific asset; and

(d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Operating Lease
Group as Lessee. Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term. Associated costs such as maintenance and insurance are expensed as incurred.

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 plans is determined separately for each plan using the projected unit credit method.

The defined benefit 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 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 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 liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit 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 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.

Cash Flow Hedge of a Forecast Transaction Using a Non-derivative Instrument
The port concession rights payable i.e. hedging instrument is a non-derivative monetary item. A non-derivative financial instrument is permitted to be used as a hedging instrument only for hedges of foreign currency risk. The effective portion of the foreign exchange gains and losses on the hedging instrument is recognized in other comprehensive income. Any ineffective portion is recognized in profit or loss.

The spot movement of the port concession rights payable that is recognized in other comprehensive income is reclassified to profit or loss when the hedged item i.e. the highly probable forecast revenue transaction affects profit or loss. Since the impact of the hedged risk on profit or loss arising from the highly probable forecast transaction is expected to impact profit or loss over future periods, the amount recognized in the hedging reserve will remain in other comprehensive income until the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, terminated or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

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 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 income tax liabilities are not provided on non-taxable temporary differences associated with investments in a domestic subsidiary 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 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.

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. Management reviews segment reports on a regular basis.

The Group has a single operating reportable segment as its business has been exclusively on port operations since 2010.

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 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 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.

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

Port Concession Rights. 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. In making those estimates, the management is required to determine a suitable discount rate to calculate the present value of port concessions rights. The Group believes, that, while the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements.

Operating Lease. The Group has entered into various lease agreements as a lessee. The Group had determined that significant risks and rewards for properties leased from third parties are retained by the lessors.

Rent expense charged to consolidated statements of income amounted to P171.0 million, P92.4 million and P62.6 million in 2014, 2013 and 2012, respectively (see Note 17).

Measurement of Fair values. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy, described as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at reporting date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; 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 financial instruments are discussed in Note 24 to the consolidated financial statements.

Allowance for Impairment Losses on Trade and Other Receivables. Provisions are made for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates these accounts on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Group's relationship with the customers and counterparties, the customers' current credit status based on third party credit reports and known market forces, average age of accounts, collection experience, and historical loss experience. The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different methodologies. An increase in allowance for impairment losses would increase the recorded operating expenses and decrease current assets.

The allowance for impairment losses amounted to P23.6 million as at December 31, 2014 and 2013, respectively. The carrying amounts of trade and other receivables amounted to P478.8 million and P365.0 million as at December 31, 2014 and 2013, respectively (see Note 7).

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 the assistance of outside legal counsel.

The carrying amounts of the provisions for claims amounted to P50.8 million and P52.1 million as at December 31, 2014 and 2013, respectively (see Note 15).

Estimated Useful Lives of Property and Equipment and Intangible Assets with Definite Useful Lives. The Group reviews annually the estimated useful lives of property and equipment and intangible assets with definite useful lives based on expected asset utilization, market demands and future technological developments consistent with the Group's pursuit of constant modernization of equipment fleet to ensure the availability, reliability and cost-efficiency of the equipment. It is possible that the factors mentioned may change in the future, which could cause a change in estimated useful lives. A reduction in the estimated useful lives could cause a significant increase in depreciation and amortization of property and equipment and intangible assets with definite useful lives.

The carrying amount of property and equipment amounted to P455.6 million and P341.7 million as at December 31, 2014 and 2013, respectively (see Note 10). The carrying amount of intangible assets with definite useful lives amounted to P14.1 billion as at December 31, 2014 and 2013, respectively (see Note 11).

Asset Impairment. The Group assesses impairment on property and equipment, intangible assets with definite useful lives and investment in an associate whenever events or changes in circumstances indicate that the carrying amount of the asset may no longer be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance related to the expected or projected operating results;
- significant changes in the manner of use of the assets; and
- significant negative industry or economic trends.

The Group determined that there are no impairment indicators related to its property and equipment, intangible assets with definite useful lives and investment in an associate.

The carrying amount of investment in an associate amounted to P59.4 million and P57.7 million as at December 31, 2014 and 2013, respectively (see Note 9). There were no accumulated impairment losses as at December 31, 2014 and 2013 (see Notes 9, 10 and 11).

Impairment of Goodwill. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of ATIB, the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of goodwill amounted to P42.1 million as at December 31, 2014 and 2013 (see Note 11). There are no impairment losses as at December 31, 2014 and 2013.

Deferred Tax Assets. Management uses judgment in reviewing the carrying amount of deferred tax assets. Deferred tax assets are reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of such deferred tax assets to be utilized.

There is no unrecognized deferred tax asset as at December 31, 2014 and 2013. The carrying amounts of deferred tax assets (gross of deferred tax liabilities) amounted to P417.2 million and P337.9 million as at December 31, 2014 and 2013, respectively (see Note 13).

Pension Cost. The determination of the obligation and cost for pension benefits is dependent on the selection of certain assumptions used by the Group and its actuary in calculating such amounts. Those assumptions are described in Note 20 to the consolidated financial statements and included among others, discount rate, expected rate of return on plan assets and salary increase rate. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's pension obligations.

Pension liability recognized by ATI as at December 31, 2014 and 2013 amounted to P112.6 million and P57.8 million, respectively. Pension liability recognized by ATIB as at December 31, 2014 and 2013 amounted to P9.2 million and P8.1 million, respectively (see Note 20).

6. Cash and Cash Equivalents

	2014	2013
	(In Thousands)	
Cash on hand and in banks	**P293,522**	P183,326
Short-term investments	**3,313,404**	2,566,790
	P3,606,926	P2,750,116

Cash in banks earns interest at floating rates based on daily bank deposit rates. Short-term investments are made for varying periods of between one and thirty days depending on the cash requirements of the Group, and earn interest at the prevailing short-term deposit rates.

7. Trade and Other Receivables

	Note	2014	2013
		(In Thousands)	
Trade receivables		**P361,309**	P325,311
Receivable from insurance		**73,697**	-
Advances to officers and employees		**27,140**	24,826
Receivable from escrow fund		**13,174**	13,174
Interest receivable		**2,952**	927
Amounts due from related parties	*19*	**8,793**	9,838
Other receivables		**15,332**	14,508
		502,397	388,584
Allowance for impairment losses		**(23,602)**	(23,602)
		P478,795	P364,982

Trade and other receivables are noninterest-bearing and are short-term in nature.

Movements in the allowance for impairment losses on trade and other receivables are as follows:

	Individually Impaired	Collectively Impaired	Total
		(In Thousands)	
Balance at January 1, 2013	P3,359	P20,644	P24,003
Write-offs during the year	(401)	-	(401)
Balance at December 31, 2013	2,958	20,644	23,602
Provisions during the year	6,297	-	6,297
Reversals during the year	-	(6,297)	(6,297)
Balance at December 31, 2014	**P9,255**	**P14,347**	**P23,602**

As at December 31, 2014 and 2013, the aging analysis of trade and other receivables is as follows:

2014

	Total	Neither Past Due nor Impaired	Past Due but Not Impaired <30 Days	30-60 Days	61-90 Days	Over 90 Days	Past Due and Impaired
			(In Thousands)				
Trade receivables	P361,309	P331,912	P14,769	P -	P -	P -	P14,628
Other receivables	141,088	13,086	11,495	72,361	3,625	31,547	8,974
	P502,397	**P344,998**	**P26,264**	**P72,361**	**P3,625**	**P31,547**	**P23,602**

2013

	Total	Neither Past Due nor Impaired	Past Due but Not Impaired <30 Days	30-60 Days	61-90 Days	Over 90 Days	Past Due and Impaired
			(In Thousands)				
Trade receivables	P325,311	P305,959	P4,724	P -	P -	P -	P14,628
Other receivables	63,273	9,719	6,171	2,252	4,342	31,815	8,974
	P388,584	P315,678	P10,895	P2,252	P4,342	P31,815	P23,602

8. Prepaid Expenses

	Note	**2014**	2013
		(In Thousands)	
Taxes		**P312,198**	P336,515
Rental	*12*	**83,631**	16,011
Insurance		**35,986**	40,505
Advances to contractors		**2,718**	160
Advances to government agencies		**2,690**	2,408
Others		**6,027**	6,553
		P443,250	P402,152

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 porterage, in Makar Wharf, General Santos City, Philippines. SCIPSI is not listed in any public exchange. The carrying amounts of investment in an associate as at December 31 are as follows:

	Note	**2014**	2013
		(In Thousands)	
Acquisition cost		**P11,222**	P11,222
Accumulated equity in net earnings:			
Balance at beginning of year		**46,491**	54,771
Equity in net earnings for the year	*18*	**34,618**	29,333
Dividends received during the year		**(32,957)**	(37,613)
		48,152	46,491
		P59,374	P57,713

The following table shows the summarized financial information of SCIPSI:

	2014*	2013
	(In Thousands)	
Current assets	**P140,336**	P125,086
Noncurrent assets	**23,098**	37,675
Total assets	**P163,434**	P162,761
Current liabilities	**P16,520**	P23,902
Noncurrent liabilities	**3,650**	538
Total liabilities	**P20,170**	P24,440
Revenues	**P259,399**	P238,946
Expenses	**162,455**	157,223
Net income	**P96,944**	P81,723

** Based on unaudited financial statements*

Dividend income of P16.1 million, P7.2 million, and P9.7 million was received in March 2014, June 2014, and September 2014, respectively. Dividend income of P25.1 million and P12.5 million was received in March 2013 and October 2013, respectively.

10. Property and Equipment

The movements in this account are as follows:

2014

	Port Facilities and Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction In-progress	Total
			(In Thousands)			
Cost						
Balance at beginning of year	P55,416	P521,032	P287,381	P117,454	P12,551	P993,834
Additions	2,818	13,855	54,371	33,991	58,436	163,471
Disposals	-	-	(2,537)	(6,211)	-	(8,748)
Reclassifications	295	-	5,567	71	(5,933)	-
Balance at end of year	58,529	534,887	344,782	145,305	65,054	1,148,557
Accumulated Depreciation and Amortization						
Balance at beginning of year	44,303	313,952	212,769	81,092	-	652,116
Additions	3,352	12,474	21,354	12,331	-	49,511
Disposals	-	-	(2,484)	(6,211)	-	(8,695)
Balance at end of year	47,655	326,426	231,639	87,212	-	692,932
Carrying amount	P10,874	P208,461	P113,143	P58,093	P65,054	P455,625

2013

	Port Facilities and Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction In-progress	Total
			(In Thousands)			
Cost						
Balance at beginning of year	P174,532	P521,032	P540,922	P115,631	P25,677	P1,377,794
Additions	4,216	-	56,946	8,288	13,169	82,619
Disposals	(123,303)	-	(110,256)	(7,065)	-	(240,624)
Reclassifications	(29)	-	(182,041)	600	(26,295)	(207,765)
Retirements	-	-	(18,190)	-	-	(18,190)
Balance at end of year	55,416	521,032	287,381	117,454	12,551	993,834
Accumulated Depreciation and Amortization						
Balance at beginning of year	135,624	302,525	427,919	75,930	-	941,998
Additions	11,957	11,427	15,723	12,206	-	51,313
Disposals	(103,278)	-	(110,256)	(7,044)	-	(220,578)
Reclassifications	-	-	(102,427)	-	-	(102,427)
Retirements	-	-	(18,190)	-	-	(18,190)
Balance at end of year	44,303	313,952	212,769	81,092	-	652,116
Carrying amount	P11,113	P207,080	P74,612	P36,362	P12,551	P341,718

In 2013, the Group modified classification of some items of property and equipment that were identified as part of the concession arrangements with the Grantor. Accordingly, these items with a cost of P207.8 million are reclassified to intangible assets (see Note 11).

11. Intangible Assets and Goodwill

The movements in this account are as follows:

2014

	Port Concession Rights					
	Upfront Fees	Fixed Fees	Port Infrastructure	Subtotal	Goodwill	Total
			(In Thousands)			
Cost						
Balance at beginning of year	P282,000	P8,342,270	P11,091,944	P19,716,214	P42,060	P19,758,274
Additions	-	-	853,046	853,046	-	853,046
Disposals	-	-	(62,268)	(62,268)	-	(62,268)
Retirements	-	-	(49,690)	(49,690)	-	(49,690)
Balance at end of year	282,000	8,342,270	11,833,032	20,457,302	42,060	20,499,362
Accumulated Depreciation and Amortization						
Balance at beginning of year	6,974	1,403,844	4,194,223	5,605,041	-	5,605,041
Additions	11,280	292,853	508,332	812,465	-	812,465
Disposals	-	-	(61,162)	(61,162)	-	(61,162)
Retirements	-	-	(32,417)	(32,417)	-	(32,417)
Balance at end of year	18,254	1,696,697	4,608,976	6,323,927	-	6,323,927
Carrying amount	P263,746	P6,645,573	P7,224,056	P14,133,375	P42,060	P14,175,435

2013

	Port Concession Rights					
	Upfront Fees	Fixed Fees	Port Infrastructure	Subtotal	Goodwill	Total
			(In Thousands)			
Cost						
Balance at beginning of year	P -	P2,771,975	P9,279,830	P12,051,805	P42,060	P12,093,865
Additions	282,000	5,570,295	1,614,984	7,467,279	-	7,467,279
Disposals	-	-	(329)	(329)	-	(329)
Reclassifications	-	-	207,765	207,765	-	207,765
Retirements	-	-	(10,306)	(10,306)	-	(10,306)
Balance at end of year	282,000	8,342,270	11,091,944	19,716,214	42,060	19,758,274
Accumulated Depreciation and Amortization						
Balance at beginning of year	-	1,123,628	3,664,008	4,787,636	-	4,787,636
Additions	6,974	280,216	438,423	725,613	-	725,613
Disposals	-	-	(329)	(329)	-	(329)
Reclassifications	-	-	102,427	102,427	-	102,427
Retirements	-	-	(10,306)	(10,306)	-	(10,306)
Balance at end of year	6,974	1,403,844	4,194,223	5,605,041	-	5,605,041
Carrying amount	P275,026	P6,938,426	P6,897,721	P14,111,173	P42,060	P14,153,233

No borrowing costs were capitalized in 2014 and 2013. The unamortized capitalized borrowing costs as at December 31, 2014 and 2013 amounted to P93.3 million and P98.4 million, respectively.

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%. The discount rate applied to cash flow projections is 5.52% in 2014 and 4.36% in 2013 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 P719.5 million and P373.0 million in 2014 and 2013, 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

	Note	**2014**	2013
		(In Thousands)	
Deposits	*24*	**P32,874**	P26,802
Taxes		**29,402**	49,859
Rental		**5,251**	6,235
AFS financial assets	*24*	**2,652**	2,652
		P70,179	P85,548

Taxes pertain to noncurrent portion of the value-added input tax on capital goods exceeding P1 million.

Deposits mainly represent payments related to property leases and utilities. This account includes noninterest-bearing rental 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 3.70%. The carrying amounts of these deposits at amortized cost amounted to P7.9 million and P6.8 million as at December 31, 2014 and 2013, respectively. The difference between the original amount of noninterest-bearing rental deposits and their present values at "Day 1" qualified for recognition as prepaid rental. The prepaid rental (included in current and noncurrent prepayment) amounted to P6.2 million and P7.2 million as at December 31, 2014 and 2013, respectively.

The current portion of such prepaid rental, presented under "Prepaid expenses - rental" amounted to P1.0 million as at December 31, 2014 and 2013.

AFS financial assets consist of investments in quoted and unquoted shares.

13. Income Tax

The components of deferred tax assets and liabilities are as follows:

	2014	2013	2012
		(In Thousands)	
Deferred tax assets:			
Port concession rights payable related to fixed fees	**P223,407**	P171,557	P61,831
Unrealized foreign exchange gain - net	**67,831**	96,631	3,023
Cash flow hedge	**45,787**	-	-
Pension liability	**38,939**	30,205	63,808
Provisions for claims	**15,225**	15,618	24,560
Excess of cost over net realizable value of spare parts and supplies	**11,469**	8,339	8,339
Impairment losses on receivables	**6,798**	6,798	6,919
Accrued operating lease	**5,645**	6,631	6,685
Rental deposit	**2,110**	2,157	2,154
	417,211	337,936	177,319
Less deferred tax liability:			
Unamortized capitalized borrowing costs and custom duties	**30,328**	32,255	34,193
Net deferred tax assets	**P386,883**	P305,681	P143,126

Deferred income tax related to items charged directly to equity is as follows:

	2014	2013	2012
		(In Thousands)	
Actuarial gains (losses) reported in equity	**(P4,940)**	P30,554	(P22,795)
Cash flow hedge reported in equity	**(45,787)**	-	-
	(P50,727)	P30,554	(P22,795)

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

	2014	2013	2012
Statutory income tax rate	**30.00%**	30.00%	30.00%
Changes in income tax rate resulting from:			
Income subjected to final tax	**(0.52)**	(1.27)	(1.12)
Others	**(0.94)**	(1.43)	(0.26)
Effective income tax rate	**28.54%**	27.30%	28.62%

14. Trade and Other Payables

	Note	**2014**	2013
		(In Thousands)	
Trade		**P115,591**	P148,126
Accrued expenses:			
Finance costs		**135,806**	139,950
Personnel costs		**90,912**	97,392
Rental	*22*	**72,845**	70,152
Repairs and maintenance		**33,350**	31,845
Corporate social responsibility		**27,052**	4,768
Security expenses		**24,931**	13,422
Utilities		**14,416**	9,753
Professional fees		**13,043**	10,839
Safety and environment		**4,677**	1,635
Others		**226,707**	261,241
Due to government agencies	*22*	**510,585**	407,042
Equipment acquisitions		**458,555**	457,463
Shippers' and brokers' deposits		**75,189**	49,325
Due to related parties	*19*	**8,943**	4,788
Others		**49,084**	44,437
		P1,861,686	P1,752,178

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.

15. Provisions for Claims

	2014	2013
	(In Thousands)	
Balance at beginning of year	**P52,060**	P81,868
Provisions (reversals) during the year	**8,485**	(26,810)
Payments during the year	**(9,795)**	(2,998)
Balance at end of year	**P50,750**	P52,060

Provisions relate to property, equipment and cargo damage and other claims, which were recognized in connection with services rendered during the year. 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, 2014, the Parent Company has a total of 2 billion issued and outstanding common shares and 874 stockholders.

Capital Stock - P1 Par Value
The Parent Company has 2 billion issued and fully paid capital stock, from its 4 billion authorized common shares, as at December 31, 2014 and 2013.

Retained Earnings
The balance of the Group's retained earnings includes a subsidiary and an associate's undistributed net earnings of P435.9 million and P288.0 million as at December 31, 2014 and 2013, respectively, which are available for distribution only upon declaration of dividends by such subsidiary and associate to the Parent Company. Cash dividends are distributed yearly since 2000.

On April 24, 2014, the BOD approved the declaration of cash dividends amounting to P700 million or P0.35 per share payable on June 6, 2014 to common shareholders of record as at May 13, 2014.

On April 25, 2013, the BOD approved the declaration of cash dividends amounting to P700 million or P0.35 per share payable on June 11, 2013 to common shareholders of record as at May 17, 2013.

On December 16, 2013, the Group's BOD approved an appropriation of the retained earnings amounting to a total of P4.7 billion which include yard and berth development as well as equipment acquisition over the next 3 years. On December 19, 2014, the Group's BOD approved a budget amounting to P8.0 billion for capital expenditure which includes yard and berth development as well as construction of new facilities and equipment acquisition over the next 3 years. The capital expenditure will strengthen the Company's operations and capability to handle growth. The three-year capital expenditure will be sourced from internal funds.

Fair Value Reserve
Fair value reserve amounting to P5.8 million as at December 31, 2014 and 2013 represents unrealized loss on AFS financial assets.

Hedging Reserve
The hedging reserve includes the effective portion of the cumulative net change in the fair value of the port concession payable used as cash flow hedge against foreign currency risk.

As at December 31, 2014, the effective fair value changes of the Group's cash flow hedge that was recognized in other comprehensive income amounted to P106.8 million, net of tax.

17. Costs and Expenses

	Note	**2014**	2013	2012
			(In Thousands)	
Port authorities' share in gross revenues		**P1,655,234**	P1,115,635	P972,500
Labor costs	*19, 20*	**978,932**	869,073	856,096
Depreciation and amortization	*10, 11*	**861,976**	776,926	720,506
Equipment running		**541,581**	480,051	475,078
Taxes and licenses		**215,561**	168,980	144,262
Rental	*22*	**171,012**	92,413	62,616
Facilities-related expenses		**159,847**	141,467	155,548
Security, health, environment and safety		**152,429**	97,035	79,409
Management fees	*19*	**115,949**	85,225	102,446
Insurance		**74,944**	78,490	83,638
Professional fees		**52,438**	27,134	23,684
General transport		**41,778**	44,337	50,953
Entertainment, amusement and recreation		**3,998**	4,134	4,510
Others		**227,741**	90,018	114,650
		P5,253,420	P4,070,918	P3,845,896

Port authorities' share in gross revenues pertains to port authorities share in the revenue as stipulated in the agreement between the Group and the port authorities where the Group operates (see Note 22).

Labor costs include salaries, benefits and pension expense.

Spare parts and supplies used and included under equipment running amounted to P169.0 million, P149.9 million and P130.7 million in 2014, 2013 and 2012, respectively.

18. Other Income and Expenses

Finance cost is broken down as follows:

	Note	**2014**	2013	2012
			(In Thousands)	
Interest on port concession rights payable		**P537,638**	P463,856	P236,271
Interest component of pension expense	*20*	**2,473**	6,429	2,044
Interest on bank loans/credit facilities		**382**	560	1,988
		P540,493	P470,845	P240,303

Interest on port concession rights payable is a result of change in accounting policy on fixed fees payable to the Grantor.

Finance income is broken down as follows:

	Note	2014	2013	2012
			(In Thousands)	
Interest on cash in banks and short-term investments	*6*	**P30,964**	P52,195	P67,825
Accretion of rental deposits	*22*	**1,253**	1,213	835
		P32,217	P53,408	P68,660

Others consisted of the following:

	Note	2014	2013	2012
			(In Thousands)	
Foreign exchange gains (losses) - port concession rights payable		**P98,684**	(P517,143)	P144,981
Income from insurance claims		**54,878**	4,761	13,018
Equity in net earnings of an associate	*9*	**34,618**	29,333	23,568
Management income	*19*	**6,999**	6,418	5,969
Lease and other income - net		**5,485**	38,718	7,679
Foreign exchange gains (losses) - others		**463**	11,066	(16,471)
Foreign exchange losses - cash flow hedge		**(19,857)**	-	-
		P181,270	(P426,847)	P178,744

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

19. 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:

A. Amount owed by SCIPSI pertains to management fees equivalent of 6% of gross revenue.

B. The Parent Company and its subsidiary have separate, noncontributory, defined benefit retirement plans 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. No contributions were made in 2014 and contributions made in 2013 amounted to P28.0 million (see Note 20).

C. The Parent Company's management agreement with POMS was renewed on September 1, 2010 for another five years until August 31, 2015. The terms of the agreement provide for the payment of a monthly management fee equivalent to 5% of ATI's consolidated income before income tax of the immediately preceding month.

D. Amount owed by DP World Asia Holdings Limited-Regional Operating Headquarters pertains to reimbursements for expenses paid by the Group.

				Outstanding Balance			
Category/ Transaction	Ref	Year	Amount of the Transaction	Due from Related Parties	Due to Related Parties	Terms	Conditions
				(In Thousands)			
Associate							
▪ Management income	A	2014	P6,999	P693	P -	Payable on demand	Unsecured; no impairment
		2013	6,418	705	-	Payable on demand	Unsecured; no impairment
Post Employment Benefit Plan							
▪ Retirement fund	B	**2014**	**30,336**	**7,798**	-	**Payable on demand**	**Unsecured; no impairment**
		2013	31,709	8,673	-	Payable on demand	Unsecured; no impairment
Others							
▪ Management fees	C	**2014**	**115,949**	-	**8,943**	**Payable within ten (10) days of the following month**	**Unsecured**
		2013	85,225	-	4,788	Payable within ten (10) days of the following month	Unsecured
▪ Advances	D	**2014**	**3,045**	**302**	-	**Payable on demand**	**Unsecured; no impairment**
		2013	3,888	460	-	Payable on demand	Unsecured; no impairment
TOTAL		**2014**		**P8,793**	**P8,943**		
TOTAL		2013		P9,838	P4,788		

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

	2014	2013
	(In Thousands)	
Short-term employee benefits	**P156,501**	P118,542
Post-employment benefits	**8,335**	10,383
	P164,836	P128,925

20. Pensions

The Group's latest actuarial valuation reports are dated December 31, 2014. 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		
	2014	2013	2012	**2014**	2013	2012
	(In Thousands)					
Current service cost	**P34,873**	P37,768	P28,195	**P2,043**	P2,138	P1,718
Interest cost on defined benefit obligation	**24,781**	29,761	24,940	**1,857**	2,170	2,037
Interest income on plan assets	**(22,710)**	(23,954)	(23,487)	**(1,455)**	(1,548)	(1,446)
Net pension expense	**P36,944**	P43,575	P29,648	**P2,445**	P2,760	P2,309

Current service cost is included in "Costs and expenses" in the consolidated statements of income. 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 18).

Pension Liability as at December 31

	ATI		ATIB	
	2014	2013	**2014**	2013
	(In Thousands)			
Present value of pension obligations	**(P573,183)**	(P534,656)	**(P39,247)**	(P38,652)
Fair value of plan assets	**460,559**	476,814	**30,042**	30,520
Pension liability	**(P112,624)**	(P57,842)	**(P9,205)**	(P8,132)

Changes in the Present Value of Pension Obligations

	ATI		ATIB	
	2014	2013	**2014**	2013
	(In Thousands)			
Present value of pension obligations at beginning of year	**P534,656**	P551,040	**P38,652**	P38,746
Interest cost	**24,781**	29,761	**1,857**	2,170
Current service cost	**34,873**	37,768	**2,043**	2,138
Benefits paid	**(29,340)**	(23,159)	**(1,870)**	(1,112)
Actuarial (gain) loss	**8,213**	(60,754)	**(1,435)**	(3,290)
Present value of pension obligations at end of year	**P573,183**	P534,656	**P39,247**	P38,652

Changes in the Fair Value of Plan Assets

	ATI		ATIB	
	2014	2013	**2014**	2013
		(In Thousands)		
Fair value of plan assets at beginning of year	**P476,814**	P414,804	**P30,520**	P25,459
Actual return on plan assets:				
Interest income	**22,710**	23,954	**1,455**	1,548
Remeasurement gain (loss) on plan assets	**(9,625)**	35,499	**(63)**	2,305
Contributions	**-**	25,716	**-**	2,320
Benefits paid	**(29,340)**	(23,159)	**(1,870)**	(1,112)
Fair value of plan assets at end of year	**P460,559**	P476,814	**P30,042**	P30,520

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

	ATI		ATIB	
	2014	2013	**2014**	2013
		(In Thousands)		
Actuarial gain (loss) due to increase in pension obligations	**(P8,213)**	P60,754	**P1,435**	P3,290
Remeasurement gain (loss) on plan assets	**(9,625)**	35,499	**(63)**	2,305
	(P17,838)	P96,253	**P1,372**	P5,595

The cumulative amount of actuarial losses recognized in the consolidated statements of comprehensive income is P45.2 million and P28.8 million as at December 31, 2014 and 2013, respectively.

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 of hire to date of retirement, death, permanent disability, or severance.

This defined benefit plan exposes 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	
	2014	2013	**2014**	2013
		(In Thousands)		
Cash and cash equivalents	**P28,073**	P8,908	**P584**	P1,672
Investment in UITF	**19,848**	26,504	**3,788**	4,057
Equity instruments	**55,405**	53,367	**3,561**	3,383
Investment in government securities	**336,785**	381,503	**20,472**	20,764
Debt instruments	**2,252**	2,204	**338**	331
Other receivables	**18,196**	4,328	**1,299**	313
	P460,559	P476,814	**P30,042**	P30,520

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	
	2014	2013	**2014**	2013
Discount rate at end of year	**4.6%**	4.9%	**4.6%**	4.9%
Salary increase rate	**4.0%-6.0%**	4.0%-6.0%	**6.0%**	6.0%

Assumptions for mortality rate is based on the 1994 GAM Basic Table.

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

	ATI		ATIB	
	2014	2013	**2014**	2013
Average expected future service years	**13**	13	**15**	14

Maturity analysis of the benefit payments:

	2014				
	Carrying Amount	**Contractual Cash Flows**	**Within 1 Year**	**Within 1-5 Years**	**More than 5 Years**
			(In Thousands)		
ATI - Pension liability	**P2,366,046**	**P2,366,046**	**P31,091**	**P167,568**	**P2,167,387**
ATIB - Pension liability	**224,466**	**224,466**	**2,586**	**5,916**	**215,964**
	P2,590,512	**P2,590,512**	**P33,677**	**P173,484**	**P2,383,351**

Sensitivity Analysis
As at December 31, 2014, the reasonably possible changes to the relevant actuarial assumptions holding other assumptions constant, would have affected the defined benefit obligation by the amounts below:

	ATI		ATIB	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	P485,333	P592,225	P34,485	P43,586
Salary increase rate	588,493	487,449	43,483	34,488

The Group expects to pay P32.8 million in contributions to defined benefit plans in 2015.

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

Basic EPS is computed as follows:

	2014	2013	2012
(a) Net income attributable to Equity Holders of the Parent Company (in thousands)	**P1,899,055**	P1,203,539	P1,703,447
(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)	**P0.95**	P0.60	P0.85

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.

22. 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.

   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 US$385.7 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.

ii. Fees to the PPA

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

- For international containerized cargo operations, the Parent Company shall pay a quarterly fixed fee of US$1.15 million plus a variable fee of 8% of its total gross income, or 20% of its total quarterly gross income, whichever is higher, until May 2013. After May 2013, the Parent Company shall pay quarterly fixed fee of US$2.25 million plus a variable fee of 20% of its total gross income.

- For general cargo operations, the Parent Company shall pay 20% of its total gross income collected from arrastre services and 14% of its total gross income collected from stevedoring services for general cargoes.

- For domestic terminal operations, the Parent Company shall pay 10% of its total gross income 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 fee of US$2.26 million for the first 2 years, US$4.68 million for the 3^{rd} year, US$5.08 million for the 4^{th}-7^{th} year, and US$5.33 million for the 8^{th}-25^{th} year. The Parent Company shall also pay annual variable fees 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. ATIB is authorized by the PPA to render arrastre, stevedoring, storage, related cargo handling services and passenger terminal services at the Port of Batangas Phase 1 from October 20, 2005 until October 19, 2015. For domestic cargo operations, ATIB shall pay 10% of its domestic cargo revenues. For foreign cargo operations, ATIB shall pay 20% of its foreign cargo revenues. For the Fast Craft Passenger Terminal (Passenger Terminal Building 3) operation, ATIB shall pay a monthly fixed fee of P0.4 million, subject to a yearly escalation of 5%.

<u>Agreements outside the Scope of Philippine Interpretation IFRIC 12 *Service Concession Arrangements*</u>

d. The Parent Company has a 5-year lease agreement with PPA effective April 3, 2012 covering a land adjacent to the CFS area of the Container Terminal "A-1" with a monthly lease rental of P0.4 million, subject to a yearly escalation of 5%.

   As of December 31, the Company has outstanding commitments for future minimum lease payments under the above operating lease, which fall due as follows:

	2014	2013
	(In Thousands)	
Within one year	**P5,491**	P5,230
After one year but not more than five years	**7,225**	12,716
	P12,716	P17,946

e. 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 P10.7 million, subject to an escalation of 7% once every two years. The future minimum rentals payable under operating leases as at December 31 are as follows:

   The operating lease is subject to an escalation of 7% once every two years.

	2014	2013
	(In Thousands)	
Within one year	**P12,342**	P12,342
After one year but not more than five years	**55,452**	53,398
After more than five years	**31,096**	45,492
	P98,890	P111,232

f. The Parent Company has a 5-year lease contract commencing on February 1, 2011 over two parcels of land located in Sta. Mesa, City of Manila with a monthly lease rental of P0.4 million, subject to an escalation of 7% once every two years. This land is being exclusively used as an off-dock container depot.

   The future minimum rentals payable under operating lease as at December 31 are as follows:

	2014	2013
	(In Thousands)	
Within one year	**P5,286**	P9,168
After one year but not more than five years	**458**	5,744
	P5,744	P14,912

g. ATIB has a lease agreement with PPA until October 19, 2015 covering the Passenger Terminal Building 1 and an adjacent open area at the Port of Batangas Phase 1 to be used for the purpose of operating a supply base for companies engaged in oil and gas exploration, and for which ATIB pays an annual rental of P9.4 million.

   As at December 31, 2014 and 2013, the Company has outstanding commitments for future minimum lease payments under the above operating lease, which fall due as follows:

	2014	2013
	(In Thousands)	
Within one year	**P7,845**	P9,414
After one year but not more than five years	**-**	7,845
	P7,845	P17,259

h. ATIB has 6-year agreement with PPA until October 20, 2015 for the management and operation of specified areas at the Port of Batangas Phase 1 which includes the Passenger Terminal Building 2 (PTB2), for which ATIB pays an annual fixed fee of P4 million, subject to a yearly escalation of 5%, and remits 10% of the terminal fees collected from PTB2 passengers.

As of December 31, the Company has outstanding commitments for future minimum lease payments under the above operating lease, which fall due as follows:

	2014	2013
	(In Thousands)	
Within one year	**P10,710**	P5,230
After one year but not more than five years	-	12,716
	P10,710	P17,946

i. The Parent Company has a 3-year lease agreement until June 30, 2017, covering the land in Lawa, Calamba, to be used exclusively for warehousing and logistics purposes with a monthly lease rental of P2.75 million.

As of December 31, the Company has outstanding commitments for future minimum lease payments under the above operating lease, which fall due as follows:

	2014	2013
	(In Thousands)	
Within one year	**P33,000**	P -
After one year but not more than five years	**49,500**	-
	P82,500	P -

j. 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.

23. 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 and trade and other payables, 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. Other financial instruments include AFS financial assets.

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 and cash equivalents.

As at December 31, 2014 and 2013, the interest rate profile of the Group's interest bearing financial instrument is as follows:

	2014	2013
	(In Thousands)	
Fixed Rate Instruments		
Cash and cash equivalents	**P3,600,303**	P2,747,890

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, 2014	Carrying Amount	Contractual Cash Flows					
		On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
				(In Thousands)			
Trade and other payables	P1,861,686	P1,129,022	P269,713	P462,951	P -	P -	P1,861,686
Port concession rights payables	7,629,438	-	164,415	493,244	3,339,738	10,379,669	14,377,066
Total	P9,491,124	P1,129,022	P434,128	P956,195	P3,339,738	P10,379,669	P16,238,752

As at December 31, 2013	Carrying Amount	Contractual Cash Flows					
		On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
				(In Thousands)			
Trade and other payables	P1,752,178	P1,061,036	P58,882	P492,681	P -	P -	P1,612,599
Port concession rights payables	7,694,673	-	164,415	493,244	3,316,873	12,021,999	15,996,531
Total	P9,446,851	P1,061,036	P223,297	P985,925	P3,316,873	P12,021,999	P17,609,130

Credit Risk
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 executed to assess the credit standing of customers. In addition, a portion of revenues is on cash basis.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash in bank and cash equivalents, trade receivables, deposits and AFS financial assets, 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. Since the Group trades only with recognized third parties, there is no requirement for collateral.

Financial information on the Group's maximum exposure to credit risk as at December 31, 2014 and 2013, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	Note	**2014**	2013
		(In Thousands)	
Cash and cash equivalents	*6*	**P3,600,303**	P2,747,890
Trade and other receivables - net	*7*	**478,795**	364,982
Deposits	*12*	**32,875**	26,802
AFS financial assets	*12*	**2,652**	2,652
		P4,114,625	P3,142,326

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.

Foreign Currency Risk

The Group has foreign currency financial assets and liabilities arising from US dollar denominated revenues, lease payments, PPA fees, and other foreign currency-denominated purchases by operating units.

The Group's policy is to manage its foreign currency risk by using a combination of natural hedges and selling foreign currencies at spot rates where necessary to address short-term imbalances.

As part of its foreign currency risk strategy, commencing July 1, 2014, the Group hedges the spot exchange risk on the highly probable forecast US dollar revenue transactions using a non-derivative financial instrument, port concession rights payable, which is denominated in US dollar. The financial liability creates an exposure to the functional currency which offsets the foreign currency exposure on the highly probable US dollar revenue stream. This type of hedging relationship is designated as cash flow hedge.

The Group has assessed that 80% of the US dollar denominated stevedoring revenue for the designated period is highly probable. However, the Group has designated 67% of the monthly US dollar revenue as the hedged item for the next three years from the date of designation i.e. July 1, 2014.

The Group uses the port concession rights payable as a hedging instrument to hedge the spot exchange risk in the highly probable forecast transactions.

The Group's foreign currency-denominated accounts as at December 31 are as follows:

	2014	2013
	(In Thousands)	
Assets		
Cash and cash equivalents	**US$2,347**	US$1,586
Trade and other receivables	**416**	374
	2,763	1,960
Liabilities		
Trade and other payables	**4,775**	2,042
Port concession rights payable	**154,882**	157,390
	159,657	159,432
Net foreign currency-denominated liabilities	**(US$156,894)**	(US$157,472)
Peso equivalent	**(P7,016,300)**	(P6,991,757)

The exchange rates applicable for US dollar as at December 31, 2014 and 2013 are P44.72 and P44.40, 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 Group's income before income tax and equity.

Increase/Decrease in U.S. dollar Exchange Rate		Effect on Income Before Income Tax	Effect on Equity
		(In Thousands, Except Percentages)	
2014			
	+5%	**(P350,815)**	**(P245,570)**
	-5%	**350,815**	**245,570**
2013			
	+5%	(349,588)	(244,711)
	-5%	349,588	244,711

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, fair value reserve and hedging 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.

The table below shows the capital structure of the Group as at December 31:

	Note	2014	2013
		(In Thousands)	
Capital stock		**P2,000,000**	P2,000,000
Additional paid-in capital		**264,300**	264,300
Retained earnings		**7,841,267**	6,653,749
Hedging reserve	*16*	**(106,838)**	-
Fair value reserve		**(5,820)**	(5,820)
Total		**P9,992,909**	P8,912,229

24. 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, 2014 and 2013.

		2014		2013	
	Note	**Carrying Amount**	**Fair Values**	Carrying Amount	Fair Values
		(In Thousands)			
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	*6*	**P3,606,926**	**P3,606,926**	P2,750,116	P2,750,116
Trade and other receivables - net	*7*	**478,795**	**478,795**	364,982	364,982
Deposits	*12*	**32,875**	**41,368**	26,802	36,147
		4,118,596	**4,127,089**	3,141,900	3,151,245
AFS financial assets	*12*	**2,652**	**2,652**	2,652	2,652
		P4,121,248	**P4,129,741**	P3,144,552	P3,153,897
Financial Liabilities					
Other financial liabilities					
Trade and other payables	*14*	**P1,861,686**	**P1,861,686**	P1,752,178	P1,752,178
Port concession rights payable		**7,629,438**	**7,629,438**	7,694,673	7,694,673
		P9,491,124	**P9,491,124**	P9,446,851	P9,446,851

Fair Value of Financial Instruments

The fair values of cash and cash equivalents, trade and other receivables, trade and other payables are approximately equal to their carrying amounts due to the short-term nature of these transactions.

Nonderivative Financial Instruments

Quoted market prices have been used to determine the fair values of listed AFS financial assets. The fair values of unquoted AFS financial assets are based on cost since the fair values are not readily 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 4.0% in 2014 and 3.70% in 2013.

The fair value of port concession rights payable was estimated at the present value of all future cash flows discounted using 5.92% and 11.48% for South Harbor and Batangas Container Terminal, respectively.

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

As at December 31, 2014	*Note*	**Level 1**	**Level 2**	**Level 3**
			(In Thousands)	
AFS financial assets	*12*	**P933**	**P -**	**P1,719**
Port concession rights payable		**-**	**7,629,438**	**-**
		P933	**P7,629,438**	**P1,719**

As at December 31, 2013	*Note*	Level 1	Level 2	Level 3
			(In Thousands)	
AFS financial assets	*12*	P933	P -	P1,719
Port concession rights payable		-	7,694,673	-
		P933	P7,694,673	P1,719

There have been no transfers from one level to another in 2014 and 2013.

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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 accompanying consolidated financial statements of Asian Terminals Inc.(the "Company") and a Subsidiary (collectively known as the "Group") as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014, included in this Form 17-A, and have issued our report thereon dated March 10, 2015.

Our audits were made for the purpose of forming an opinion on these 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
- Schedule of Philippine Financial Reporting Standards
- Supplementary Schedules of Annex 68-E

This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of these consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits 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.

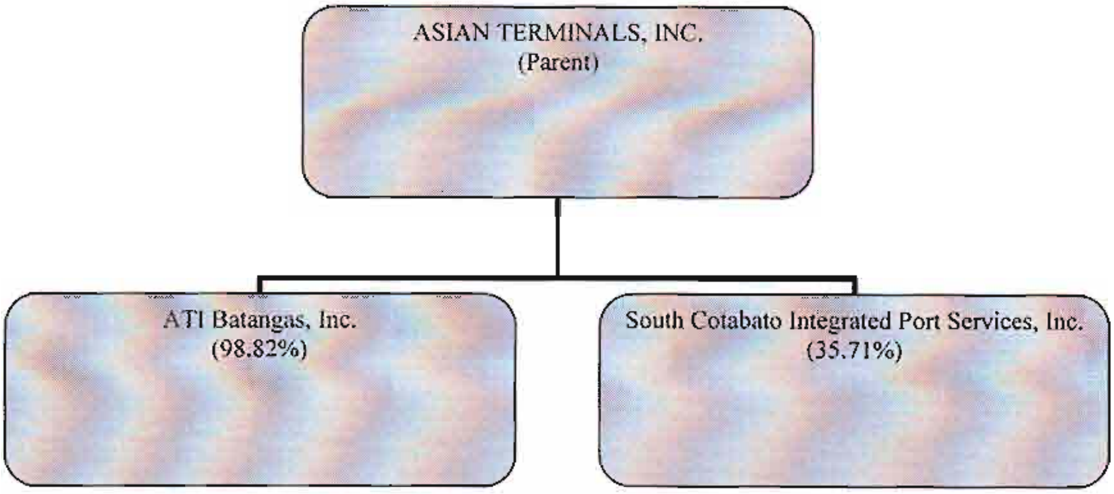
R.G. MANABAT & CO.

ENRICO E. BALUYUT
Partner
CPA License No. 065537
SEC Accreditation No. 1177-A, Group A, valid until March 31, 2015
Tax Identification No. 131-029-752
BIR Accreditation No. 08-001987-26-2014
Issued September 26, 2014; valid until September 25, 2017
PTR No. 4748099MC
Issued January 5, 2015 at Makati City

March 10, 2015
Makati City, Metro Manila

PRC-BOA Registration No. 0003, valid until December 31, 2016
SEC Accreditation No. 0004-FR-4, Group A, valid until November 10, 2017
IC Accreditation No. F-2014/014-R, valid until August 26, 2017

Asian Terminals, Inc.
Subsidiary and an Associate
December 31, 2014



ASIAN TERMINALS, INC. AND A SUBSIDIARY

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✔		
PFRSs Practice Statement Management Commentary				✔
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✔
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✔		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✔
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✔
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✔
	Amendments to PFRS 1: Government Loans			✔
	Annual Improvements to PFRSs 2009 – 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards – Repeated Application of PFRS 1			✔
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Borrowing Cost Exemption	✔		
	Annual Improvements to PFRSs 2011 – 2013 Cycle: PFRS version that a first-time adopter can apply			✔
PFRS 2	Share-based Payment			✔
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✔
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✔
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Meaning of 'vesting condition'			✔
PFRS 3 (Revised)	Business Combinations			✔
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Classification and measurement of contingent consideration			✔
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Scope exclusion for the formation of joint arrangements			✔
PFRS 4	Insurance Contracts			✔
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✔
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✔		
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Changes in method for disposal			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PFRS 6	Exploration for and Evaluation of Mineral Resources			✔
PFRS 7	Financial Instruments: Disclosures	✔		
	Amendments to PFRS 7: Transition	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✔		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✔		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✔		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✔		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✔		
	Annual Improvements to PFRSs 2012 – 2014 Cycle: 'Continuing involvement' for servicing contracts	✔		
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Offsetting disclosures in condensed interim financial statements	✔		
PFRS 8	Operating Segments	✔		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Disclosures on the aggregation of operating segments	✔		
PFRS 9	Financial Instruments	✔		
	Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39	✔		
PFRS 9 (2014)	Financial Instruments	✔		
PFRS 10	Consolidated Financial Statements	✔		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	✔		
PFRS 11	Joint Arrangements			✔
	Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✔
PFRS 12	Disclosure of Interests in Other Entities	✔		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	✔		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✔
PFRS 13	Fair Value Measurement	✔		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Measurement of short-term receivables and payables	✔		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Scope of portfolio exception	✔		
PFRS 14	Regulatory Deferral Accounts			✔
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✔		
	Amendment to PAS 1: Capital Disclosures	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✔		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Presentation of Financial Statements – Comparative Information beyond Minimum Requirements	✔		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes	✔		
PAS 2	Inventories	✔		
PAS 7	Statement of Cash Flows	✔		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✔		
PAS 10	Events after the Reporting Period	✔		
PAS 11	Construction Contracts	✔		
PAS 12	Income Taxes	✔		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✔
PAS 16	Property, Plant and Equipment	✔		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Property, Plant and Equipment – Classification of Servicing Equipment	✔		
	Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✔		
	Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants			✔
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✔
PAS 17	Leases	✔		
PAS 18	Revenue	✔		
PAS 19 (Amended)	Employee Benefits	✔		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✔
	Annual Improvements to PFRSs 2012 – 2014 Cycle:			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	Discount rate in a regional market sharing the same currency – e.g. the Eurozone			
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✔
PAS 21	The Effects of Changes in Foreign Exchange Rates	✔		
	Amendment: Net Investment in a Foreign Operation			✔
PAS 23 (Revised)	Borrowing Costs	✔		
PAS 24 (Revised)	Related Party Disclosures	✔		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Definition of 'related party'	✔		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✔		
PAS 27 (Amended)	Separate Financial Statements	✔		
	Amendments to IAS 27: Equity Method in Separate Financial Statements			✔
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✔		
PAS 29	Financial Reporting in Hyperinflationary Economies			✔
PAS 32	Financial Instruments: Disclosure and Presentation	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendment to PAS 32: Classification of Rights Issues			✔
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✔		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Financial Instruments Presentation – Income Tax Consequences of Distributions			✔
PAS 33	Earnings per Share	✔		
PAS 34	Interim Financial Reporting	✔		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Interim Financial Reporting – Segment Assets and Liabilities			✔
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Disclosure of information "elsewhere in the interim financial report'	✔		
PAS 36	Impairment of Assets	✔		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✔		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✔		
PAS 38	Intangible Assets	✔		
PAS 39	Financial Instruments: Recognition and Measurement	✔		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✔		
	Amendments to PAS 39: Cash Flow Hedge Accounting	✔		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	of Forecast Intragroup Transactions			
	Amendments to PAS 39: The Fair Value Option			✔
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✔
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✔		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✔
	Amendment to PAS 39: Eligible Hedged Items	✔		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✔		
PAS 40	Investment Property			✔
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40			✔
PAS 41	Agriculture			✔
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✔
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✔
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✔		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✔
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✔
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✔
IFRIC 9	Reassessment of Embedded Derivatives			✔
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✔
IFRIC 10	Interim Financial Reporting and Impairment	✔		
IFRIC 12	Service Concession Arrangements	✔		
IFRIC 13	Customer Loyalty Programmes			✔
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✔		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✔
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✔
IFRIC 17	Distributions of Non-cash Assets to Owners			✔
IFRIC 18	Transfers of Assets from Customers			✔
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✔
IFRIC 21	Levies			✔
SIC-7	Introduction of the Euro			✔
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✔
SIC-15	Operating Leases - Incentives			✔
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✔
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✔		
SIC-29	Service Concession Arrangements: Disclosures.	✔		
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✔
SIC-32	Intangible Assets - Web Site Costs			✔
Philippine Interpretations Committee Questions and Answers				
PIC Q&A 2006-01	PAS 18, Appendix, paragraph 9 – Revenue recognition for sales of property units under pre-completion contracts			✔
PIC Q&A 2006-02	PAS 27.10(d) – Clarification of criteria for exemption from presenting consolidated financial statements			✔
PIC Q&A 2007-01-Revised	PAS 1.103(a) – Basis of preparation of financial statements if an entity has not applied PFRSs in full			✔
PIC Q&A 2007-03	PAS 40.27 – Valuation of bank real and other properties acquired (ROPA)			✔
PIC Q&A 2007-04	PAS 101.7 – Application of criteria for a qualifying NPAE			✔
PIC Q&A 2008-01-Revised	PAS 19.78 – Rate used in discounting post-employment benefit obligations	✔		
PIC Q&A 2008-02	PAS 20.43 – Accounting for government loans with low interest rates under the amendments to PAS 20			✔
PIC Q&A 2009-01	Framework.23 and PAS 1.23 – Financial statements prepared on a basis other than going concern			✔
PIC Q&A 2009-02	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines [superseded by PIC Q&A No. 2010-01]			✔
PIC Q&A 2010-01	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			✔
PIC Q&A 2010-02	PAS 1R.16 – Basis of preparation of financial statements	✔		
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements – Current/non-current classification of a callable term loan			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PIC Q&A 2011-01	PAS 1.10(f) – Requirements for a Third Statement of Financial Position			✔
PIC Q&A 2011-02	PFRS 3.2 – Common Control Business Combinations			✔
PIC Q&A 2011-03	Accounting for Inter-company Loans			✔
PIC Q&A 2011-04	PAS 32.37-38 – Costs of Public Offering of Shares			✔
PIC Q&A 2011-05	PFRS 1.D1-D8 – Fair Value or Revaluation as Deemed Cost			✔
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property – Acquisition of Investment properties – asset acquisition or business combination?			✔
PIC Q&A 2012-01	PFRS 3.2 – Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			✔
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✔
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✔
PIC Q&A 2013-03	PAS 19 – Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			✔

ASIAN TERMINALS, INC. AND A SUBSIDIARY

Schedule A. **Financial Assets**
December 31, 2014
(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	₱3,606,926	₱3,606,926	₱26,799
Trade and other receivables - net	N/A	N/A	478,795	478,795	-
Deposits	N/A	N/A	32,875	41,368	-
AFS Investments					
Quoted Equity Shares		N/A	933	933	-
Unquoted Equity Shares		N/A	1,719	1,719	-
			₱4,121,248	₱4,129,741	₱26,799

Schedule B. **Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)**
December 31, 2014
(in thousands)

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts written-off	Current	Not Current	Balance at end of period
Officers	₱24,826	₱16,144	(₱13,830)	₱0	₱0	₱0	₱27,140
Related Parties	1,165	10,750	(10,920)	0	0	0	995
	₱25,991	₱26,894	(₱24,750)	₱0	₱0	₱0	₱28,135

Schedule C. Amounts (Receivable) Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2014
(in thousands)

Name and Designation of creditor	Balance at beginning of period	Additions	Amounts Paid	Amounts written-off	Current	Not Current	Balance at end of period
ATI Batangas, Inc.	₱32,008	₱82,403	(₱139,499)	₱0	₱0	₱0	(₱25,088)
	₱32,008	₱82,403	(₱139,499)	₱0	₱0	₱0	(₱25,088)

Schedule D. **Intangible Assets - Other Assets**
December 31, 2014
(in thousands)

Description	Beginning balance		Additions at costs	Charged to cost and	Charged to other accounts	Other changes additions	Ending balance
Please refer to Note 11 of the Consolidated Financial Statements							

Schedule E. **Long-term Debt**
December 31, 2014
(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
Not Applicable			

Schedule F. **Indebtedness to Related Parties**
December 31, 2014
(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		

Schedule G. Guarantees of Securities of Other Issuers
December 31, 2014
(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
Not Applicable				

Schedule H. Capital Stock
December 31, 2014
(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	15,996	1,346,166

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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 and for years ended December 31, 2014 and 2013 and have issued our report thereon dated March 10, 2015.

Our audits were made for the purpose of forming an opinion on the separate financial statements of the Company taken as a whole. The supplementary information in the accompanying Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management.

This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the separate financial statements. Such information has been subjected to the auditing procedures applied in the audits of the separate financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the separate financial statements taken as a whole.

R.G. MANABAT & CO.

ENRICO E. BALUYUT
Partner
CPA License No. 065537
SEC Accreditation No. 1177-A, Group A, valid until March 31, 2015
Tax Identification No. 131-029-752
BIR Accreditation No. 08-001987-26-2014
Issued September 26, 2014; valid until September 25, 2017
PTR No. 4748099MC
Issued January 5, 2015 at Makati City

March 10, 2015
Makati City, Metro Manila

Asian Terminals, Inc.
Reconciliation of Retained Earnings Available for Dividend Declaration
As of December 31, 2014

Unappropriated Retained Earnings, *as adjusted to available for dividend distribution, beginning*		**P1,175,961,132**
Add: Net income actually earned/realized during the period		
Net income during the period the period closed to retained earnings	1,750,849,303	
Add: Non-actual losses		
Actuarial loss, net of tax	12,486,728	
Fair value loss on cash flow hedge, net of tax	106,837,768	**1,870,173,799**
Less: Dividend declarations during the period		**700,000,000**
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND		**P2,346,134,931**

Asian Terminals Inc.
Schedule of Financial Soundness Indicators

Consolidated KPI	Manner of Calculation	2014	2013	2012	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	17.4%	15.3%	23.5%	Increase resulted from higher income before other income (expense) 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	20.1%	13.9%	21.8%	Increase due to higher net income.
Current ratio	Ratio of current assets over current liabilities	2.09 : 1.00	1.77 : 1.00	2.39 : 1.00	Increase due to higher current asset.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.99 : 1.00	2.09 : 1.00	1.41 : 1.00	Decrease due to higher equity.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.99 : 1.00	1.09 : 1.00	0.41 : 1.00	Decrease due to higher equity.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	12 days	15 days	12 days	Due to improved collection efforts.
*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.	1.95	2.24	N/A	Improved as a result of extensive safety campaign and strict implementation of policy on health, safety and environment.

Note: Income before other income and expense is defined as income before net financing costs, net gains on derivative instruments 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.