COVER SHEET

1	3	3	6	5	3

S.E.C. Registration Number

A S I A N T E R M I N A L S I N C .

(Company's Full Name)

A T I H E A D O F F I C E A . B O N I F A C I O
D R I V E , P O R T A R E A , M A N I L A

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

ATTY. RODOLFO G. CORVITE,JR.

Contact Person

5286000

Company Telephone Number

0	4		1	4

Month *Day*

SEC FORM 17-A

FORM TYPE

4th Thursday of April

0	4		2	8

Month *Day*

Annual Meeting
For 2016

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

8	**5**	**2**

Total No. of Stockholders
As of 03-31-2016

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

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, 2015
Period Ended Date

__N/A________________
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC Form 17-A

APR 14 2016

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, 2015
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, 2015	1,346,441,493
Closing price per share as of March 31, 2016	P10.62
Market value of stocks held by non-affiliates as of March 31, 2016	P14.30B

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 Services 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 empty container depot. In December 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 container handling facility.

In December 2013, the management upon the approval of the Board dedicated Pier 15 to General Stevedoring operations rendering 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 military vessels on goodwill visit in the country.

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

The ATI South Harbor facility has completed the recertification and certification audit for the Integrated Management Systems last November 2015 which covers the ISO 14001:2004 (EMS), OSHAS 18001:2007 and ISO 9001: 2008. The re-certification audit for ISO 28000: 2007, Security Management System for the Supply Chain was also completed last December 2015. The validity of the certificates is three years.

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. Customs Memorandum Order No. 23-2003 expanded the operations of the ATI-Calamba ICD to include servicing the Port of Batangas, in addition to the Port of Manila, amending CMO 11-97 for the purpose.

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

The facility is equipped with CCTV cameras for security monitoring.

The Inland Clearance Depot has completed the recertification and certification audit for the Integrated Management System last November 2015 which covers the ISO 14001:2004 (EMS), OSHAS 18001:2007 and ISO 9001: 2008. The re-certification audit for ISO 28000: 2007, Security Management System for the Supply Chain was also completed last December 2015. The validity of the certificates is three years.

Port of Batangas

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

ATIB had a 10-year Cargo Handling Contract in Phase 1 of the Port of Batangas effective until October 2015, under which it provides arrastre, stevedoring, storage and related cargo handling services. By virtue of the same contract, ATIB was also given the right to manage and operate the Fastcraft Passenger Terminal and to provide specific services and amenities to all passengers, both for fastcraft and RO-RO vessels. On 2 October 2015, ATIB and ATI signed a Contract for the Management, Operation, Maintenance and Development of Phase I, Port of Batangas for a term commencing 01 October 2015 until 30 September 2025. This contract effectively consolidates the above-mentioned contracts of ATIB in Phase 1, Port of Batangas, and included the contract to lease the Main Passenger Terminal Building mentioned in the narrative below.

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 is being utilized as storage for completely built units (CBU) of vehicles.

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 is certified compliant 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 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 contract was initially effective for five (5) years, and was renewed to be effective until 19 October 2015. The agreement for this facility was included in the “Contract for the Management, Operation, Maintenance and Development of Phase I, Port of Batangas” which was renewed dated 2 October 2015 for a term of 10 years from 01 October 2015 until 30 September 2025.

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 Rubicon Offshore International.

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.

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

On January 18, 2010, the PPA issued to ATI the Notice of Award re: 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.

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.

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 ISO 14001:2004, OHSAS 18001:2007 and ISO 9001:2008 certified since 2004. It is Investors in People (IiP) certified beginning June 16, 2009. In September 2015, SCIPSI reached the IiP – Gold 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 8 October 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:

	2015		2014		2013	
Service	**Amount**	**% to Total**	**Amount**	**% to Total**	**Amount**	**% to Total**
Stevedoring	3,157,739	39%	3,034,212	37%	2,709,720	41%
Arrastre	2,746,659	33%	2,613,551	32%	2,629,236	40%
Logistics	143,318	2%	152,623	2%	104,658	2%
Special/Other Services	2,098,781	26%	2,440,709	29%	1,129,878	17%
TOTAL	**8,146,497**	**100%**	**8,241,095**	**100%**	**6,573,492**	**100%**

	2015		2014		2013	
Source	Amount	% to Total	Amount	% to Total	Amount	% to Total
Domestic	393,588	5%	486,432	6%	653,450	10%
Foreign	7,752,909	95%	7,754,663	94%	5,920,042	90%
TOTAL	**8,146,497**	**100%**	**8,241,095**	**100%**	**6,573,492**	**100%**

Competition

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

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

The ICD competes with ICTSI's Laguna Gateway Inland Container Terminal (LGICT) located in Calamba, Laguna. The LGICT is an extension of the seaport operations of the MICT.

Employees

ATI has a total manpower complement of 1,567 as of December 31, 2015. Of the total, 1,271 are in Operations, 165 are in Maintenance and 131 are in Management and Administration. The projected headcount for next 12 months is 1,583.

About 78% 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 twenty (20) years.

Costs and Effects of Compliance with Environmental Laws

In 2015 ATI incurred approximately Php 1.93 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 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 area in Manila, Calamba, Laguna and Sta. Clara, Batangas. Rental expenses on these properties in 2015 totaled P72.1 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. 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, domestic cargoes transferred to the domestic port, 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 Services 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 850 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. In 2014, ATI moved to dismiss MAFSICOR's counterclaims on the ground of MAFSICOR's failure to attend court proceedings. ATI's motion to dismiss was denied; ATI filed a petition for certiorari with the Court of Appeals to question said denial. The main case is pending with the trial court.

   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.

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.

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
Second Quarter (Apr. – June)	14.06	12,50
Third Quarter (July – Sept.)	13.56	11.00
Fourth Quarter (Oct. - Dec.)	11.98	10.90

On December 29, 2015 (last day when ATI shares were traded for 2015), ATI shares were traded at its highest for the price of Php11.70, lowest for Php11.68 and closed at Php11.70

The number of stockholders as of December 31, 2015 was 853. Of the 2,000,000,000 common shares outstanding as of December 31, 2015, a total 777,647,183 or 38.88% are foreign-owned.

Top 20 stockholders as of December 31, 2015:

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)	230,457,145	11.52
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)	138,379,887	6.92
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
Tanco, Eusebio, H.	15,257,663	0.76
Southern Textile Mills, Inc.	4,470,335	0.22
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
Sy Tian	682,666	0.03
Sy, Tiffany Grace Tan	667,0000	0.03
TOTAL	1,990,298,692	99.51

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 24, 2014	0.35	May 13, 2014
April 23, 2015	0.41	May 15, 2015

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

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

None.

Item 6. Management Discussion and Analysis

Revenues for the year ended December 31, 2015 totaled P8,146.5 million, 1.1% down from P8,241.1 million in 2014. With the soft market environment, revenues from South Harbor international containerized cargo were lower than last year following lower container volume, which were down by 1.3%. On the other hand, due to volume growth, revenues from South Harbor international non-containerized cargo, Batangas Container Terminal, and Port of Batangas were higher than last year by 14.7%, 57.5%, and 15.9%, respectively. Volume of international containers handled at BCT grew by 35.2%, while volumes of international CBUs in ATIB grew by 21.3%.

Port authorities' share in revenues in 2015 declined by P246.0 million or 14.9% from last year following lower revenues subject to port authorities' share.

Cost and expenses in 2015 of P3,736.1 million increased by P137.9 million 3.8% from P3,598.2 million in 2014. Labor costs rose by 11.5% to P1,091.4 million in 2015 from P978.9 million in 2014 due to increase in headcount and salary rate increases. Depreciation and amortization in 2015 of P944.9 million went up by 9.6% compared to P862.0 million in 2014 on account of additions to intangible assets and property and equipment. Taxes and licenses of P279.3 million in 2015 grew by 29.5% from P215.6 million in 2014 due to higher realty tax . Facilities-related expenses in 2015 slightly up by 1.1% to P161.6 million from P159.8 million in 2014 due to higher pavement repair and maintenance costs. Security, health, environment and safety costs in 2015 of P160.2 million were higher by 5.1% compared to P152.4 million in 2014 due to additional security posts for additional areas and increased industrial safety focus.

On the other hand, Equipment running costs decreased by 10.8% to P482.8 million in 2015 from P541.6 million in 2014 mainly due to lower fuel costs. Rentals totaled P150.3 million in 2015, 12.1% down from P171.0 million in 2014. Management fees in 2015 of P105.2 million were lower by 9.2% compared to P115.9 million in 2014 following lower net income. Insurance in 2015 of P64.4 million were lower than 14.1% compared to P74.9 million in 2014 due to lower property insurance premiums. Professional fees in 2015 went down by 8.9% to P47.7 million from P52.4 million in 2014. General transport costs dropped by 48.5% to P21.5 million in 2015 from P41.8 million in 2014 on account of lower trucking costs in Inland Clearance Depot. Other expenses in 2015 totaled P221.9 million, down by 2.5% from P227.7 million last year due to lower claims and travel expenses.

Finance costs in 2015 amounted to P548.8 million, up by 1.5% from P540.5 million in 2014 due to increases in interest expense on port concession rights payable and defined benefit pension plans. Finance income increased by 59.8% to P51.5 million in 2015 from P32.2 million in 2014 due to higher interest rates for money market placements. Others-net in 2015 amounted to negative P71.9 million while in 2014, Others-net amounted to P181.3 million. This account includes unrealized forex losses of P35.4 million and P23.2 million in 2015 and 2014, respectively, resulting from revaluation of dollar-denominated concession rights payable. Also, this account includes fair value losses on a cash flow hedge of P99.5 million and P19.9 million in 2015 and 2014, respectively.

Income before income tax of P2,431.9 million in 2015 was lower by 8.6% compared to P2,660.7 million in 2014. Provision for income tax in 2015 decreased by12.4% to P664.7 million from P759.3 million in 2014.

Net income for the year ended December 31, 2015 was P1,767.2 million, 7.0% below than P1,901.3 million last year. Earnings per share was down to P0.88 in 2015 from P0.95 in 2014. Without the foreign exchange impact – as per accounting rules brought in since 2013 – net income would have been P1,858.6 million, 0.8% up from P1,843.9 million in 2014 on a like-for-like basis.

Plans for 2016

Asian Terminals Inc. will continuously optimize its ports in Manila and Batangas for containerized cargo, non-containerized cargo and passenger handling, keeping these vital gateway port facilities competitive to customer needs and responsive to market demands.

At the core of this is ATI's programed capital investments worth Php3.8 billion for 2016 in line with its investment commitment with the Philippine Ports Authority.

The robust Batangas Port takes center stage this year as ATI positions it for future growth ahead for both the domestic passenger and roll-on/roll-off segments as well as the international container cargo business.

As a forward-looking company, ATI keeps its eyes open for more business growth drivers, including exploring new port operations locally or overseas, given the right opportunity. Combining the global leadership of its strategic foreign shareholder DP World and the best of Filipino talent, ATI shall continue optimizing its resources, expertise and management capabilities to bring its competencies where growth potential is high and where it could add greater value to its shareholders.

Consolidated Financial Condition

Total assets as of December 31, 2015 rose by 7.4% to P21,341.8 million from P19,870.7 million as of December 31, 2014. Total current assets as of December 31, 2015 grew by 10.9% to P5,237.6 million from P4,723.2 million as of December 31, 2014. Cash and cash equivalents of P4,118.8 million as of December 31, 2015 were higher by 14.2% compared to P3,606.9 million as of December 31, 2014. Trade and other receivables-net as of December 31, 2014 dropped by 26.4% to P352.4 million from P478.8 million as of December 31, 2014. Spare parts and supplies-net as of December 31, 2015 of P262.8 million increased by 35.3% from P194.3 million as of December 31, 2014 in support of operational requirements and equipment maintenance program. Prepaid expenses of P503.7 million as of December 31, 2015 went up by 13.6% from P443.2 million as of December 31, 2014.

Total non-current assets of P16,104.2 million as of December 31, 2015 were 6.3% higher compared to P15,147.5 million as of December 31, 2014. Property and equipment-net went up by 7.8% to P491.0 million as of December 31, 2015 from P455.6 million as of December 31, 2014. Additions to property and equipment which were not subject of the service concession arrangement totaled P141.5 million. Intangible assets-net increased by 5.4% to P14,934.3 million as of December 31, 2015 from P14,175.4 million as of December 31, 2014. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P664.2 million in 2015. Deferred tax assets-net went up by 46.4% to P566.3 million as of December 31, 2015 from P386.9 million as of December 31, 2014 resulting from the additional deferred tax on concession rights payable, cash flow hedge, and unrealized foreign exchange losses. Other noncurrent assets as of December 31, 2015 declined by 15.7% to P59.1 million from P70.2 million as of December 31, 2014 due to amortization of input taxes on additions to property and equipment and intangible assets.

Total liabilities went up by 7.3% to P10,594.1 million as of December 31, 2015 from P9,873.3 million as of December 31, 2014. Trade and other payables as of December 31, 2014 amounted to P1,414.3 million, 24.0% lower than P1,861.7 million as of December 31, 2014. Trade and other payables are covered by agreed payment schedules. Provision for claims rose by 5.5% to P53.5 million as of December 31, 2015 from P50.8 million as of December 31, 2014. Income and other taxes decreased by 6.9% to P195.0 million as of December 31, 2015 from P209.6 million as of December 31, 2014. Port concession rights payable (current and noncurrent) as of December 31, 2015 totaled P8,740.7 million, 14.6% below the P7,629.4 million as of December 31, 2014 due to contract renewal for Port of Batangas in October 2015 resulting to adoption of IFRIC 12. Pension liability as of December 31, 2015 of P190.6 million were higher by 56.4% compared to P121.8 million as of December 31, 2014.

Consolidated Cash Flows

Net cash provided by operating activities amounted to P2,794.1 million in 2015, lower by 11.6% vs. P3,162.6 million in 2014 due to lower operating income.

Net cash used in investing activities in 2015 of P746.4 million were lower by 22.5% compared to P963.0 million in 2014 on account of lower acquisitions of property and equipment and intangible assets.

Cash used in financing activities in 2015 of P1,536.6 million were 14.8% higher than the P1,338.6 million in 2014 due to higher dividends and payments of PPA fixed fees for the period. Cash dividends paid in 2015 amounted to P820.0 million while amount paid in 2014 was P700.0 million.

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

The following are the new standards, amendment to standards, and interpretations, which are effective January 1, 2015 and are applicable to the Company and none of these is expected to have a significant effect on the consolidated financial statements:

- *Defined Benefit Plans: Employee Contributions (Amendments to PAS 19).* The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- *Annual Improvements to PFRSs: 2010 – 2012 and 2011 - 2013 Cycles* – Amendments were made to a total of nine standards, with changes made to the standards on business combinations and fair value measurement in both cycles. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014. Earlier application is permitted, in which case the related consequential amendments to other PFRSs would also apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, PAS 16, PAS 38 and PAS 40.

- *Definition of 'related party' (Amendment to PAS 24).* The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 – e.g. loans.

To be adopted on January 1, 2018

- *PFRS 9 Financial Instruments (2014).* PFRS 9 (2014) replaces PAS 39 *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of PFRS 9.

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 23 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 2016 is P3.8 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 2015:

- ATIB's total assets were only 9.2% of the consolidated total assets
- Income before other income and expense from ATIB was only 12.6% of consolidated income before other income and expense.[1]

Consolidated KPI	Manner of Calculation	2015	2014	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	15.5%	17.4%	Decrease resulted from lower income before other income (expense) during the period.

[1] 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	17.0%	20.1%	Decrease due to lower net income.
Current ratio	Ratio of current assets over current liabilities	2.82 : 1.00	2.09 : 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	1.99 : 1.00	
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.99 : 1.00	0.99 : 1.00	
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	8 days	12 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.	1.63	1.95	Improved as a result of extensive safety campaign and strict implementation of HSES policies.

Summary of Selected Financial Data (in millions)

Description	*Year ended December 31, 2015*	*Year ended December 31, 2014*
Revenues	*P 8,146.5*	*P 8,241.1*
Net income	*1,767.2*	*1,901.3*
Total assets	*21,341.8*	*19,870.7*
Total liabilities	*10,594.1*	*9,873.3*

Years ended December 31, 2014 and 2013

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

[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 Medically Treated Injuries (MTIs) and Fatality incidents.

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.

Port authorities' share in revenues increased by 48.4% to P1,655.2 million in 2014 from P1,115.6 million in 2016 following higher revenues subject to port authorities' share.

Cost and expenses in 2014 totaled P3,598.2 million, 21.8% higher than the P2,955.3 million in 2013. 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, 2014 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.

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. [3]

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.

[3] 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	1.99 : 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)[4]	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 HSES policies.

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

[4] 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 Medically Treated Injuries (MTIs) and Fatality incidents.

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.

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.

Cost and expenses went up by 2.8% to P2,955.3 million in 2013 from P2,873.4 million in 2012. 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[5].

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.
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.

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

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)[6]	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 HSES policies.

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*

Information on Independent Accountant and External Audit Fees

The appointment of R.G. Manabat & Co. as the external auditors of Asian Terminals, Inc. for 2015 was approved by the shareholders during the annual meeting held on April 23, 2015. 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:

	2015 (P'000)	2014 (P'000)
Audit Fees	2,873.0	2,762.5

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 2015 and 2014.

[6] 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.

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	44	Chairman
Eusebio H. Tanco	66	Director/President
Suhail Al Banna	58	Director
Sara Mohd Amin Ahmad Mohd Falaknaz	29	Director
Kwok Leung Law	52	Director
Teodoro L. Locsin, Jr.	67	Director
Monico V. Jacob	70	Director
Felino A. Palafox, Jr.	65	Director
Artemio V. Panganiban	79	Director
Arsenio N. Tanco	87	Director
Andrew R. Hoad	49	Executive Vice President
Jose Tristan P. Carpio	47	Vice President for Finance and Chief Financial Officer
Rodolfo G. Corvite, Jr.	56	Corporate Secretary and Vice President for Business Support Services
Sean L. Perez	50	Vice President for Marketing and Commercial
Christopher Joe Styles	46	Vice President for Engineering
Bastiaan W. Hokke	53	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, 44**,** 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 the ranks. He was on 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 the 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), STI West Negros University (since 2013) , Mactan Electric Company (since 1988), DLS-STI College (since 2003), , Mar-Bay Homes Inc. (since 1980), Capital Managers and Advisors, Inc. (since 1995), Maestro Holdings, Inc. (formerly STI Investments, since 2007), Cement Center, Inc. (since 1983),First Optima Realty Corporation (since 1980), GROW Vite (since 2014), Venture Securities, Inc.(since 1980), 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), Bloom with Looms Logistics, Inc. (formerly STMI Logistics, Inc., since 1988), Total Consolidated Asset Management Inc. (TCAMI) (since 2006), Eujo Philippines, Inc. (since 1986), Classic Finance, Inc. (since 2004), Insurance Builders Inc. (since 1979), Biolim Holdings and Management Corp. (formerly Rescom Developers, Inc ,since 1983),. In addition, he is a Director of iACADEMY (since 2002), Philhealthcare Inc. (since 2009), Philippine Life Financial Assurance (formerly Asian Life Financial Assurance, since 2012), United Coconut Chemicals, Inc. (since 1995), 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, 58, UAE national, was formerly the Company's Executive Vice-President from February 2007 to June 2008. He is the DP World Senior Vice President and Managing Director - Middle East and Africa since 2013. His previous assignment was as Senior Vice President, Government Relations and Global Corporate Responsibility. Suhail has over 10 years' experience in the port industry, specializing in information technology and the opportunities the latest technology developments bring to the efficient management and control of ports and marine terminals. He has extensive international experience and he is also on the Board of various companies of DP World Middle East & Africa, many of which as the Chairman. Between 2009 - 2012 he acted as interim CEO at sister company Tejari Fze LLC (a company specializing in e-commerce procurement), where he introduced two new business lines - Tejari Solutions, a web based eSourcing service for business procurement and Tejuri.com to support Dubai retailers selling their merchandise online to consumers globally. Mr. Al Banna is a graduate of San Diego State University, USA, and has also participated in the Kellogg Business School and Harvard Business School executive management program. He joined the Board in 2007.

Monico Jacob, 70, 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 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 iACADEMY, (since 2010) and PhilCare, (since 2012). He is also an independent director of Jollibee Foods, Inc. (since 2001), Phoenix Petroleum Philippines (since 2008) and Century Properties Group, Inc. (since 2010). 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 43 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, 87, Filipino, is the President of Coats Manila Bay, Inc. (now Manila Bay Thread Corporation) 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, 52, 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 on February 18, 2010.

Sara Mohd Amin Ahmad Mohd Falaknaz, 29, UAE national, is the current Vice President for Innovation at DP World. She has worked for the past seven (7) years as Executive Director, Operations at global investment group Dubai Holding. Prior thereto, she held the position of Chief Financial Advisor at Falaknaz General Enterprises. She is also the founder and partner of Innovation Machine, an organisation that empowers, educates and inspires entrepreneurs by facilitating public and private innovation events in the Middle East. Ms. Falaknaz holds a Bachelor's degree in Management & Finance and has completed innovation and executive leadership programmes at London Business School. She joined the Board last August 20, 2015.

Artemio V. Panganiban, 79, 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, and 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., 67, 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, **49**, British, is the Executive Vice President. He has held various positions with P & O Group, CSX World Terminals and DPWorld since 1988. He became the General Manager Sales for CSX based in Hongkong from 2004 to 2005. Thereafter, he was assigned to Dubai and the Far East as DPWorld Commercial Director for Asia 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, 47, 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., **56,** 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, 53, 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.

Christopher Joe Styles, 46, 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 P69 million in 2015 and P64 million in 2014. The projected annual compensation in 2016 is P71 million.

   The total annual compensation of all other officers and directors in 2015 amounted to P114 million and in 2014 amounted to P105 million. The projected annual compensation in 2016 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	2016 (Projected)	60	11	0	71
All other officers* and directors as a group unnamed	2016 (Projected)	98	20	0	118

**Managers and above*

Name and Principal Position	Year	(in millions of pesos)			
		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	2015 (Actual)	57	12	0	69
All other officers* and directors as a group unnamed	2015 (Actual)	96	18	0	114

**Managers and above*

Name and Principal Position	Year	(in millions of pesos)			
		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	2014 (Actual)	53	11	0	64
All other officers* and directors as a group unnamed	2014 (Actual)	84	21	0	105

**Managers and above*

2) The Directors do not receive compensation for services provided as a director other than reasonable per diems[7] for attendance at meetings of the Board and the Board Committees. This is in accordance with Article IV, Section 14 of the Company's By-Laws which states that "Except for reasonable per diems, directors, as such shall be entitled to receive only such compensation as may be granted to them by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock at a regular or a special meeting of the stockholders. In no case the total yearly compensation of the directors, as such, exceed ten percent (10%) of the net income before income tax of the Corporation during the preceding year.

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

[7] Directors' per diem amounted to Php3,310,000.00 (for 2015) and Php 2,725,000,000 (for 2014). The Chairman receives Php60,000.00 per diem, for every board meeting attended, while members of the Board receive Php50,000.00.

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, 2015, 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 House 116 Valero cor. V. A. Rufino Sts. Salcedo Village, Makati City)*	Filipino	230,457,145 *(116,991,033)*	11.52% *(5.85%)*
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	138,379,877 *(126,290,300)*	6.92% *(6.31%)*
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, 2015, 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-	Sara Mohd Amin Ahmad Mohd Falaknaz	1/direct	UAE	.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, through the Board, renewed the management agreement with P & O Management Services, Phils. Inc. (POMS) for a period of five years from September 1, 2015 until August 31, 2020. Forty percent (40%) of the outstanding capital stock of POMS is owned by DPWorld Australia (POAL) Pty. Ltd. As of February 29, 2016, DPWorld Australia (POAL) Pty. Ltd. owns 17.32% of the total outstanding capital stock of ATI. In addition, ATI Holdings, Inc. (majority-owned by DPWorld Australia (POAL) Pty. Ltd.) owns 14.57% (as of February 29, 2016) of the outstanding capital stock of ATI.

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. E.H. Tanco is the President. Insurance services were also availed from Philippines First Insurance Co. (PhilPlans) where Atty. Monico Jacob is the Chairman and Mr. Arsenio Tanco is a Director. Also health care services with PhilCare where Mr. Eusebio H. Tanco, Mr. Arsenio N. Tanco and Atty. Monico Jacob are Directors.

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

Transactions with related parties are on an arm's length basis.

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 corporate governance to attain its goals and objectives. Its principal officers and directors have attended Corporate Governance seminars and orientations in compliance with the provisions of its Manual of Corporate Governance and provisions of the SEC Memorandum Circular No. 20 series of 2013. The seminars were given by accredited providers such as the Institute of Corporate Directors, Risk, Opportunities, Assessment and Management (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 the evaluation system to determine level of compliance of the Board and top level management is in progress.

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 2015 Annual Corporate Governance Report as filed on January 8, 2016 is hereby attached, in compliance with the Advisory of the Securities and Exchange Commission (SEC) dated March 16, 2016.

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

(A) Exhibits

Exhibit 1*	Quarterly Report (SEC Form 17-Q) As of September 30, 2015
Exhibit 2	Financial Statements and Schedules

*Please refer to the September 30, 2015 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**
February 12, 2015	Notice of Guidelines for Nominations for Election to the Board of Directors
February 25, 2015	Setting the date, venue, agenda and record date of the 2015 Annual Stockholders' Meeting
March 11, 2015	Board Approval of the 2014 Audited Financial Statements and Appointment of R. G. Manabat and Co. as external auditors for 2015
April 27, 2015	Declaration of cash dividends, appointment independent auditors, approval of the audited financial statements, results of the 2014 annual stockholders' meeting and organizational meeting
May 8, 2015	Certification on Qualification of Independent Directors; 2014 Audit Committee Self-Assessment
July 24, 2015	Resignation of director (Mr. Flemming Dalgaard)
August 24, 2015	Election of director (Ms. Sara Mohd Amin Ahmad Mohd Falaknaz); Renewal of the ATI and P&O Management Services Inc. for a period of five years subject to stockholders' approval in the 2016 Annual Meeting.
October 5, 2015	Signing of the Contract for the Management, Operation, Maintenance and Development of Phase I, Port of Batangas

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 14th day of April 2016.

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 14 2016 day of April 2016 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	April 30, 2015/ Manila

Doc. No. 31
Page No. 7
Book No. XVI
Series of 2016.

Notary Public

ATTY. JOSELYN BONNIE V. VALEROS
NOTARY PUBLIC, ROLL NO. 54515
PTR No. 4912213 Issued on: Dec. 22, 2015 Until Dec. 31, 2016
IBP No. 723953 Issued on: Aug. 21, 2007
Commission No. 2016-099 Issued on: April 06, 2016, Until Dec. 31, 2017
Office Add: Imperial Bayfront Tower, 1642 A. Mabini, Manila
MCLE NO. IV-0017429 Issued on April 18, 2013

101082016001706

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

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Company Information

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Company Name	ASIAN TERMINALS INC. 2
Industry Classification	
Company Type	Stock Corporation

Document Information

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Department	CED/CFD/CRMD/MRD/NTD
Remarks	CHANGES TO ACGR (2015)

Consolidated Changes In ACGR for 2015 (Asian Terminals, Inc.)

**In Blue Font are the changes in 2015*

TABLE OF CONTENTS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM –ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is filed for the year	:	2015
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

Updated based on April 27, 2015 PSE and SEC 17-C Disclosures (Results of the 2015 Annual Stockholders' Meeting) and August 20 and 24, 2015 PSE and SEC 17-C (Election of Director)
http://www.asianterminals.com.ph/ATIWebsite/uploads/SECFilings/ASM%202015.pdf
http://www.asianterminals.com.ph/ATIWebsite/uploads/SECFilings/Sara%20Falaknaz%20and%20POMS.pdf

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 23, 2015/ Annual	April 23, 2015/ Annual	3
Eusebio H. Tanco	Executive	NA	ATI Holdings	1993	April 23, 2015/ Annual	April 23, 2015/ Annual	22
Suhail Al Banna	Non-Executive	ATI Holdings	ATI Holdings	2007	April 23, 2015/ Annual	April 23, 2015/ Annual	8
Monico V. Jacob	Non-Executive	NA	ATI Holdings	2009	April 23, 2015/ Annual	April 23, 2015/ Annual	6
Felino A. Palafox, Jr.	Non-Executive	NA	ATI Holdings	2009	April 23, 2015/ Annual	April 23, 2015/ Annual	6
Arsenio N. Tanco	Non-Executive	NA	ATI Holdings	2009	April 23, 2015/ Annual	April 23, 2015/ Annual	6
Kwok Leung Law	Non-Executive	ATI Holdings	ATI Holdings	2010	April 23, 2015/ Annual	April 23, 2015/ Annual	5
Artemio V. Panganiban	Independent	NA	ATI Holdings-no relationship	2010	April 23, 2015-3 years	April 23, 2015-Annual	5

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

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)[2]	Elected when (Annual / Special Meeting)	No. of years served as director
Teodoro L. Locsin, Jr.	Independent	NA	Kwok Leung Law-no relationship	2010	April 23, 2015-3 years	April 23, 2015-Annual	5
Flemming Dalgaard*	Non-Executive	ATI Holdings	ATI Holdings	2013	April 23, 2015/ Annual	April 23, 2015/ Annual	2
Sara Mohd Amin Ahmad Mohd Falaknaz	Non-Executive	NA	Election by the Board constituting a quorum	2015	August 20, 2015	August 20, 2015-Special Board Meeting	4 months

**Mr. Dalgaard resigned effective August 20, 2015. In the Board meeting last August 20, 2015, the Board, constituting a quorum and pursuant to the by-laws of the Company, elected Ms. Sara Mohd Amin Ahmad Mohd Falaknaz on August 20, 2015 to fill the vacancy.*

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).

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[3]

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

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

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

(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. Phoenix Petroleum Philippines, Inc. Jollibee Foods, Inc. Lopez Holdings, Inc.	Regular Independent 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
Sara Mohd Amin Ahmad Mohd Falaknaz*	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

**On August 20, 2015, Ms. Falaknaz replaced Mr. Flemming Dalgaard who resigned effective August 20, 2015.*

This is updated based on SEC Form 23-A of Ms. Falaknaz submitted to SEC and PSE on August 20, 2015.
http://www.asianterminals.com.ph/ATIWebsite/uploads/PSEDisclosures/SEC%20Form%2023-A%20(Ms.%20Falaknaz).pdf

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 stated in the CG Manual.	Proper discharge of Board functions by meeting regularly and perform duties and functions as stated in the CG Manual.	Proper discharge of Board functions by meeting regularly and perform duties and functions as 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
Flemming Dalgaard	Director (Non-Executive)	August 20, 2015	Resignation

Updated based on disclosures to PSE and SEC 17-C dated August 20, 2015 and July 23, 2015
http://www.asianterminals.com.ph/ATIWebsite/uploads/PSEDisclosures/POMS%20and%20Ms.%20Falaknaz.pdf
http://www.asianterminals.com.ph/ATIWebsite/uploads/SECFilings/Resignation%20of%20Director.pdf

(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 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	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 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)

	filled up by the majority vote of the remaining directors then in office, constituting a quorum.	
b. Re-appointment.		
(i) Executive Directors (ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
c. Permanent Disqualifications		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent 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.
d. Temporary Disqualification		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	Same as above	Same as above
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 2015 Annual Stockholders' Meeting. Total number of shares represented is 1,780,741,269 or 89.04% 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.

**Resigned and was replaced by Ms. Sara Mohd Amin Ahmad Mohd Falaknaz on August 20, 2015.*

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[4] for the past three (3) years:

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

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

Updated based on disclosures to PSE and SEC on December 1 and 17, 2015

http://www.asianterminals.com.ph/ATIWebsite/uploads/SECFilings/Attendance%20to%20CG%20Orientation%20Program%20(2015).pdf
http://www.asianterminals.com.ph/ATIWebsite/uploads/PSEDisclosures/Corporate%20Governance%20Attendance%20of%20BHokke%20SFalaknaz%20FPalfox.pdf

Name of Director/Officer	Date of training	Program	Name of Training Institution
Rashed Ali Hassan Abdulla (Chairman)	November 26,2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Teodoro L. Locsin Jr. (Independent Director)	November 26,2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Felino A. Palafox, Jr. (Director)	December 16, 2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Arsenio N. Tanco (Director)	November 26,2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Suhail Al Banna (Director)	November 26,2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Sara Mohd Amin Ahmad Mohd Falaknaz (Director)	December 16, 2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Artemio V. Panganiban (Independent Director)	February 18, 2015	Orientation Course for Corporate Governance	Institute of Corporate Directors (ICD)
Monico V. Jacob (Director)	March 11, 2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Eusebio H. Tanco (President & Director)	October 22, 2015	Seminar on Corporate Governance	SGV & Co.

Name of Director/Officer	Date of training	Program	Name of Training Institution
Andrew R. Hoad (Executive Vice President)	November 26,2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Rodolfo G. Corvite, Jr. (Corporate Secretary/ VP Business Support Services/ CIO)	November 26,2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Jose Tristan P. Carpio (Treasurer/ Vice President for Finance/ CFO)	November 26,2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Christopher Joe Styles (Vice President for Engineering)	November 26,2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Bastiaan W. Hokke (Vice President for Group Operations)	December 16, 2015	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Kwok Leung Law (Director)	November 26,2015	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Sean James L. Perez (Vice President for Marketing and Commercial)	November 26,2015	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management Inc. (ROAM)
Brian A. Stone (Internal Auditor)	November 26, 2015	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management Inc. (ROAM)

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.

Business Conduct/ Ethics	Directors	Senior Management	Employees
(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 through a declaration of gift form	If acceptance of gifts cannot be avoided, it has to be reported 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

Business Conduct/ Ethics	Directors	Senior Management	Employees
(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[5], 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.

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

C. BOARD MEETINGS & ATTENDANCE

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

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

2) Attendance of Directors

Updated based on the disclosure to the PSE and SEC on January 4 and 5, 2016

http://www.asianterminals.com.ph/ATIWebsite/uploads/SECFilings/Attendance%20to%202015%20Board%20Meetings.pdf
http://www.asianterminals.com.ph/ATIWebsite/uploads/PSEDisclosures/Attendance%20to%202015%20Board%20Meetings.pdf

Board	Name	Date of Election	No. of Meetings Held during the year (2015)[6]	No. of Meeting Attended	%
Chairman	Rashed Ali Hassan Abdulla	April 23, 2015	8	8	100
Member	Flemming Dalgaard	April 23, 2015 (up to August 20, 2015)	8	2	50
Member	Eusebio H. Tanco	April 23, 2015	8	8	100
Member	Suhail Al Banna	April 23, 2015	8	5	63
Member	Kwok Leung Law	April 23, 2015	8	8	100
Member	Arsenio N. Tanco	April 23, 2015	8	8	100
Member	Felino A. Palafox, Jr.	April 23, 2015	8	8	100
Member	Monico V. Jacob	April 23, 2015	8	8	100
Independent	Artemio V. Panganiban	April 23, 2015	8	8	100
Independent	Teodoro L. Locsin, Jr.	April 23, 2015	8	7	88
Member	Sara Mohd Amin Ahmad Mohd Falaknaz*	August 20, 2015	8	3	75

**Ms. Falaknaz was elected last August 20, 2015. There were 4 meetings after her election while Mr. Dalgaard resigned effective August 20, 2015. There were 4 meetings before his resignation.*

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.

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[6] In 2015, there were 4 regular meetings held and 4 special meetings

5) Access to Information

(a) How many days in advance are board papers[7] 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

(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

[7] 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.

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	2.620M	690K
(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	Php69M
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 qualifica-tions 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 Gover-nance Manual mandates the creation of the Committee and its responsi-bilities	Establish a formal and transparent procedure for developing a policy on executive remunera-tion and for fixing the remunera-tion packages of corporate officers, directors and employees	Evaluation of compensation related policies	Recommend to the Board any changes in compensa-tion-related matters affecting employees and officers.
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 23, 2015	0	NA	NA	3
Member	Eusebio H. Tanco	April 23, 2015	0	NA	NA	9
Member	Felino A. Palafox, Jr.	April 23, 2015	0	NA	NA	6
Member (ID)	Artemio V. Panganiban	April 23, 2015	0	NA	NA	5
Member	Kwok Leung Law	April 23, 2015	0	NA	NA	5
Member	Flemming Dalgaard*	April 23, 2015 (up to August 20, 2015)	0	NA	NA	2
Member	Monico V. Jacob	April 23, 2015	0	NA	NA	6

**Mr. Dalgaard resigned effective August 20, 2015 and was replaced by Ms. Sara Mohd Amin Ahmad Mohd Falaknaz.*

(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 23, 2015	4	4	100	5
Member	Monico V. Jacob	April 23, 2015	4	4	100	5
Member	Kwok Leung Law	April 23, 2015	4	3	75	5

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 23, 2015	1	1	100	3
Member	Eusebio H. Tanco	April 23, 2015	1	1	100	10
Member	Felino A. Palafox, Jr.	April 23, 2015	1	1	100	6
Member (ID)	Artemio V. Panganiban	April 23, 2015	1	1	100	5
Member	Kwok Leung Law	April 23, 2015	1	1	100	2

(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 23, 2015	1	1	100	3
Member	Kwok Leung Law	April 23, 2015	1	1	100	5
Member	Felino A. Palafox, Jr.	April 23, 2015	1	1	100	6
Member (ID)	Artemio V. Panganiban	April 23, 2015	1	1	100	5
Member	Arsenio N. Tanco	April 23, 2015	1	1	100	6

(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 July 23, 2015, Mr. Flemming Dalgaard resigned effective August 20, 2015. In the regular board meeting held last August 20, 2015, the Board constituting a quorum and pursuant to the by-laws of the Company, elected, Ms. Sara Mohd Amin Ahmad Mohd Falaknaz as Director and was appointed as one of the members of Executive Committee to occupy the vacancy.

Name of Committee	Name	Reason
Executive	Sara Mohd Amin Ahmad Mohd Falaknaz	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, 2015 to December 31, 2015.

(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 4 risks identified by the Company according to impact and likelihood:

Risk Exposure	Risk Management Policy	Objective
Destructive Typhoon	▪ Insurance ▪ Retrofitting ▪ Business Continuity Planning ▪ Safety Procedures	To prevent or minimize Death, injury; Property & Cargo damage/loss; Business Interruption; Partial/Total Closure
Grounding of Suppliers and Service Providers for their Non-Compliance with Laws / Breach of Contract with Third Parties by Client	▪ Proper Screening ▪ Due Diligence	To prevent or minimize Business Interruption; Customer Loss & Revenue Loss
Competition from other ports or other players	▪ Aggressive marketing/customer relations initiatives ▪ Productivity & efficiency improvements ▪ Regular dialogue with concerned Government entities/port users	To prevent reduction or decline in Volume i.e. Market Share
No Yard / RTG Expansion	▪ Proper Storage Management ▪ Business Continuity Planning ▪ Reallocation of back-up areas	To prevent or minimize Operational Disruption/Stoppage; Efficiency Loss; Business Loss; Customer Claims; 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	Annual review and monitoring. Assessed based on impact and likelihood.	Adequate Insurance; Structural Testing & Improvement; Retrofitting; Business Continuity Planning; Emergency Response Procedures; Drill Exercise
Grounding of Suppliers and Service Providers for their Non-Compliance with Laws / Breach of Contract with Third Parties by Client		Proper Screening and Due Diligence with respect to suppliers
Competition from other ports or other players		Aggressive marketing / customer relations initiatives; Productivity & efficiency improvements; Regular dialogue with concerned Government entities/port users
No Yard / RTG Expansion		Proper storage management; business continuity planning; reallocation of back-up areas

(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 2015.

(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 risk-based 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, facilitation, 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, as long as relevant with the audit scope, and with stringent regard for safekeeping and confidentiality.

(d) Resignation, Re-assignment and Reasons

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	71% compliance to original audit plan due to adjustments made to give way to audits requested by management.
Issues[8]	No significant issues noted.
Findings[9]	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 a risk-based 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

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and

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

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**	**Rating Agencies**
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 837 days (September 15, 2013 to December 31, 2015).

Reportable Injury Frequency Rate (RIFR) for year 2015 is 1.63. This is 16.21% decrease compared to 1.95 RIFR for last year.

RIFR is an overall or more comprehensive measure of workplace safety performance. It represents the number of Lost Time Injury's (LTI's), Medical Treatment Injury's (MTI's) and Fatality for every million manhours. Lower RIFR is indicative of better safety performance.

Initiatives to maintain zero fatality and reduce the number of LTI's, MTI's and Property Damage Incidents.

- Pro-active safety program
- Behavioural based safety approach
- Safety toolbox meetings
- Regular safety meetings for business units
- Regular coordination meeting with the unions and stewards
- Regular energy conservation meeting
- Regular emergency response team meeting
- Emergency response procedures for contingencies.
- Business continuity plans
- 24/7 medical clinic.
- 24/7 Fire truck
- Chemical response kits
- Weather and wind monitoring systems
- Inclement weather meeting
- Positive reinforcement programs
- Refresher technical trainings (ITV operation, working at heights, vessel safety training, Isolation, etc.)
- Supervisor's safety training

- CCTV monitoring of safety and security infractions
- Regular coordination meeting with contractors and third party truckers
- Daily safety and health audit/inspections
- Review and update of HIRAC (Hazard Identification Risk Assessment and determining Controls) for every major incident occurring for better management of hazards within the workplace
- Review and update of OHSES related procedures
- Safety and security alerts
- Safety signages and traffic management plan
- Speed limit monitoring using radar gun
- Annual Physical Examination (APE)
- Medical lectures given to ATI Employees (Doc Connect)
- Drug awareness campaign
- Random drug & alcohol testing, including post incident testing
- Blood pressure and blood sugar monitoring
- Flu vaccinations program
- Water potability testing
- Work Environment Measurement Activity (Testing on Ambient Air, Illumination and Noise)
- Regular fumigation and pest control activity
- HSE incident investigation and management system
- Safety advisories posted in bulletin boards
- Employee awareness, wellness and sports activities such as fatality debrief meetings, Emergency Drills, Fire Olympics, Corporate Social Responsibility Programs, etc.
- Safety induction for third party truckers, shipping line agents and brokers, contractors and suppliers.
- Illumination mapping and monitoring program
- Safety engagement programs validation
- Quarterly measurement of Ambient Water and Ambient Air for DENR
- Submission of Legal Requirements to DOLE, DENR and PPA

Strict compliance and monitoring of legal permits and licenses

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

Training	**Title**
Behavioral/ Leadership Related	Effective Leadership Training, Effective Presentation Training, Personal Leadership Journey Training, Stress Management Seminar, Basic Supervisory Training, Capturing and Keeping Your Audience's Attention, Competitive Selling Techniques, Facilitator Skills Workshop, How to be assertive in difficult situations, Pro-Active Supervision and Leadership Skills, Customer Service Training, Effective Customer Complaint Management Seminar, Anti- Bribery and Corruption Training, Practical Problem Solving and Decision Making Skills

Training	Title
Engineering Related	5S Seminar, Electrical Safety Training, HP Network Innovation Summit 2015, Hydraulic Hose Crimping Training, Mainpac training, Oil Analysis Training, Predictive Maintenance, Training- Vibration Analysis, Safe Tire Removal, Repair, and Installation Training, Service maintenance training for the Reach stacker, Empty Handlers and fork lift, Solar Energy for Cost Savings, TPA (Terminal Performance Analytic) Champions Training, Transmission Training, Used Oil Analysis Training
Health, Safety, Environment and Security Related	Accident Prevention Seminar, Advanced Fire Fighting, Anchor Wand Training, Basic Electrical Safety Training, Basic Fire Fighting Training Basic Occupational Safety and Health (BOSH) Training, Bomb Threat Training, Campbell Safety Training, CCTV Operations Training, Chemical Spill Training, Confined Space Training, Continuing Environmental Education Seminar, Defensive Driving Training, Drug Awareness Seminar, Emergency Response Procedures, Environmental Training for Managing Heads, Fire Safety Training with ERP, First Aid and Basic Life Support Training HIRAC Training, Hirac, JSA, FRS, Safety Engagement, Emergency Response Training IMS Awareness Training, IMS Implementation/ Control of Documents and Records, IMS Internal Auditors Training, Integrated Management System Awareness, Integrating Port Safety, Health and Environment (PSHE) into the National Port Development and Management Policy, International Ships and Port Facility Security Training, ISO 28000 Awareness Course, ISO 9001 - Quality Management Representative (QMR) Skills Training, ISO Training, Isolation Training, Job Safety Analysis Training, Making Decisions for Sustainable Port Development: Feasibility Studies, Master Plans and Environmental Impact Assessment (EIA), NEBOSH International General Certificate in Occupational Health and Safety Pollution Control Officer Training, Port Safety Course Training, Proactive Safety Training, Rope Grab Training, Safety 101, Safety Engagement Programs, Safety Training for Supervisors, Senior Executive Leadership Seminar, Traffic Management Seminar, Understanding ISO and Legal, Requirements, Various Safety Training, Vessel Inspection Workshop, Vessel Safety Training, Working at Heights Training, Working at Heights with Rescue Training

Training	Title
Operations Related	APP On the Job Training, Basic Container, Operations, Basic Load Slinging Training, Basic Logistics and Warehouse Operations Management, Cargo Handling Training, CBU RORO Training, Checkers Training, Dangerous Goods Training, Deck Master Training, Equipment Operations Training, Forklift Training, GSD Procedure Cascading, Import Export Training, ITV Training, JLG Aerial Lift Training, Kone Cranes Operators Training, Load Slinging Training, Manlift Training, Mooring Operations Training, Passenger Terminal Supervisors Training, Quay Crane Training, RDT Training, Reach Stacker Training, Reefer Cascading Procedure, Reefer Training, RLML Seminar, RTG Training, Shipscrane Training, Sideloader Training, Supervisors Training Terminal Operating System Training
Support Unit Related (HR, Finance, Information Technology, Commercial and Marketing, etc.)	2015 Annual Disclosure Rules Seminar, 3rd Employee Fringe and Welfare Benefits, 5S of Good Housekeeping, Advanced Excel Training Advanced Fire Insurance Seminar, An Introduction to Corporate Responsibility at DP World, Basic MS Word Training, Corporate Governance Training, Corporate Orientation, Employer and Philhealth Employers Engagement, Representatives (PEER) Forum 2015, Finance for Non Finance Managers, Fraud Awareness Seminar, Fundamentals of Purchasing, HR Connect, Industrial Relations Training, Info Security and Hacking Seminar, Introduction to the Junos Operating System, IT Project Management Training, Junifer Firewall Workshop/ Ironport, MCLE Training, Motor Car Claims Briefing, MS Project Training, My World Employee Engagement Survey Briefing, Philcare Orientation, Raters Training, Risk Based Audit Methodology: A Practical Approach, SEC Follow up workshop, SSS In House Information Seminar, Terminal Appointment Booking System (TABS) Training, Toast Masters District Convention, Lean Sigma Project Champion

(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)	230,457,145	11.52	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)	138,379,877	6.92	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, 2015*

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 advisement letter is disclosed to the SEC and PSE every January of each year.

Attendance details of each director/commissioner in respect of meeting held	A separate advisement letter is disclosed to the SEC and PSE 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[10]

Name of Auditor	Audit Fee (PhpM)	Non-audit Fee
R.G. Manabat & Co.	2,873.0	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 11, 2015 for the year ended December 31, 2014.

6) Company Website

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

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

[10] For the period ending December 31, 2015

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

7) Disclosure of RPT

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 2015)

Declaration Date	Record Date	Payment Date
April 23, 2015	May 15, 2015	June 10, 2015

(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 11, 2015 (Notice was released together with the Preliminary Information Statement that was disclosed both to the SEC and PSE and posted in the Company website)

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

   April 23, 2015

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, 2014
- d) Appointment of the independent auditors
- e) Approval and ratification of the acts of the Board and the Management for 2014
- 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 23, 2015 to PSE and April 27, 2015 to the SEC. Posted on the Company website on April 27, 2015.

(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 (2015)	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) Kwok Leung Law 8) Monico V. Jacob 9) Andrew R. Hoad 10) Rodolfo G. Corvite, Jr. 11) Jose Tristan P. Carpio 12) Bastiaan W. Hokke 13) Christopher Joe Styles	April 23, 2015	poll	0.79%	88.25%	89.04%

(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	858 plus the 174 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 30, 2015
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by Stockholders	March 25 to 30, 2015
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, 2015, 15 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 local and abroad	Earthquake victims in Nepal

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: The Consolidated Changes to the ACGR for 2015 is submitted to comply with SEC Memorandum Circular No. 12 series of 2014.*

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 2015 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 JAN 08 2016 day of January 2016 in Manila, Philippines.

RODOLFO G. CORVITE, JR.
Corporate Secretary

SUBSCRIBED AND SWORN to before me this JAN 08 2016 day of January 2016 at Manila, affiant exhibiting to me his Passport Number EB3806967 issued on October 6, 2011 in Manila.

Doc. No. 18;
Page No. 72;
Book No. 7;
Series of 2016.

ATTY. AGUSTIN B. CABREDO
Notary Public for Manila
Notarial Commission No. 2015-109
Until December 31, 2016
Rm. 409, First United Bldg. Co.,
Escolta, Manila
Roll No. 26047
PTR No. 4886571 / 1-4-16 / Manila
IBP Lifetime Member 05097
MCLE No. V 0003138 - 07-26-16

Resolutions:

1. February 24, 2015(Special Board Meeting)- Annual Stockholders' Meeting date, time, venue, agenda and record dates

RESOLVED: Upon motion duly seconded, the Board unanimously approved the holding of the 2015 Annual Stockholders' Meeting on April 23, 2015 at 2PM at the Diamond Hotel Ballroom. Record date was set on March 24, 2015 and the stock and transfer book will be closed from close of business (COB) on March 24 up to April 23, 2015. Agenda as presented was unanimously approved by the Board.

It was further resolved that deadline for submission of proxies is on April 13, 2015 and will be validated on April 17, 2015.

2. March 10, 2015- Re-appointment of external auditors

RESOLVED: Upon motion duly made and seconded, the Board unanimously approved the recommendation of the Audit Committee to re-appoint R.G Manabat and Co. (KPMG) as independent auditors for year 2015, subject to the approval of the stockholders in the annual meeting on April, 23, 2015.

3. April 23, 2015- Cash Dividend Declaration, Record and Payment Dates

RESOLVED: Upon motion duly made and seconded, the Board unanimously approved recommendation of the Management and declared cash dividends in the amount of Php820M or Php0.41 per share payable on June 10, 2015 to stockholders of record as of May 15, 2015.

4. August 20, 2015- Election of Ms. Sara Falaknaz as Director

Mr. Dalgaard tendered his resignation as Director last July 23, 2015 effective August 20, 2015. It was proposed that Ms. Sara Mohd Ahmad Amin Ahmad Mohd Falaknaz be elected to fill in the vacancy. RESOLVED: The Board constituting quorum and upon motion duly seconded, unanimously approved the election of Ms. Falaknaz as Director of the Company.

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, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, 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 26 FEB 2016 of __________, 2016

SUBSCRIBED AND SWORN TO before me this FEB 2016 *of _____ 2016, 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. 69;
Page No. 1;
Book No. 4;
Series of 2016.

ATTY. ED[illegible]ABOC
PTR No. 4914932 / Jan 4, 2016
IBP No. 88846 / Roll No. 43138
ISSUED AT CITY OF MANILA

MEZZANINE, MALATE ADRIATICO GRAND RES.
1415 M. ADRIATICO ST. MALATE MANILA
NOTARIAL COMMISSION NO. 2014-128
MCLE COMPLIANCE NO. III 001503

COVER SHEET
For
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	3	3	6	5	3					

COMPANY NAME

ASIAN TERMINALS, INC. AND A
SUBSIDIARY

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

A. Bonifacio Drive, Port Area
Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
854	4th Thursday of April	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Jose Tristan D. Carpio	Josec@asianterminals.com.ph	528-6000	

CONTACT PERSON's ADDRESS

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

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

ASIAN TERMINALS, INC. AND A SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2015 and 2014 and
For the Years Ended December 31, 2015, 2014 and 2013

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

Telephone: +63 (2) 885 7000
Fax: +63 (2) 894 1985
Website: www.kpmg.com.ph
E-mail: ph-inquiry@kpmg.com

Branches · Subic · Cebu · Bacolod · Iloilo

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, 2015 and 2014, 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, 2015, 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
BSP Accredited, Category A, valid until December 17, 2017

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, 2015 and 2014, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2015, in accordance with Philippine Financial Reporting Standards.

R.G. Manabat & Co.

February 24, 2016
Makati City, Metro Manila

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

Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
E-Mail ph-inquiry@kpmg.com

Branches: Subic · Cebu · Bacolod · Iloilo

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, 2015 and 2014, 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, 2015, 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.

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, 2015 and 2014, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2015, in accordance with Philippine Financial Reporting Standards.

R.G. MANABAT & CO.

ENRICO E. BALUYUT
Partner
CPA License No. 065537
SEC Accreditation No. 1177-AR-1, Group A, valid until April 30, 2018
Tax Identification No. 131-029-752
BIR Accreditation No. 08-001987-26-2014
Issued September 26, 2014; valid until September 25, 2017
PTR No. 5320739MD
Issued January 4, 2016 at Makati City

February 24, 2016
Makati City, Metro Manila

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

		December 31	
	Note	**2015**	2014
ASSETS			
Current Assets			
Cash and cash equivalents	*6, 25*	**P4,118,761**	P3,606,926
Trade and other receivables - net	*7, 25*	**352,386**	478,795
Spare parts and supplies	*18*	**262,772**	194,263
Prepaid expenses	*8*	**503,676**	443,250
Total Current Assets		**5,237,595**	4,723,234
Noncurrent Assets			
Investment in an associate	*9*	**53,337**	59,374
Property and equipment - net	*10*	**491,030**	455,625
Intangible assets - net and goodwill	*11*	**14,934,326**	14,175,435
Deferred tax assets - net	*13*	**566,331**	386,883
Other noncurrent assets	*12*	**59,145**	70,179
Total Noncurrent Assets		**16,104,169**	15,147,496
		P21,341,764	P19,870,730
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*14, 20*	**P1,414,259**	P1,861,686
Provisions for claims	*15*	**53,539**	50,750
Port concession rights payable - current portion	*25*	**194,696**	134,029
Income and other taxes payable		**195,030**	209,567
Total Current Liabilities		**1,857,524**	2,256,032
Noncurrent Liabilities			
Port concession rights payable - net of current portion	*25*	**8,546,021**	7,495,409
Pension liability	*21*	**190,593**	121,829
Total Noncurrent Liabilities		**8,736,614**	7,617,238
		10,594,138	9,873,270

Forward

	Note	December 31 2015	2014
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		**8,770,700**	7,841,267
Hedging reserve		**(286,578)**	(106,838)
Fair value reserve		**(5,820)**	(5,820)
		10,742,602	9,992,909
Non-controlling Interest		**5,024**	4,551
Total Equity		**10,747,626**	9,997,460
		P21,341,764	P19,870,730

See Notes to the Consolidated Financial Statements.

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

			Years Ended December 31	
	Note	**2015**	2014	2013
REVENUES FROM OPERATIONS	2	**P8,146,497**	P8,241,095	P6,573,492
GOVERNMENT SHARE IN REVENUES	17	**(1,409,195)**	(1,655,234)	(1,115,635)
		6,737,302	6,585,861	5,457,857
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	18, 20, 21	**(3,736,118)**	(3,598,186)	(2,955,283)
OTHER INCOME AND EXPENSES				
Finance income	18, 19	**51,489**	32,217	53,408
Finance cost	19	**(548,784)**	(540,493)	(470,845)
Others - net	19	**(71,947)**	181,270	(426,847)
		(569,242)	(327,006)	(844,284)
CONSTRUCTION REVENUES	11	**664,250**	853,046	1,614,984
CONSTRUCTION COSTS	11	**(664,250)**	(853,046)	(1,614,984)
		-	-	-
INCOME BEFORE INCOME TAX		**2,431,942**	2,660,669	1,658,290
INCOME TAX EXPENSE	13			
Current		**760,851**	789,823	645,878
Deferred		**(96,105)**	(30,475)	(193,109)
		664,746	759,348	452,769
NET INCOME		**P1,767,196**	P1,901,321	P1,205,521
Income Attributable to				
Equity holders of the Parent Company		**P1,764,167**	P1,899,055	P1,203,539
Non-controlling interest		**3,029**	2,266	1,982
		P1,767,196	P1,901,321	P1,205,521
Basic/Diluted Earnings per Share Attributable to Equity Holders of the Parent Company	22	**P0.88**	P0.95	P0.60

See Notes to the Consolidated Financial Statements.

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

		Years Ended December 31		
	Note	**2015**	2014	2013
NET INCOME FOR THE YEAR		**P1,767,196**	P1,901,321	P1,205,521
OTHER COMPREHENSIVE INCOME				
Item that will never be reclassified to profit or loss				
Actuarial gains (losses) on pension liability	*21*	**(21,037)**	(16,466)	101,848
Tax on item taken directly to equity	*13*	**6,311**	4,940	(30,554)
		(14,726)	(11,526)	71,294
Items that are or may be reclassified to profit or loss				
Cash flow hedge - effective portion		**(346,584)**	(167,881)	-
Cash flow hedge - reclassified to profit or loss		**89,811**	15,256	-
Tax on items taken directly to equity	*13*	**77,032**	45,787	-
	16	**(179,741)**	(106,838)	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR - Net of tax		**(194,467)**	(118,364)	71,294
TOTAL COMPREHENSIVE INCOME		**P1,572,729**	P1,782,957	P1,276,815
Total Comprehensive Income Attributable to				
Equity holders of the Parent Company		**P1,569,692**	P1,780,680	P1,274,787
Non-controlling interest		**3,037**	2,277	2,028
		P1,572,729	P1,782,957	P1,276,815

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts 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, 2015		**P2,000,000**	**P264,300**	**P4,700,000**	**P3,141,267**	**(P106,838)**	**(P5,820)**	**P9,992,909**	**P4,551**	**P9,997,460**
Cash dividends - P0.41 a share for ATI	*16*	-	-	-	**(820,000)**	-	-	**(820,000)**	**(830)**	**(820,830)**
Purchase of shares of subsidiary	*2*	-	-	-	-	-	-	-	**(1,734)**	**(1,734)**
Reversal of appropriation of retained earnings	*16*	-	-	**(2,600,000)**	**2,600,000**					
Appropriations during the year	*16*	-	-	**4,000,000**	**(4,000,000)**	-	-	-	-	-
Net income for the year		-	-	-	**1,764,167**	-	-	**1,764,167**	**3,029**	**1,767,196**
Other comprehensive income:										
Actuarial loss - net of tax		-	-	-	**(14,734)**	-	-	**(14,734)**	**8**	**(14,726)**
Cash flow hedge - effective portion - net of tax	*16*	-	-	-	-	**(242,608)**	-	**(242,608)**	-	**(242,608)**
Cash flow hedge - reclassified to profit or loss - net of tax	*16*	-	-	-	-	**62,868**	-	**62,868**	-	**62,868**
Balance at December 31, 2015		**P2,000,000**	**P264,300**	**P6,100,000**	**P2,670,700**	**(P286,578)**	**(P5,820)**	**P10,742,602**	**P5,024**	**P10,747,626**
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		2,000,000	264,300	4,700,000	3,141,267	(106,838)	(5,820)	9,992,909	4,551	9,997,460

Forward

Years Ended December 31

	Note	Capital Stock	Additional Paid-in Capital	Retained Earnings: Appropriated for Port Development	Retained Earnings: Unappropriated	Hedging Reserve	Fair Value Reserve	Total	Non-controlling Interest	Total Equity
		Attributable to Equity Holders of the Parent Company								
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

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

		Years Ended December 31		
	Note	**2015**	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P2,431,942**	P2,660,669	P1,658,290
Adjustments for:				
Depreciation and amortization	*10, 11*	**944,926**	861,976	776,926
Finance cost	*19*	**548,784**	540,493	470,845
Net unrealized foreign exchange (gains) losses		**98,833**	(117,726)	523,061
Finance income	*19*	**(51,489)**	(32,217)	(53,408)
Contributions to retirement funds	*21*	**-**	-	(28,036)
Equity in net earnings of an associate	*9*	**(38,741)**	(34,618)	(29,333)
Loss (gain) on disposals of:				
Property and equipment		**(718)**	(2,279)	(7,288)
Intangible assets		**1,031**	(1,588)	-
Loss on retirement of:				
Property and equipment		**448**	-	-
Intangible assets		**-**	17,273	-
Amortization of noncurrent prepaid rental		**984**	984	984
Provisions for inventory obsolescence		**-**	10,434	-
Operating income before working capital changes		**3,936,000**	3,903,401	3,312,041
Decrease (increase) in:				
Trade and other receivables	*7*	**128,799**	(111,788)	(81,931)
Spare parts and supplies		**(68,509)**	(16,542)	4,476
Prepaid expenses	*8*	**(60,426)**	(41,098)	(178,577)
Increase (decrease) in:				
Trade and other payables	*14*	**(416,741)**	150,568	498,396
Provisions for claims	*15*	**2,789**	(1,310)	(29,808)
Income and other taxes payable		**10,452**	(3,778)	(8,359)
Cash generated from operations		**3,532,364**	3,879,453	3,516,238
Finance income received		**47,767**	29,053	53,664
Finance cost paid		**(154)**	(382)	(14,045)
Income tax paid		**(785,841)**	(745,558)	(644,001)
Net cash provided by operating activities		**2,794,136**	3,162,566	2,911,856

Forward

	Note	2015	2014	2013
		Years Ended December 31		
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	*10*	**(P141,534)**	(P163,471)	(P82,619)
Intangible assets	*11*	**(664,250)**	(853,046)	(1,896,984)
Decrease in other noncurrent assets		**10,062**	20,457	12,801
Proceeds from disposals of:				
Property and equipment		**718**	2,332	27,334
Intangible assets		**2,507**	2,694	-
Decrease (increase) in deposits		**1,320**	(4,933)	(835)
Dividends received	*9*	**44,778**	32,957	37,614
Net cash used in investing activities		**(746,399)**	(963,010)	(1,902,689)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	*16*	**(820,000)**	(700,000)	(700,000)
Cash dividends to non-controlling interest		**(830)**	(830)	(830)
Purchase of shares of subsidiary		**(1,734)**	-	-
Port concession rights payable		**(714,008)**	(637,801)	(579,275)
Net cash used in financing activities		**(1,536,572)**	(1,338,631)	(1,280,105)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**511,165**	860,925	(270,938)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**670**	(4,115)	1,864
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*6*	**3,606,926**	2,750,116	3,019,190
CASH AND CASH EQUIVALENTS AT END OF YEAR	*6*	**P4,118,761**	P3,606,926	P2,750,116

See Notes to the Consolidated Financial Statements.

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, Inc. (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 20). 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 October 2, 2015, ATI and ATIB signed a Contract for the Management, Operation, Maintenance and Development of Phase I, Port of Batangas with a term of October 1, 2015 until September 30, 2025. This contract effectively consolidates the above mentioned-contracts of ATIB in Phase I, Port of Batangas, including the Contract of Lease covering the Passenger Terminal Building 1and an adjacent open area.

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 February 24, 2016.

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
- Pension 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 off 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. ATIB is a 98.82% owned subsidiary. On August 4, 2015, ATI purchased 714 shares of ATIB, increasing its ownership to ATIB to 99.17% as at December 31, 2015. 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, 2015.

Adoption of New or Revised Standards, Amendments to Standards and Interpretation
The adoption of the following amendment to standard did not have any significant impact on the Group's consolidated financial statements.

- *Definition of 'related party' (Amendment to PAS 24).* The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 - e.g. loans.

Standards Issued but Not Yet Adopted
A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2015. However, the Group has not applied the following new or amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to PAS 16 and PAS 38).* The amendments to PAS 38, *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

  The amendments to PAS 16, *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset - e.g. changes in sales volumes and prices.

The amendments are effective for annual periods beginning on or after January 1, 2016, and are to be applied prospectively. Early application is permitted.

- *Equity Method in Separate Financial Statements (Amendments to PAS 27).* The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries.

  The amendments apply retrospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

- *Annual Improvements to PFRSs 2012 - 2014 Cycle.* This cycle of improvements contains amendments to four standards, none of which are expected to have significant impact on the Group's consolidated financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

  - *Disclosure of information "elsewhere in the interim financial report' (Amendment to PAS 34).* PAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" - i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report). The interim financial report is incomplete if the interim financial statements and any disclosure incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

    The amendment to PAS 34 is applied retrospectively, in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

  - *Disclosure Initiative (Amendments to PAS 1)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:

    - Information should not be obscured by aggregating or by providing immaterial information.

    - Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.

    - The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

    - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

  The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

Effective January 1, 2018

- PFRS 9, *Financial Instruments (2014)*. PFRS 9 (2014) replaces PAS 39, *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted.

  The Group is assessing the potential impact on its consolidated financial statements resulting from the application of PFRS 9.

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

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

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

- PFRS 15, *Revenue from Contracts with Customers* replaces PAS 11, *Construction Contracts*, PAS 18 *Revenue* and related Philippine Interpretations. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

However, the FRSC has yet to issue/approve this new revenue standard for local adoption pending completion of a study by the Philippine Interpretations Committee on its impact on the real estate industry. If approved, the standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

Effective January 1, 2019

On February 17, 2016, the FRSC approved the adoption of PFRS 16 *Leases* which replaces the current leases standard, PAS 17 *Leases,* and the related Philippine Interpretations.

Under the new standard, at the simplest level, the accounting treatment of leases by lessees will change fundamentally. PFRS 16 eliminates the current dual accounting model for lessees which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting.

The new standard provides for optional lessee exemption for short term leases - i.e., leases for which the lease term as determined under the new standard is 12 months or less. Lessor accounting remains similar to current practice - i.e., lessors continue to classify leases as finance and operating leases.

PFRS 16 is effective for annual periods beginning on or after January 1, 2019 subject to approval by the Board of Accountancy. Earlier application is not permitted until the FRSC has adopted the new revenue standard, PFRS 15.

The Group will assess the extent of the standard's impacts so that it can address wider business implications.

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 receivables, 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 25).

The combined carrying amounts of financial assets under this category amounted to P4.5 billion and P4.1 billion as at December 31, 2015 and 2014, respectively (see Note 25).

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 "Other noncurrent assets" account and 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, 2015 and 2014 (see Note 25).

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 are the Group's trade and other payables and port concession rights payable (see Notes 14 and 25).

The combined carrying amounts of financial liabilities under this category amounted to P10.2 billion and P9.5 billion as at December 31, 2015 and 2014, respectively (see Note 25).

'Day 1' Profit. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in profit or loss. In cases where no observable data are used, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' profit amount.

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.

Offsetting Financial Instruments
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 consolidated 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. 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.

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

Port Concession Rights

The Group recognizes port concession rights as intangible assets arising from a service concession 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 government share considerations in exchange for license or right. Fixed government share 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 useful life, whichever is shorter. The amortization period and the amortization method are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are treated as changes in accounting estimates. The amortization expense is recognized in profit or loss in the expense category consistent with the function of the intangible asset. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss and measured as the difference between the net disposal proceeds and the carrying amount of the asset.

Port concession rights are amortized using the straight-line method over the term of service concession arrangements or useful life ranging from 2 to 25 years.

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 common shares are recognized as a deduction from equity, net of any tax effects.

Additional Paid-in Capital
The amount of contribution in excess of par value is accounted for as "Additional paid-in capital." 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.

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

Revenue, Cost and Expense Recognition
Revenue 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 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.

- Other income is recognized when earned.

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.

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

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

Leases
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.

Employee Benefits

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

b. *Pensions*
ATI and ATIB have funded, defined benefit pension plans, administered by a common pension trustee, covering their permanent employees. The cost of providing benefits under the defined benefit 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.

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

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

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

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

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in 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 (tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with amount of VAT included.

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

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

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

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

The Group has a single reportable operating segment, as its business has been mainly 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 consolidated financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's 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:

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

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

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 P150.3 million, P171.0 million and P92.4 million in 2015, 2014 and 2013, respectively (see Note 18).

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 25 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, 2015 and 2014. The carrying amounts of trade and other receivables amounted to P352.4 million and P478.8 million as at December 31, 2015 and 2014, respectively (see Note 7).

Provisions for Claims. The Group recognizes 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 P53.5 million and P50.8 million as at December 31, 2015 and 2014, 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 P491.0 million and P455.6 million as at December 31, 2015 and 2014, respectively (see Note 10). The carrying amount of intangible assets with definite useful lives amounted to P14.9 billion and P14.2 billion as at December 31, 2015 and 2014, 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 were no indications of impairment 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 P53.3 million and P59.4 million as at December 31, 2015 and 2014, respectively (see Note 9). There were no accumulated impairment losses as at December 31, 2015 and 2014 (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, 2015 and 2014 (see Note 11). There were no accumulated impairment losses as at December 31, 2015 and 2014.

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 was no unrecognized deferred tax asset as at December 31, 2015 and 2014. The carrying amounts of deferred tax assets amounted to P594.8 million and P417.2 million as at December 31, 2015 and 2014, 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 21 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, 2015 and 2014 amounted to P179.6 million and P112.6 million, respectively. Pension liability recognized by ATIB as at December 31, 2015 and 2014 amounted to P11.0 million and P9.2 million, respectively (see Note 21).

Net Realizable Value of Inventories (NRV). In determining the NRV of inventories, the Group considers inventory obsolescence and other factors based on specific identification and as determined by management for inventories estimated to be unsaleable in the future. The Group adjusts the cost of inventories to its NRV at a level considered adequate to reflect any market decline in the value of the recorded inventories. The Group reviews, on a continuous basis, the product movements to identify inventories which are to be written-down to NRV. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in inventory obsolescence and market decline would increase recorded operating expenses and decrease current assets. As at December 31, 2015 and 2014, inventories amounted to P262.8 million and P194.3 million respectively. The carrying amount of inventories approximate its NRV as at December 31, 2015 and 2014.

6. Cash and Cash Equivalents

	2015	2014
	(In Thousands)	
Cash on hand and in banks	**P272,885**	P293,522
Short-term investments	**3,845,876**	3,313,404
	P4,118,761	P3,606,926

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 sixty 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	**2015**	2014
		(In Thousands)	
Trade receivables		**P292,358**	P361,309
Advances to officers and employees		**27,781**	27,140
Due from related parties	*20*	**16,760**	8,793
Receivable from escrow fund		**13,174**	13,174
Receivable from insurance		**6,012**	73,697
Interest receivable		**5,342**	2,952
Other receivables		**14,561**	15,332
		375,988	502,397
Allowance for impairment losses		**(23,602)**	(23,602)
		P352,386	P478,795

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

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, 2014	P2,958	P20,644	P23,602
Provisions during the year	6,297	-	6,297
Reversals during the year	-	(6,297)	(6,297)
Balance at December 31, 2014	9,255	14,347	23,602
Provisions during the year	8,206	-	8,206
Reversals during the year	-	(8,206)	(8,206)
Balance at December 31, 2015	**P17,461**	**P6,141**	**P23,602**

As at December 31, 2015 and 2014, the aging analysis of trade and other receivables is as follows:

2015

		Neither Past	Past Due but not Impaired				Past
	Total	**Due nor Impaired**	**< 30 Days**	**30 - 60 Days**	**61 - 90 Days**	**Over 90 Days**	**Due and Impaired**
			(In Thousands)				
Trade receivables	**P292,358**	**P278,646**	**P7,308**	**P -**	**P -**	**P -**	**P6,404**
Other receivables	**83,630**	**11,588**	**1,021**	**2,519**	**5,145**	**46,159**	**17,198**
	P375,988	**P290,234**	**P8,329**	**P2,519**	**P5,145**	**P46,159**	**P23,602**

2014

		Neither Past	Past Due but not Impaired				Past
	Total	Due nor Impaired	< 30 Days	30 - 60 Days	61 - 90 Days	Over 90 Days	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

8. Prepaid Expenses

	Note	**2015**	2014
		(In Thousands)	
Taxes		**P392,400**	P312,198
Rental	*12*	**43,375**	83,631
Insurance		**45,549**	35,986
Advances to contractors		**14,344**	2,718
Advances to government agencies		**101**	2,690
Others		**7,907**	6,027
		P503,676	P443,250

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	**2015**	2014
		(In Thousands)	
Acquisition cost		**P11,222**	P11,222
Accumulated equity in net earnings:			
Balance at beginning of year		**48,152**	46,491
Equity in net earnings for the year	*19*	**38,741**	34,618
Dividends received during the year		**(44,778)**	(32,957)
		42,115	48,152
		P53,337	P59,374

The following table shows the summarized financial information of SCIPSI:

	2015*	2014*
	(In Thousands)	
Current assets	**P117,882**	P140,336
Noncurrent assets	**41,631**	23,098
Total assets	**P159,513**	P163,434
Current liabilities	**P31,783**	P16,520
Noncurrent liabilities	**3,842**	3,650
Total liabilities	**P35,625**	P20,170
Revenues	**P273,706**	P259,399
Expenses	**165,216**	162,455
Net income	**P108,490**	P96,944

**Based on unaudited financial statements*

Dividend income of P17.9 million, P9.0 million and P17.9 million was received in March 2015, June 2015, and December 2015, respectively. Dividend income of P16.1 million, P7.2 million, and P9.7 million was received in March 2014, June 2014, and September 2014, respectively.

10. Property and Equipment

The movements in this account are as follows:

2015

	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	P58,529	P534,887	P344,782	P145,305	P65,054	P1,148,557
Additions	15,201	19,889	53,356	21,354	31,734	141,534
Disposals	-	-	(13,875)	(8,949)	-	(22,824)
Reclassifications	301	-	20,046	1,401	(61,643)	(39,895)
Retirements	-	-	(22,280)	(700)	-	(22,980)
Balance at end of year	74,031	554,776	382,029	158,411	35,145	1,204,392
Accumulated Depreciation and Amortization						
Balance at beginning of year	47,655	326,426	231,639	87,212	-	692,932
Additions	5,313	14,410	29,917	18,482	-	68,122
Disposals	-	-	(13,875)	(8,949)	-	(22,824)
Reclassifications	-	-	(2,338)	-	-	(2,338)
Retirements	-	-	(22,208)	(322)	-	(22,530)
Balance at end of year	52,968	340,836	223,135	96,423	-	713,362
Carrying Amount	P21,063	P213,940	P158,894	P61,988	P35,145	P491,030

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

In 2015, 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 P39.9 million were reclassified to intangible assets (see Note 11).

11. Intangible Assets and Goodwill

The movements in this account are as follows:

2015

	Port Concession Rights					
	Upfront Fees	Fixed Government Share	Port Infrastructure	Subtotal	Goodwill	Total
			(In Thousands)			
Cost						
Balance at beginning of year	P282,000	P8,342,270	P11,833,032	P20,457,302	P42,060	P20,499,362
Additions	-	937,424	664,250	1,601,674	-	1,601,674
Disposals	-	-	(140,666)	(140,666)	-	(140,666)
Reclassifications	-	-	39,897	39,897	-	39,897
Retirements	-	-	(178)	(178)	-	(178)
Balance at end of year	282,000	9,279,694	12,396,335	21,958,029	42,060	22,000,089
Accumulated Depreciation and Amortization						
Balance at beginning of year	18,254	1,696,697	4,608,976	6,323,927	-	6,323,927
Additions	11,280	316,290	549,234	876,804	-	876,804
Disposals	-	-	(137,128)	(137,128)	-	(137,128)
Reclassifications	-	-	2,338	2,338	-	2,338
Retirements	-	-	(178)	(178)	-	(178)
Balance at end of year	29,534	2,012,987	5,023,242	7,065,763	-	7,065,763
Carrying Amount	P252,466	P7,266,707	P7,373,093	P14,892,266	P42,060	P14,934,326

2014

	Port Concession Rights					
	Upfront Fees	Fixed Government Share	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

No borrowing costs were capitalized in 2015 and 2014. The unamortized capitalized borrowing costs as at December 31, 2015 and 2014 amounted to P88.2 million and P93.3 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 5.00% in 2015 and 5.52% in 2014 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 P2.4 billion and P719.5 million in 2015 and 2014, 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	**2015**	2014
		(In Thousands)	
Deposits	*25*	**P32,886**	P32,874
Taxes		**19,341**	29,402
Rental		**4,266**	5,251
AFS financial assets	*25*	**2,652**	2,652
		P59,145	P70,179

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 P9.3 million and P7.9 million as at December 31, 2015 and 2014, 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 P5.2 million and P6.2 million as at December 31, 2015 and 2014, respectively.

The current portion of such prepaid rental, presented under "Prepaid expenses - rental" amounted to P1.0 million as at December 31, 2015 and 2014, respectively (see Note 8).

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

13. Income Tax

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

	2015	2014	2013
Statutory income tax rate	**30.00%**	30.00%	30.00%
Changes in income tax rate resulting from:			
Income subjected to final tax	**(1.09)**	(0.52)	(1.27)
Others	**(1.58)**	(0.94)	(1.43)
Effective income tax rate	**27.33%**	28.54%	27.30%

The movements in deferred tax balances are as follows:

2015	Note	Net Balance at January 1	Recognized in Profit or Loss	Recognized in OCI	December 31 Deferred Tax Assets	December 31 Deferred Tax Liabilities	Net
Port concession rights payable related to fixed government share	*25*	**P223,407**	**P52,079**	**P -**	**P275,486**	**P -**	**P275,486**
Cash flow hedge		**45,787**	**-**	**77,032**	**122,819**	**-**	**122,819**
Unrealized foreign exchange loss - net		**67,831**	**28,414**	**-**	**96,245**	**-**	**96,245**
Pension liability	*21*	**38,939**	**13,045**	**6,311**	**58,295**	**-**	**58,295**
Provisions for claims		**15,225**	**837**	**-**	**16,062**	**-**	**16,062**
Excess of cost over net realizable value of spare parts and supplies		**11,469**	**-**	**-**	**11,469**	**-**	**11,469**
Impairment losses on receivables	*7*	**6,798**	**-**	**-**	**6,798**	**-**	**6,798**
Accrued operating lease		**5,645**	**(28)**	**-**	**5,617**	**-**	**5,617**
Rental deposit	*8, 12*	**2,110**	**(104)**	**-**	**2,006**	**-**	**2,006**
Unamortized capitalized borrowing costs and custom duties		**(30,328)**	**1,862**	**-**	**-**	**(28,466)**	**(28,466)**
Net tax assets (liabilities)		**P386,883**	**P96,105**	**P83,343**	**P594,797**	**(P28,466)**	**P566,331**

2014	Note	Net Balance at January 1	Recognized in Profit or Loss	Recognized in OCI	December 31 Deferred Tax Assets	December 31 Deferred Tax Liabilities	Net
Port concession rights payable related to fixed government share	*25*	P171,557	P51,850	P -	P223,407	P -	P223,407
Cash flow hedge		-	-	45,787	45,787	-	45,787
Unrealized foreign exchange loss - net		96,631	(28,800)	-	67,831	-	67,831
Pension liability	*21*	30,205	3,794	4,940	38,939	-	38,939
Provisions for claims		15,618	(393)	-	15,225	-	15,225
Excess of cost over net realizable value of spare parts and supplies		8,339	3,130	-	11,469	-	11,469
Impairment losses on receivables	*7*	6,798	-	-	6,798	-	6,798
Accrued operating lease		6,631	(986)	-	5,645	-	5,645
Rental deposit	*8, 12*	2,157	(47)	-	2,110	-	2,110
Unamortized capitalized borrowing costs and custom duties		(32,255)	1,927	-	-	(30,328)	(30,328)
Net tax assets (liabilities)		P305,681	P30,475	P50,727	P417,211	(P30,328)	P386,883

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

14. Trade and Other Payables

	Note	**2015**	2014
		(In Thousands)	
Trade		**P121,876**	P115,591
Accrued expenses:			
Personnel costs		**154,467**	166,479
Finance costs		**147,357**	135,806
Marketing, commercial and promotion		**54,033**	67,958
Repairs and maintenance		**41,919**	33,350
Rental	*23*	**38,795**	72,845
Corporate social responsibility		**30,036**	27,052
Security expenses		**19,686**	24,931
Professional fees		**13,773**	13,043
Utilities		**9,832**	14,416
Safety and environment		**1,294**	4,677
Miscellaneous accrued expenses		**72,216**	83,182
Due to government agencies	*23*	**388,471**	510,585
Equipment acquisitions		**157,739**	458,555
Shippers' and brokers' deposits		**76,411**	75,189
Due to related parties	*20*	**8,676**	8,943
Other payables		**77,678**	49,084
		P1,414,259	P1,861,686

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

	2015	2014
	(In Thousands)	
Balance at beginning of year	**P50,750**	P52,060
Provisions during the year	**7,402**	8,485
Payments during the year	**(4,613)**	(9,795)
Balance at end of year	**P53,539**	P50,750

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, 2015, the Parent Company has a total of 2 billion issued and outstanding common shares and 853 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, 2015 and 2014, respectively.

Retained Earnings

The balance of the Group's retained earnings includes a subsidiary and an associate's undistributed net earnings of P94.6 million and P63.9 million as at December 31, 2015 and 2014, 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 23, 2015, the BOD approved the declaration of cash dividends amounting to P820 million or P0.41 per share payable on June 10, 2015 to common shareholders of record as at May 15, 2015.

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 December 18, 2015, the Group's BOD approved the reversal to the unappropriated retained earnings of the amount of P2.6 billion out of the already approved appropriation of P4.7 billion, for capital expenditure for 2014 and 2015. Furthermore, the Group's BOD approved an appropriation of the retained earnings amounting to P4.0 billion for capital expenditures which include yard and berth development as well as equipment acquisition over the next 2 years. The Groups' BOD also approved on the same date a budget amounting to P9.4 billion for capital expenditures which include 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 expenditures will be sourced from internal funds.

Fair Value Reserve

Fair value reserve amounting to P5.8 million as at December 31, 2015 and 2014, respectively, 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, 2015 and 2014, the effective fair value changes of the Group's cash flow hedge that was recognized in the comprehensive income amounted to P286.6 million and P106.8 million, respectively, net of tax.

17. Government Share in Revenues

This account consists of port authorities' share in revenues of the Group as stipulated in the agreements with port authorities where the Group operates (Note 2). Port authorities' share in gross revenues includes variable government share amounting to P1.4 billion and P1.7 billion in 2015and 2014 respectively (see Notes 18 and 23).

The Group believes that the change in the presentation of the port authorities' share in revenues provides more relevant information about the financial performance of the Group.

18. Costs and Expenses Excluding Government Share in Revenue

This account consists of:

	Note	**2015**	2014	2013
			(In Thousands)	
Labor costs	*20, 21*	**P1,091,422**	P978,932	P869,073
Depreciation and amortization	*10, 11*	**944,926**	861,976	776,926
Equipment running		**482,841**	541,581	480,051
Taxes and licenses		**279,253**	215,561	168,980
Facilities-related expenses		**161,622**	159,847	141,467
Security, health, environment and safety		**160,190**	152,429	97,035
Rental	*23*	**150,295**	171,012	92,413
Management fees	*20*	**105,230**	115,949	85,225
Insurance		**64,393**	74,944	78,490
Professional fees		**47,746**	52,438	27,134
General transport		**21,532**	41,778	44,337
Entertainment, amusement and recreation		**4,730**	3,998	4,134
Others		**221,938**	227,741	90,018
		P3,736,118	P3,598,186	P2,955,283

Labor costs include salaries, benefits and pension expense.

Spare parts and supplies used and included under equipment running amounted to P141.9 million, P169.0 million, and P149.9 million in 2015, 2014 and 2013, respectively.

19. Other Income and Expenses

Finance cost is broken down as follows:

	Note	2015	2014	2013
			(In Thousands)	
Interest on port concession rights payable	*4*	**P543,141**	P537,638	P463,856
Interest component of pension expense	*21*	**5,490**	2,473	6,429
Interest on bank loans/credit facilities		**153**	382	560
		P548,784	P540,493	P470,845

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

Finance income is broken down as follows:

	Note	2015	2014	2013
			(In Thousands)	
Interest on cash in banks and short-term investments	*6*	**P50,140**	P30,964	P52,195
Accretion of rental deposits	*23*	**1,349**	1,253	1,213
		P51,489	P32,217	P53,408

Others consist of the following:

	Note	2015	2014	2013
			(In Thousands)	
Equity in net earnings of an associate	*9*	**P38,741**	P34,618	P29,333
Lease and other income - net		**9,718**	5,485	38,718
Management income	*20*	**7,260**	6,999	6,418
Foreign exchange gains - others		**6,872**	463	11,066
Income from insurance claims		**354**	54,878	4,761
Foreign exchange gains (losses) - port concession rights payable		**(35,391)**	98,684	(517,143)
Foreign exchange losses - cash flow hedge		**(99,501)**	(19,857)	-
		(P71,947)	P181,270	(P426,847)

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

20. Related Party Transactions

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

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

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 2015 and 2014 (see Note 21).

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. On August 20, 2015, the Parent Company's management decided to renew its contract with POMS for another five years until August 31, 2020.

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

Category/ Transaction	Ref	Year	Amount of the Transaction	Outstanding Balance: Due from Related Parties	Outstanding Balance: Due to Related Parties	Terms	Conditions
			(In Thousands)				
Associate							
▪ Management income	*A*	**2015**	**P7,260**	**P984**	**P -**	**Payable on demand**	**Unsecured; no impairment**
		2014	6,999	693	-	Payable on demand	Unsecured; no impairment
Post Employment Benefit Plan							
▪ Retirement fund	*B*	**2015**	**34,736**	**15,434**	**-**	**Payable on demand**	**Unsecured; no impairment**
		2014	30,336	7,798	-	Payable on demand	Unsecured; no impairment
Others							
▪ Management fees	*C*	**2015**	**105,230**	**-**	**8,676**	**Payable within ten (10) days of the following month**	**Unsecured**
		2014	115,949	-	8,943	Payable within ten (10) days of the following month	Unsecured
▪ Advances	*D*	**2015**	**2,389**	**342**	**-**	**Payable on demand**	**Unsecured; no impairment**
		2014	3,045	302	-	Payable on demand	Unsecured; no impairment
TOTAL		**2015**		**P16,760**	**P8,676**		
TOTAL		2014		P8,793	P8,943		

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

	2015	2014
	(In Thousands)	
Short-term employee benefits	**P172,066**	P156,501
Post-employment benefits	**10,570**	8,335
	P182,636	P164,836

21. Pensions

The Group's latest actuarial valuation reports are dated December 31, 2015. 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		
	2015	2014	2013	**2015**	2014	20123
	(In Thousands)					
Current service cost	**P39,501**	P34,873	P37,768	**P2,736**	P2,043	P2,138
Interest cost on defined benefit obligation	**26,022**	24,781	29,761	**1,765**	1,857	2,170
Interest income on plan assets	**(20,909)**	(22,710)	(23,954)	**(1,388)**	(1,455)	(1,548)
Net pension expense	**P44,614**	P36,944	P43,575	**P3,113**	P2,445	P2,760

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 19).

Pension Liability as at December 31

	ATI		ATIB	
	2015	2014	**2015**	2014
	(In Thousands)			
Present value of pension obligations	**(P603,253)**	(P573,183)	**(P40,609)**	(P39,247)
Fair value of plan assets	**423,663**	460,559	**29,606**	30,042
Pension liability	**(P179,590)**	(P112,624)	**(P11,003)**	(P9,205)

Changes in the Present Value of Pension Obligations

	ATI		ATIB	
	2015	2014	**2015**	2014
		(In Thousands)		
Present value of pension obligations at beginning of year	**P573,183**	P534,656	**P39,247**	P38,652
Current service cost	**39,501**	34,873	**2,736**	2,043
Interest cost	**26,022**	24,781	**1,765**	1,857
Benefits paid	**(30,226)**	(29,340)	**(56)**	(1,870)
Actuarial (gain) loss	**(5,227)**	8,213	**(3,083)**	(1,435)
Present value of pension obligations at end of year	**P603,253**	P573,183	**P40,609**	P39,247

Changes in the Fair Value of Plan Assets

	ATI		ATIB	
	2015	2014	**2015**	2014
		(In Thousands)		
Fair value of plan assets at beginning of year	**P460,559**	P476,814	**P30,042**	P30,520
Actual return on plan assets:				
Interest income	**20,909**	22,710	**1,388**	1,455
Remeasurement loss on plan assets	**(27,579)**	(9,625)	**(1,768)**	(63)
Benefits paid	**(30,226)**	(29,340)	**(56)**	(1,870)
Fair value of plan assets at end of year	**P423,663**	P460,559	**P29,606**	P30,042

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

	ATI		ATIB	
	2015	2014	**2015**	2014
		(In Thousands)		
Actuarial gain (loss) due to increase in pension obligations	**P5,227**	(P8,213)	**P3,083**	P1,435
Remeasurement gain (loss) on plan assets	**(27,579)**	(9,625)	**(1,768)**	(63)
	(P22,352)	(P17,838)	**P1,315**	P1,372

The cumulative amount of actuarial losses recognized in the consolidated statements of changes in equity is P66.2 million and P45.2 million as at December 31, 2015 and 2014, 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	
	2015	2014	**2015**	2014
	(In Thousands)			
Cash and cash equivalents	**P77,318**	P28,073	**P8,590**	P584
Investment in UITF	**5,343**	19,848	**408**	3,788
Equity instruments	**62,384**	55,405	**4,363**	3,561
Investment in government securities	**273,587**	336,785	**15,654**	20,472
Debt instruments	**2,294**	2,252	**363**	338
Other receivables	**2,737**	18,196	**228**	1,299
	P423,663	P460,559	**P29,606**	P30,042

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	
	2015	2014	**2015**	2014
Discount rate at end of year	**5.0%**	4.6%	**5.0%**	4.6%
Salary increase rate	**4.0%-6.0%**	4.0%-6.0%	**6.0%**	6.0%

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

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

	ATI		ATIB	
	2015	2014	**2015**	2014
Average expected future service years	**13**	13	**15**	15

Maturity analysis of the benefit payments:

	2015 Expected Benefit Payments (In Thousands)	
	ATI	**ATIB**
Within 1 Year	**P44,899**	**P1,217**
Within 1 - 5 Years	**250,479**	**12,294**
More than 5 Years	**2,298,163**	**271,196**

	2014	
	Expected Benefit Payments *(In Thousands)*	
	ATI	ATIB
Within 1 Year	P31,091	P2,586
Within 1 - 5 Years	167,568	5,916
More than 5 Years	2,167,387	215,964

Sensitivity Analysis
As at December 31, 2015, 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	**P551,142**	**P663,841**	**P36,122**	**45,932**
Salary increase rate	**659,794**	**553,503**	**45,613**	**36,290**

The Group expects to pay P60.7 million in contributions to defined benefit plans in 2016.

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

Basic EPS is computed as follows:

	2015	2014	2013
(a) Net income attributable to Equity Holders of the Parent Company (in thousands)	**P1,764,167**	P1,899,055	P1,203,539
(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)	**P0.88**	P0.95	P0.60

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

23. Commitments and Contingencies

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

a. The Parent Company is authorized by the PPA to render cargo handling services at the South Harbor until May 2013. On October 19, 2007, the cargo handling services contract was extended until May 2038 under the terms mutually agreed upon with the PPA.

   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. Government Share

      - For storage operations, the Parent Company shall pay an annual fixed government share of P55 million payable quarterly and a government share 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 government share of US$1.15 million plus variable government share amounting to 8% of its total gross revenues, or 20% of its total quarterly gross revenues, whichever is higher, until May 2013. After May 2013, the Parent Company shall pay quarterly fixed government share of US$2.25 million plus a variable government share amounting to 20% of its total gross revenues.

      - For general cargo operations, the Parent Company shall remit government share amounting to 20% of its total gross revenues collected from arrastre services and 14% of its total gross revenues collected from stevedoring services for general cargoes.

      - For domestic terminal operations, the Parent Company shall remit government share amounting to 10% of its total gross revenues derived from its domestic cargo handling and passenger terminal operations.

b. The Parent Company is authorized by the PPA to render cargo handling services at the Container Terminal "A-1," Phase 2 at the Port of Batangas for 25 years starting July 1, 2010. For arrastre operations, the Parent Company shall pay an annual fixed government share of US$2.26 million for the first 2 years, US$4.68 million for the 3rd year, US$5.08 million for the 4th-7th year, and US$5.33 million for the 8th-25th year. The Parent Company shall also remit annual variable government share based on committed yearly percentage share multiplied by whichever is higher of the projected gross income in the bid proposal or actual gross income.

c. ATI and ATIB are authorized by the PPA to render cargo handling and passenger services, supply base operations, porterage services, berth management, parking services, passenger terminal retail outlets, weighbridge or weighing operations, water supply services, vehicle booking system, security services, and leasing/sub-leasing of areas and facilities in the Port of Batangas Phase 1 from October 1, 2015 until September 30, 2025. For these operations, ATI and ATIB shall pay a fixed government share amount of P112.7 million for the first 3 years, which shall escalate by 5% and 4% on the 4th and 5th years and 3% for the remaining 5 years. In addition, ATI and ATIB shall remit annual volume-triggered government share of 10% and 20% for domestic cargoes and passenger terminal fees and for foreign cargoes, respectively, once defined threshold volumes are met.

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

d. 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 remit government share of 10% of its domestic cargo revenues. For foreign cargo operations, ATIB shall remit government share of 20% of its foreign cargo revenues. For the Fast Craft Passenger Terminal (Passenger Terminal Building 3) operation, ATIB shall pay a monthly fixed government share of P0.4 million, subject to a yearly escalation of 5%.

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

	2015	2014
	(In Thousands)	
Within one year	**P5,766**	P5,491
After one year but not more than five years	**1,459**	7,225
	P7,225	P12,716

f. 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:

	2015	2014
	(In Thousands)	
Within one year	**P13,330**	P12,342
After one year but not more than five years	**57,670**	55,452
After more than five years	**15,548**	31,096
	P86,548	P98,890

g. 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:

	2015	2014
	(In Thousands)	
Within one year	**P458**	P5,286
After one year but not more than five years	**-**	458
	P458	P5,744

h. 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, 2015 and 2014, the Company has outstanding commitments for future minimum lease payments under the above operating lease, which fall due as follows:

	2015	2014
	(In Thousands)	
Within one year	**P -**	P7,845
After one year but not more than five years	**-**	-
	P -	P7,845

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

	2015	2014
	(In Thousands)	
Within one year	**P -**	P10,710
After one year but not more than five years	**-**	-
	P -	P10,710

j. The Parent Company has a 2.5-year lease agreement until December 31, 2016, 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 at December 31, the Company has outstanding commitments for future minimum lease payments under the above operating lease, which fall due as follows:

	2015	2014
	(In Thousands)	
Within one year	**P33,000**	P33,000
After one year but not more than five years	**16,500**	49,500
	P49,500	P82,500

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

24. Financial Risk and Capital Management Objectives and Policies

The Group has various financial assets and liabilities such as cash and cash equivalents, trade and other receivables, deposits, trade and other payables, and port concession rights payable 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, 2015 and 2014, the interest rate profile of the Group's interest bearing financial instrument is as follows:

	2015	2014
	(In Thousands)	
Fixed Rate Instruments		
Cash and cash equivalents	**P4,116,282**	P3,600,303

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, 2015	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	**P1,414,259**	**P827,114**	**P239,675**	**P347,470**	**P -**	**P -**	**P1,414,259**
Port concession rights payable	**8,740,717**	**-**	**192,590**	**577,769**	**3,937,768**	**10,786,919**	**15,495,046**
Total	**P10,154,976**	**P827,114**	**P432,265**	**P925,239**	**P3,937,768**	**P10,786,919**	**P16,909,305**

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 payable	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

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, 2015 and 2014, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	Note	**2015**	2014
		(In Thousands)	
Cash and cash equivalents	*6*	**P4,116,282**	P3,600,303
Trade and other receivables - net	*7*	**352,386**	478,795
Deposits	*12*	**32,886**	32,874
AFS financial assets	*12*	**2,652**	2,652
		P4,504,206	P4,114,624

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, government share, 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:

	2015	2014
	(In Thousands)	
Assets		
Cash and cash equivalents	**US$1,790**	US$2,347
Trade and other receivables	**142**	416
	1,932	2,763
Liabilities		
Trade and other payables	**2,219**	4,775
Port concession rights payable	**152,203**	154,882
	154,422	159,657
Net foreign currency-denominated liabilities	**(US$152,490)**	(US$156,894)
Peso equivalent	**(P7,176,179)**	(P7,016,300)

The exchange rates applicable for US dollar as at December 31, 2015 and 2014 are P47.06 and P44.72, 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)	
2015			
	+5%	**(P358,809)**	**(P251,166)**
	-5%	**358,809**	**251,166**
2014			
	+5%	(350,815)	(245,570)
	-5%	350,815	245,570

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	**2015**	2014
		(In Thousands)	
Capital stock		**P2,000,000**	P2,000,000
Additional paid-in capital		**264,300**	264,300
Retained earnings		**8,770,700**	7,841,267
Hedging reserve	*16*	**(286,578)**	(106,838)
Fair value reserve		**(5,820)**	(5,820)
Total		**P10,742,602**	P9,992,909

25. Financial Instruments

The table below presents a comparison by category of carrying amounts and estimated fair values of all the Group's financial instruments as at December 31, 2015 and 2014.

		2015		2014	
	Note	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
			(In Thousands)		
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	*6*	**P4,118,761**	**P4,118,761**	P3,606,926	P3,606,926
Trade and other receivables - net	*7*	**352,386**	**352,386**	478,795	478,795
Deposits	*12*	**32,886**	**40,679**	32,875	41,368
		4,504,033	**4,511,826**	4,118,596	4,127,089
AFS financial assets	*12*	**2,652**	**2,652**	2,652	2,652
		P4,506,685	**P4,514,478**	P4,121,248	P4,129,741
Financial Liabilities					
Other financial liabilities:					
Trade and other payables	*14*	**P1,414,259**	**P1,414,259**	P1,861,686	P1,861,686
Port concession rights payable		**8,740,717**	**10,416,690**	7,629,438	9,067,037
		P10,154,976	**P11,830,949**	P9,491,124	P10,928,723

Fair Value of Financial Instruments

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

Nonderivative Financial Instruments

Quoted market prices have been used to determine the fair values of listed 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 4.1% in 2015 and 4.0% in 2014.

The fair value of port concession rights payable was estimated at the present value of all future cash flows discounted using the applicable rates for similar types of loans ranging from 4.14% to 5.45% in 2015 and 4.05% to 4.63% in 2014.

Fair Value Hierarchy

The table below presents the fair value hierarchy of the Group's financial instruments:

As at December 31, 2015	*Note*	**Level 1**	**Level 2**	**Level 3**
			(In Thousands)	
AFS financial assets	*12*	**P933**	**P -**	**P1,719**
Port concession rights payable		**-**	**10,416,690**	**-**
		P933	**P10,416,690**	**P1,719**

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		-	9,067,037	-
		P933	P9,067,037	P1,719

There have been no transfers from one level to another in 2015 and 2014.

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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, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated February 24, 2016.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management.

- Map of the Conglomerate
- Schedule of Philippine Financial Reporting Standards
- Supplementary Schedules of Annex 68-E

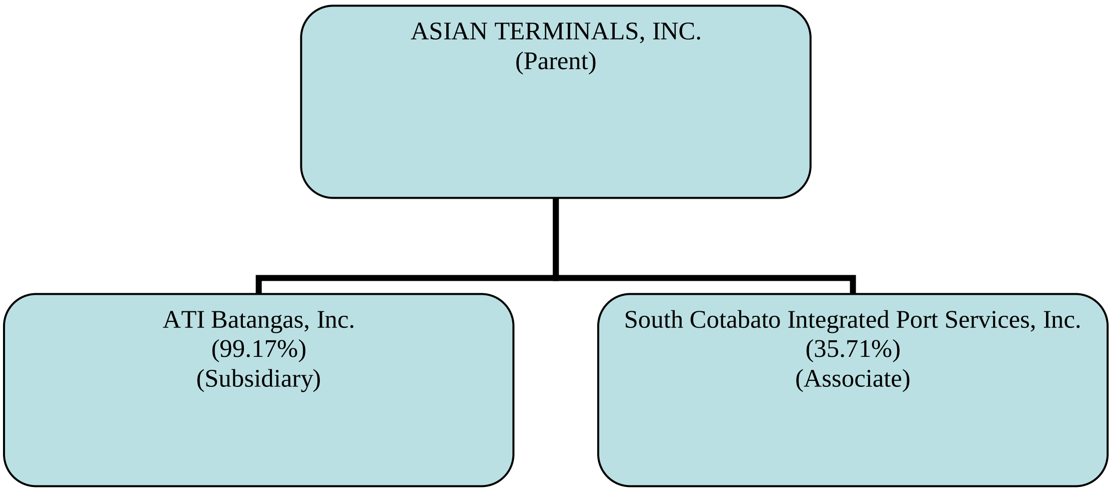
This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated 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-AR-1, Group A, valid until April 30, 2018
Tax Identification No. 131-029-752
BIR Accreditation No. 08-001987-26-2014
Issued September 26, 2014; valid until September 25, 2017
PTR No. 5320739MD
Issued January 4, 2016 at Makati City

February 24, 2016
Makati City, Metro Manila

Asian Terminals, Inc.
Map of Conglomerate
December 31, 2015



Asian Terminals Inc.
Schedule of Financial Soundness Indicators

Consolidated KPI	Manner of Calculation	2015	2014	2013	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	15.5%	17.4%	15.3%	Decrease resulted from lower 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	17.0%	20.1%	13.9%	Decrease due to lower net income.
Current ratio	Ratio of current assets over current liabilities	2.82 : 1.00	2.09 : 1.00	1.77 : 1.00	Increase due to higher current assets.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.99 : 1.00	1.99 : 1.00	2.09 : 1.00	
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.99 : 1.00	0.99 : 1.00	1.09 : 1.00	
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	8 days	12 days	15 days	Due to improved collection efforts.
Reportable Injury Frequency Rate (RIFR)[1]	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	1.63	1.95	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.

[1] RIFR is the new KPI for injuries introduced in 2014 to replace LTIFR. RIFR is a more stringent KPI as it covers not only Lost Time Injuries (LTIs) but also Medical Treatment Injuries (MTIs) and Fatalities incidents.

ASIAN TERMINALS, INC. AND A SUBSIDIARY

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		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		✓	
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
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 PFRS 9, PFRS 7 and PAS 39		✓	
PFRS 9 (2014)	Financial Instruments		✓	
PFRS 10	Consolidated Financial Statements	✓		
	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		✓	
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception		✓	
PFRS 11	Joint Arrangements			✓
	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 11: Accounting for Acquisitions of Interests in Joint Operations		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
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			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception		✓	
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 -2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 -2013 Cycle: Scope of portfolio exception			✓
PFRS 14	Regulatory Deferral Accounts		✓	
PFRS 16	Leases		✓	
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	✓		
	Amendments to PAS 1: Disclosure Initiative		✓	
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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements to PFRSs 2009 -2011 Cycle: Property, Plant and Equipment -Classification of Servicing Equipment	✓		
	Annual Improvements to PFRSs 2010 -2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		✓	
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants		✓	
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: 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 PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements		✓	
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
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	✓		
	Annual Improvements to PFRSs 2010 -2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)		✓	
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		✓	
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 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	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 40	Investment Property			✓
	Annual Improvements to PFRSs 2011 -2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants		✓	
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			✓
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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
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 2007-02	PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02]			✓
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			✓
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			✓
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			✓

ASIAN TERMINALS, INC. AND A SUBSIDIARY

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17-A, Item 7

ASIAN TERMINALS, INC. AND A SUBSIDIARY

Schedule A. Financial Assets
December 31, 2015
(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	₱4,118,761	₱4,118,761	₱50,140
Trade and other receivables - net	N/A	N/A	352,386	352,386	-
Deposits	N/A	N/A	32,886	40,679	-
AFS Investments					
Quoted Equity Shares		N/A	933	933	-
Unquoted Equity Shares		N/A	1,719	1,719	-
			₱4,506,685	₱4,514,478	₱50,140

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2015
(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	₱27,140	₱26,166	(₱25,525)	₱0	₱0	₱0	₱27,781
Related Parties	995	10,838	(10,507)	0	0	0	1,326
	₱28,135	₱37,004	(₱36,032)	₱0	₱0	₱0	₱29,107

Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2015
(in thousands)

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts Paid	Amounts written-off	Current	Not Current	Balance at end of period
ATI Batangas, Inc.	₱25,663	₱50,698	(₱66,401)	₱0	₱0	₱0	₱9,960
	₱25,663	₱50,698	(₱66,401)	₱0	₱0	₱0	₱9,960

Schedule D. Intangible Assets - Other Assets
December 31, 2015
(in thousands)

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

Schedule E. Long-term Debt
December 31, 2015
(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, 2015
(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
P&O Management Services Phils., Inc. (Management entity)	₱8,676	₱8,676

Schedule G. Guarantees of Securities of Other Issuers
December 31, 2015
(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, 2015
(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	15,721	1,346,441

KPMG

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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 the years ended December 31, 2015 and 2014 and have issued our report thereon dated February 24, 2016.

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 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-AR-1, Group A, valid until April 30, 2018
Tax Identification No. 131-029-752
BIR Accreditation No. 08-001987-26-2014
Issued September 26, 2014; valid until September 25, 2017
PTR No. 5320739MD
Issued January 4, 2016 at Makati City

February 24, 2016
Makati City, Metro Manila

ASIAN TERMINALS, INC.
Reconciliation of Retained Earnings Available for Dividend Declaration
As of December 31, 2015

Unappropriated Retained Earnings, ***as adjusted to available for dividend distribution, beginning***		**P2,346,134,931**
Add: Net income actually earned/realized during the period		
Net income during the period the period closed to retained earnings	1,535,334,163	
Add: Non-actual losses		
Actuarial loss, net of tax	15,646,749	
Fair value loss on cash flow hedge, net of tax	179,740,107	**1,730,721,019**
Less: Dividend declarations during the period		**820,000,000**
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND		**P3,256,855,950**