ASIAN TERMINALS INC.
ISO 14001 & OHSAS 18001 certified
Delivering reliable and consistent services.

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

July 17, 2013

**PHILIPPINE STOCK EXCHANGE, INC.**
Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue,
Makati City

Attention : **MS. JANET ENCARNACION**
Head-Disclosure Department

RE : Amended SEC Form 17-A

Gentlemen,

In compliance with the directive of the Securities and Exchange Commission (SEC) to amend the disclosed SEC Form 17-A, please find attached the amended report as disclosed to the SEC.

Thank you.

Truly yours,

**Atty. Rodolfo G. Corvite, Jr.**
Corporate Secretary/ CIO

ASIAN TERMINALS INC.
ISO 14001 & OHSAS 18001 certified
Delivering reliable and consistent services.

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

July 15, 2013

**SECURITIES AND EXCHANGE COMMISSION**
Corporate Finance Department
SEC Building, EDSA, Greenhills
Mandaluyong City

SEC
HRAD
JUL 15 2013

Attention : **DIR. JUSTINA F. CALLANGAN**

RE : Amended SEC Form 17-A (2012)

Madam,

We submit our Amended SEC Form 17-A in compliance with the directive of the Securities and Exchange Commission (SEC) embodied in the letter dated June 11, 2013 which was received on July 5, 2013.

The items in 5 and 11 were amended to include details as of December 31, 2012, as directed by the SEC.

Further, in accordance with section 43 of the Corporation Code of the Philippines, the Company's excess retained earnings is justified by definite corporate expansion projects or programs which are approved by the Board of Directors (BOD). Please refer to Note 18, Equity of the 2012 Consolidated Audited Financial Statements under Retained Earnings ( pertinent page is attached as Annex "A" herein), which disclosed that:

"On December 10, 2012, the Company's BOD approved a budget amounting to P4.2 billion for capital expenditure which includes yard and berth development as well as equipment acquisition over the next 3 years. The capital expenditure will strengthen the Company's operations and capability to handle growth. The three-year capital expenditure will be sourced from internal funds."

We trust that this submission will suffice.

Thank you.

Truly yours,

**Atty. Rodolfo G. Corvite, Jr.**
Corporate Secretary

A

Following are the terms and conditions of the above financial 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 financial liabilities are non interest-bearing and are normally settled within twelve months from inception date.

## 17. Provisions for Claims

| | 2012 | 2011 |
|---|---|---|
| | *(In Thousands)* | |
| Balance at beginning of year | P88,029 | P46,487 |
| Provisions during the year | 11,716 | 50,276 |
| Payments during the year | (17,877) | (8,734) |
| Balance at end of year | P81,868 | P88,029 |

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.

## 18. 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 of December 31, 2012, the Parent Company has a total of 2 billion issued and outstanding common shares and 888 stockholders.

<u>Common Stock - P1 Par Value</u>
The Parent Company has authorized and issued and fully paid capital stock of 4 billion common shares and 2 billion common shares, respectively, as of December 31, 2012 and 2011.

<u>Retained Earnings</u>
The balance of the Company's retained earnings includes a subsidiary and an associate's undistributed net earnings of P175.7 million and P208.0 million as of December 31, 2012 and 2011, 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 December 10, 2012, the Company's BOD approved a budget amounting to P4.2 billion for capital expenditure which includes yard and berth development as well as equipment acquisition over the next 3 years. The capital expenditure will strengthen the Company's operations and capability to handle growth. The three-year capital expenditure will be sourced from internal funds.

# COVER SHEET

1 3 3 6 5 3

S.E.C. Registration Number

ASIAN TERMINALS INC.

(Company's Full Name)

ATI HEAD OFFICE A. BONIFACIO

DRIVE; PORT AREA, MANILA

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

ATTY. RODOLFO G. CORVITE,JR.

Contact Person

5286000

Company Telephone Number

| 0 6 | 3 0 | 17-A AMENDED | 0 4 | 2 5 |
|---|---|---|---|---|
| *Month* | *Day* | FORM TYPE | *Month* | *Day* |
| | | | Annual Meeting | |

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

8 7 8

As of June 30, 2013

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

SEC Number: 133653
File Number:________

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

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

**528-6000**
(Telephone Number)

**December 31**
Calendar Year Ending
(Month & Day)

**SEC FORM 17-A (Amended)**
Form Type

________________
Amendment Designation (if applicable)

**December 31, 2012**
Period Ended Date

________________________________
(Secondary License Type and File Number)

**SEC Number: 133653**
**File Number:________**

**<u>ASIAN TERMINALS, INC.</u>**
(Company's Full Name)

**<u>A. Bonifacio Drive, Port Area, Manila</u>**
(Company's Address)

**<u>528-6000</u>**
(Telephone Number)

**<u>December 31</u>**
Calendar Year Ending
(Month & Day)

**<u>SEC Form 17-A ("A")</u>**
Form Type

**AMENDED SEC FORM 17-A**
Amendment Designation (if applicable)

**<u>December 31, 2012</u>**
Period Ended Date

**<u>N/A</u>**
(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION**

**SEC Form 17-A**

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

1. For the fiscal year ended : December 31, 2012
2. SEC Identification Number : 133653
3. BIR Tax Identification Code : 033-000-132-413-V
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 March 31, 2013 | 1,346,156,362 |
| Closing price per share as of March 26, 2013 | P13.02 |
| Market value as of March 31, 2012 | P26.04B |

# 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 on 1 February 2011 over two parcels of land located in Sta. Mesa, City of Manila. This land is being exclusively used as an off-dock container depot.

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

The Domestic Terminal Division offers domestic cargo-handling and passenger terminal services and includes stevedoring, arrastre, and storage services. On 24 October 2012, ATI entered into a 1-year contract with Asian Marine Transport Corp. for the rendering of terminal services to the latter's cargoes. Aboitiz Transport Shipping Corporation (now 2Go) is still utilizing the facility.

The ATI South Harbor facility has been certified with the International Ship and Port Facility Security (ISPS) Code issued by the Office for Transportation Security, DOTC valid until December 2014.

The ATI South Harbor facility is certified for ISO 14001:2004 (EMS) and OSHAS 18001:2007. The certificate is valid until December 2013.

The ATI South Harbor facility has also been re-certified for ISO 28001:2007 (Supply Chain Security Management System). The certificate is valid until January 2016.

### Inland Clearance Depot

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

The ICD also serves as an empty container depot for shipping lines like NYK, Maersk Line and OOCL. This provides greater operational efficiency and minimizes locators' costs.

The facility is equipped with CCTV cameras for security monitoring.

ICD is certified for ISO 14001:2004 Environmental Management System. Their certificate is valid until December 04, 2014.

**Port of Batangas**

ATI Batangas, Inc. (ATIB), a 98.8%-owned subsidiary of ATI, is the sole cargo handling contractor operating at the Port of Batangas. ATI provides management services to ATIB relating to operations, marketing, training and administration.

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

A Lease Agreement for the management and operation of additional assets and facilities in Phase 1 was signed by ATIB effective August 1, 2009 and co-terminous with the above-mentioned 10-year agreement. Pursuant to this Lease Agreement, the Passenger Terminal Building 2 was turned over to ATIB in May 2010.

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 for a fee by ATI's client CEVA Logistics Philippines for the latter's pre-delivery inspection facility for completely built units of vehicles.

ATIB is certified for ISO 14001:2004 valid until October 2014, OHSAS 18001:2007 valid until August 2015 and ISO 9001:2008 valid until December 2014.

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

**Batangas Container Terminal (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.

In January 2012,MCC launched its Intra Asia 7 (IA7) Service, covering rotations from/to Singapore, Batangas, Manila, Kaohsiung, Yantian, Hong Kong, Ho Chi Minh, Sihanoukville, Laem Chabang and Tanjung Pelepas. This service of MCC has brought Nestle, Epson, Stepan and Keppel into the terminal as customers.

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

**Batangas Supply Base**

On February 13, 2007, ATIB entered into a contract to lease the Main Passenger Terminal Building for the purpose of operating a supply base for companies engaged in oil and gas exploration. The contract was effective for five (5) years, and has been renewed to be effective until 19 October 2015.

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

The Batangas Supply Base is certified for ISO 14001:2004 valid until October 2014, OHSAS 18001:2007 valid until August 2015 and ISO 9001:2008 valid until December 2014.

**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 includes 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 2003. It is Investors in People (IiP) certified beginning June 16, 2009. In September 2012, SCIPSI reached the IiP – Bronze level.

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

**Breakdown of Consolidated Revenues**

Based on accounting records, the following is the breakdown of consolidated revenues (in '000 PHP) by service type for the year ended December 31, 2012:

| | 2012 | | 2011 | | 2010 | |
|---|---|---|---|---|---|---|
| **Service** | **Amount** | **% to Total** | **Amount** | **% to Total** | **Amount** | **% to Total** |
| Stevedoring | 2,023,443 | 42% | 1,771,333 | 40% | 1,934,937 | 43% |
| Arrastre | 1,893,670 | 39% | 1,717,819 | 39% | 1,774,499 | 39% |
| Logistics | 121,773 | 2% | 130,053 | 3% | 154,980 | 3% |
| Special/Others Services | 819,773 | 17% | 771,406 | 18% | 661,866 | 15% |
| **TOTAL** | **4,858,659** | **100%** | **4,390,611** | **100%** | **4,526,282** | **100%** |
| **Source** | **Amount** | **% to Total** | **Amount** | **% to Total** | **Amount** | **% to Total** |
| Domestic | 2,676,390 | 55% | 2,560,215 | 58% | 2,751,519 | 61% |
| Foreign | 2,182,269 | 45% | 1,830,396 | 42% | 1,774,763 | 39% |
| **TOTAL** | **4,858,659** | **100%** | **4,390,611** | **100%** | **4,526,282** | **100%** |

### Competition

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

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

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

### Employees

ATI has a total manpower complement of 1,459 as of December 31, 2012. Of the total, 1,178 are in Operations, 152 are in Maintenance and 129 are in Management and Administration.

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

| TYPE OF WORKER | UNION | FROM | TO |
|---|---|---|---|
| Equipment operators and dockworkers | Associated Workers Union (AWU) | 12/01/08 | 11/30/13 |
| Stevedores | Katipunan ng mga Mangagawa sa Daungan | 12/01/08 | 11/30/13 |
| 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* | 11/06/07 | 11/06/12 |

** ongoing negotiation*

There were no labor strikes for the past seventeen (17) years.

### Costs and Effects of Compliance with Environmental Laws

In 2012 ATI incurred approximately Php 5.32 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, 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 2012 totaled P35.3 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 8 high-capacity ship-to-shore gantry cranes. The Container Terminal has an annual throughput capacity of 1.03 million Twenty Equivalent Units (TEUs) which through investments in expanded stack space, the re-development of pier 3, new Rubber Tire Gantries, systems development and an increase in productivity will rise to in excess of 1.2 million TEUS in 2013 .It provides optimal service through modern equipment comprising of Rubber Tyred Gantries (RTG), Container Stackers, Empty Handlers, and Internal Transfer Vehicles. Its Truck Holding Area can accommodate up to 300 trucks. It has a CFS and a Designated Examination Area with 5 x-ray machines. All activity 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 two piers at the Manila South Harbor with a total of 7 berths and a beaching area for landing craft. It has two covered warehouses and a stacking area designed for completely built units. GSD also provides offshore conventional cargo handling at 18 anchorage berths inside the Manila Bay breakwater.

The Domestic Cargo and Passenger Terminal has five berths suited for containerized RORO and load-on, load-off operations. The container yard has an annual capacity of 300,000 TEUs. The world-class passenger terminal can handle 1.5M passengers annually.

**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.

**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.

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 total 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 in addition to a 2-level covered storage facility with a lot area of nearly 2,500 sqm.

**South Cotabato Integrated Port Services Inc.**

South Cotabato Integrated Port Services, Inc. (SCIPSI) operates the Makar Wharf in General Santos City. Cargoes are loaded or unloaded using ships gears. It has a total berth length of 110 meters. SCIPSI receives and handles cargoes through the use of their various lifting equipments with capacities ranging from 3 tons to 40 tons.

**Item 3. Legal Proceedings**

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

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.

| 2011 | High | Low |
|---|---|---|
| First Quarter (Jan. – Mar.) | 7.60 | 7.00 |
| Second Quarter (Apr. – June) | 8.00 | 7.20 |
| Third Quarter (July – Sept.) | 8.30 | 750 |
| Fourth Quarter (Oct. – Dec.) | 8.30 | 7.30 |
| **2012** | **High** | **Low** |
| First Quarter (Jan. – Mar.) | 9.10 | 7.60 |
| Second Quarter (Apr. – June) | 10.68 | 8.51 |
| Third Quarter (July – Sept.) | 9.80 | 8.83 |
| Fourth Quarter (Oct. – Dec.) | 10.50 | 8.90 |
| **2013** | **High** | **Low** |
| First Quarter (Jan. – Mar.) | 15.80 | 9.64 |

On March 26, 2013, ATI shares were traded at its highest for the price of Php13.02, lowest for Php13.02 and closed at Php13.02.

The number of stockholders as of December 31, 2012 was 888. Of the 2,000,000,000 common shares outstanding as of December 31, 2012, a total of 784,965,584 shares or 39.25% are foreign-owned.

Top 20 stockholders as of December 31, 2012:

| Name | No. of Shares | % to Total |
|---|---|---|
| DP World Australia (POAL) Ltd. | 346,466,600 | 17.32 |
| ATI Holdings, Inc. | 291,371,230 | 14.57 |
| Pecard Holdings, Inc. | 198,203,968 | 9.91 |
| Philippine Seaport Inc. | 196,911,524 | 9.85 |
| PCD Nominee Corporation (Filipino) | 195,596,414 | 9.78 |
| Daven Holdings, Inc | 155,906,071 | 7.80 |
| PCD Nominee Corporation (Non-Filipino) | 145,688,278 | 7.28 |
| SG Holdings, Inc. | 130,000,000 | 6.50 |
| Morray Holdings Inc. | 100,000,000 | 5.00 |
| Harbourside Holding Corp. | 80,000,000 | 4.00 |
| Aberlour Holding Co. Inc. | 71,517,463 | 3.58 |
| Rescom Developers, Inc. | 26,627,884 | 1.33 |
| Agatha Builders Corp. | 20,761,899 | 1.04 |
| Tanco, Eusebio, H. | 15,257,663 | 0.76 |
| Southern Textile Mills, Inc.. | 4,470,335 | 0.22 |
| Saw, Nancy | 3,926,000 | 0.20 |
| Granite Realty Corporation | 1,000,000 | 0.05 |
| Luym, Douglas | 800,000 | 0.04 |
| Tanco, Joseph Luym | 795,000 | 0.04 |
| Oben, Reginaldo Oben &/or Teresa | 784,266 | 0.04 |
| TOTAL | 1,986,084,595 | 99.30 |

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

| Year | Amount(Php) | Record Date |
|---|---|---|
| June 2011 | 0.30 | May 12, 2011 |
| December 2011 | 0.25 | January 5, 2012 |
| June 2012 | 0.30 | May 14, 2012 |

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**

The Company's net income for the year ended December 31, 2012 went up by 10.4% to P1,678.3 million from P1,520.5 million last year. Earnings per share was up to P0.84 in 2012 from P0.76 in 2011.

Revenues for the year ended December 31, 2012 of P4,858.7 million grew by 10.7% from P4,390.6 million last year. Revenues from South Harbor international containerized cargo increased by P490.8 million or 14.0% on account of higher volume and tariff increase on vessel-related charges and cargo-related charges. Pursuant to PPA Memorandum Circular No. 13-2011, tariffs on vessel-related services for foreign containerized cargoes at South Harbor were increased by 17.0%, 6.0% effective on November 18, 2011 and 11.0% effective on May 18, 2012. Further, pursuant to PPA Memorandum Circular No. 7-2012, cargo-related tariff for foreign containerized and non-containerized cargoes at South Harbor were increased by 15%, 8% effective on July 15, 2012 and 7% on January 15, 2013. Revenues from South Harbor international non-containerized cargo and the Port of Batangas were higher by P20.8 million or 11.5% and P102.6 million or 32.4%, respectively, due to higher volumes. On the other hand, revenues from South Harbor domestic terminal operations dropped by P57.0 million or 15.6% due to lower volumes.

Cost and expenses in 2012 amounted to P2,613.6 million, 10.8% higher than P2,359.9 million last year. Labor costs in 2012 of P856.1 million were higher by 7.2% compared to P798.2 million in 2011 due to higher volumes handled. Equipment running costs increased by 19.2% to P560.5 million in 2012 from P470.3 million in 2011 brought about by higher electricity, higher cost of replacement parts of equipment and higher fuel price and consumption. Depreciation and amortization in 2012 went up by 9.7% to P460.8 million from P420.0 million in 2011 due to additions to intangible assets. Taxes and licenses of P144.3 million in 2012 were higher by 6.8% from P135.1 million in 2011 due to increase in realty tax rate from 2% to 3% for certain real properties. Management fees grew by 9.2% to P102.4 million in 2012 from P93.8 million in 2011, on account of higher net income. Insurance in 2012 of P83.6 million increased by 15.3% from P72.5 million in 2011 due to higher insurance premiums and additional insurance coverage. Security, health, environment and safety costs in 2012 were up by 8.6% to P79.4 million from P73.1 million in 2011 due to higher waste water treatment costs and security costs. Facilities-related expenses of P70.1 million this year increased by

39.4% from P50.3 million last year due to higher maintenance costs for pavements and lightings. Rentals of P62.6 million in 2012 rose by 18.6% from P52.8 million in 2011 on account of higher rentals for equipment, forklifts, and tugboats. Professional fees in 2012 went up by 28.2% to P23.7 million from P18.5 million in 2011 on account of consultancy, survey and legal fees. Other expenses this year totaled P114.6 million, 1.3% higher compared to P113.2 million last year, due to higher travel costs, processing-related expenses (brokerage, wharfage, etc.), and office expenses, among others. On the other hand, General transport costs decreased by 11.6% to P51.0 million in 2012 from P57.6 million in 2011 on account of lower trucking costs.

Finance costs in 2012 of P2.0 million were significantly lower by 96.8% compared to P61.7 million in 2011 as last year included interest costs from loans of P300 million. Finance income decreased by 11.2% to P73.8 million in 2012 from P83.2 million in 2011 due to lower interest income rate. Others-net declined to P33.8 million in 2012 from P85.5 million in 2011 brought about by lower income from insurance claims and lower foreign exchange rate.

Income before income tax in 2012 increased by 10.0% to P2,350.6 million from P2,137.7 million for 2011. Provision for income tax of P672.3 million in 2012 was 8.9% higher than P617.2 million in 2011.

**Plans for 2013**

Asian Terminals Inc. is gearing up for greater growth ahead while continuously fulfilling its mission of delivering comprehensive and competitive ports and logistics services to Philippine port users.

ATI is improving efficiencies and capacities for its containerized cargo, general cargo and passengers handling business, driven by continuous enhancements, systems upgrade and investments in its key facilities in Manila, Batangas and Laguna.

For 2013, ATI is allocating Php1.8 billion in capital investments for various projects. This includes the development of additional container storage areas within the Manila South Harbor expanded port zone, the deployment of new equipment such as rubber-tired gantries, loaders and prime movers, and other container handling equipment as well as exploring additional back-up areas outside the port to allow greater flexibility and convenience for customers. All the capital expenditures will be sourced from internally-generated funds (as discussed in Note 18 of the Audited Consolidated Financial Statements).

ATI will continue to capitalize on the synergies derived by its Business Units through which the Company offers a formidable combination of port solutions in support of the country's major industries. Working in harmony, ATI's Manila South Harbor, Port of Batangas, the Batangas Container Terminal and Inland Clearance Depot-Laguna will continue to deliver flexible and value-added port services to clients such as inter-Terminal transfers for Domestic to Foreign transshipment and vice versa, segregation of storage area for volume accounts, flexible delivery arrangements and storage periods, among other ancillary services.

Efforts at promoting the Batangas Container Terminal as the best alternative gateway for Cavite, Laguna, Batangas, Rizal and Quezon (Calabarzon) locators will also be sustained as part of ATI's on-going initiatives to further increase market share.

**Consolidated Financial Condition**

Total assets as of December 31, 2012 of P9,962.2 million were 7.7% higher than P9,252.5 million as of December 31, 2011. Total current assets as of December 31, 2012 increased by 8.3% to P3,623.8 million from P3,345.2 million as of December 31, 2011. Cash and cash equivalents were up by 20.1% to P3,019.2 million as of December 31, 2012 from P2,513.0 million as of December 31, 2011 mainly due to lower dividend payments. Trade and other receivables-net as of December 31, 2012 decreased by 21.2% to P284.3 million from P361.0

million as of December 31, 2011 on account of improved collection efforts. Spare parts and supplies-net as of December 31, 2012 of P192.6 million were 12.1% higher compared to P171.8 million as of December 31, 2011 in support of operational requirements. Prepaid expenses of P127.7 million as of December 31, 2012 were 57.4% lower than P299.5 million as of December 31, 2011 mainly due to reduction in advances to contractors.

Total non-current assets amounted to P6,338.5 million as of December 31, 2012, 7.3% higher compared to P5,907.3 million as of December 31, 2011. Property and equipment-net went up by 9.5% to P435.8 million as of December 31, 2012 from P397.9 million as of December 31, 2011. Acquisitions of property and equipment which were not subject of the service concession arrangement totaled P92.1 million in 2012. Intangible assets-net grew by 7.4% to P5,657.9 million as of December 31, 2012 from P5,269.7 million as of December 31, 2011. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P823.7 million in 2012. Other financial assets went up by 10.9% to P27.6 million as of December 31, 2012 from P24.9 million as of December 31, 2011 due to increase in deposits. Deferred tax assets-net as of December 31, 2012 amounted to P81.3 million, 34.6% higher than P60.4 million as of December 31, 2011 as a result of movements in underlying transactions related to pension. Other noncurrent assets as of December 31, 2012 went down by 25.6% to P69.9 million from P94.0 million as of December 31, 2011 due to lower input taxes on asset acquisitions.

As of December 31, 2012, total liabilities of P1,464.4 million were 17.4% lower compared to P1,773.9 million as of December 31, 2011. Trade and other payables decreased by 25.6% to P1,153.4 million as of December 31, 2012 from P1,550.4 million as of December 31, 2011 as last year included dividends payable of P500 million already paid in 2012. Trade and other payables are covered by agreed payment schedules. Provision for claims were down by 7.0% to P81.9 million as of December 31, 2012 from P88.0 million as of December 31, 2011 on account of settlement of claims. Income and other taxes payable declined by 12.8% to P79.6 million as of December 31, 2012 from P91.3 million as of December 31, 2010 due to lower value added taxes payable.

**Consolidated Cash Flows**

Net cash provided by operating activities of P1,921.3 million in 2012 was lower by 6.8% compared to P2,062.3 million in 2011 due to working capital changes.

Net cash used in investing activities increased by 77.0% to P807.0 million in 2012 from P455.8 million in 2011. Funds used in acquisitions of property and equipment and intangible assets totaled P915.8 million this year, 81.7% higher against P503.9 million last year.

Cash used in financing activities in 2012 of P600.8 million were lower by 57.1% than P1,400.8 million in 2011. Cash dividends paid were P600 million and P1,100 million in 2012 and 2011, respectively. The remaining long-term debt of P300.0 million was pre-terminated in 2011.

**Changes in Accounting Policies**

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

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

**Other information:**

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

**Key Performance Indicators (KPI)**

KPIs discussed below were based on consolidated amounts as portions pertaining to the Company's subsidiary, ATI Batangas, Inc. (ATIB) were not material. As of end 2012:

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

| Consolidated KPI | Manner of Calculation | 2012 | 2011 | Discussion |
|---|---|---|---|---|
| Return on Capital Employed | Percentage of income before interest and tax over capital employed | 26.9% | 28.2% | Decreased due to higher assets. |
| Return on Equity attributable to equity holders of the parent | Percentage of net income over equity attributable to equity holders of the parent | 21.0% | 20.9% | Slightly increased on account of higher net income for the period. |
| Current ratio | Ratio of current assets over current liabilities | 2.76 : 1.00 | 1.93 : 1.00 | Increased due to lower current liabilities |
| Asset to equity ratio | Ratio of total assets over equity attributable to equity holders of the parent | 1.17 : 1.00 | 1.24 : 1.00 | Decreased due to higher equity |

| | | | | |
|---|---|---|---|---|
| Debt to equity ratio | Ratio of total liabilities over equity attributable to equity holders of the parent | 0.17:1.00 | 0.24:1.00 | Decreased due to payments of interest-bearing loans and higher stockholders' equity. |
| Days Sales in Receivables (DSR) | Gross trade receivables over revenues multiplied by number of days | 12 days | 14 days | Lower due to improved collection efforts. |
| Lost Time Injury | Number of lost time from injuries per standard manhours | 0.44 | 0.88 | Improved as a result of extensive safety campaign and strict implementation of policy on health, safety and environment. |

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

**Summary of Selected Financial Data (in millions)**

| *Description* | *Year ended December 31, 2012* | *Year ended December 31, 2011* |
|---|---|---|
| *Revenues* | *P 4,858.7* | *P 4,390.6* |
| *Net income* | *1,678.3* | *1,520.5* |
| *Total assets* | *9,962.2* | *9,252.5* |
| *Total liabilities* | *1,464.4* | *1,773.9* |

**Years ended December 31, 2011 and 2010**

**Consolidated Results of Operations**

The Company's net income of P1,520.5 million for the year ended December 31, 2011 was lower by 29.1% than P2,145.2 million last year. Earnings per share was down to P0.76 in 2011 from P1.07 in 2010.

**A. Continuing Operations**

Revenues for the year ended December 31, 2011 of P4,390.6 million dropped by 3.0% from P4,526.3 million last year. Revenues from South Harbor international non-containerized cargo and the Port of Batangas went down by P123.2 million or 40.6% and P50.4 million or 13.7%, respectively, due to lower volumes. On the other hand, revenues from South Harbor international containerized cargo went up by P51.7 million or 1.5%. Pursuant to PPA Memorandum Circular No. 13-2011, tariffs on vessel-related services for foreign containerized cargoes at South Harbor were increased by 17.0%, 6.0% effective on November 18, 2011 and 11.0% effective on May 18, 2012. Revenues from South Harbor domestic terminal operations also increased by P22.2 million or 6.5% due to higher container volume.

Cost and expenses in 2011 amounted to P2,359.9 million, slightly lower than P2,377.4 million last year. Labor costs in 2011 of P798.2 million were lower by 3.2% than P825.0

million in 2010 due to lower volumes. Management fees declined by 24.6% to P93.8 million in 2011 from P124.4 million in 2010, on account of lower net income. Rentals of P52.8 million in 2011 decreased by 3.7% from P54.8 million in 2010. Professional fees in 2011 were down by 46.4% to P18.5 million from P34.5 million in 2010 as last year included engagements of surveyors in relation to insurance claims. Other expenses this year totaled P113.2 million, 39.3% lower compared to P186.5 million last year, due to lower processing-related expenses (brokerage, wharfage, etc.), and office expenses, among others.

Equipment running costs increased by 5.6% to P470.3 million in 2011 from P445.1 million in 2010 brought about by higher fuel price and consumption. Depreciation and amortization in 2011 increased by 7.2% to P420.0 million from P391.9 million in 2010 due to property and equipment acquisitions. Taxes and licenses of P135.1 million in 2011 went up by 49.6% from P90.3 million in 2010 due to higher real property and business taxes. Security, health, environment and safety costs in 2011 were up by 1.8% to P73.1 million from P71.8 million in 2010 due to higher security costs. Insurance in 2011 of P72.5 million rose by 29.6% from P55.9 million in 2010 due to higher insurance premiums and additional insurance coverage. General transport costs increased by 23.3% to P57.6 million in 2011 from P46.7 million in 2010 on account of higher trucking costs. Facilities-related expenses of P50.3 million this year was 8.4% higher than P46.4 million last year due to higher maintenance costs for pier, radio equipment, and lightings.

Finance costs in 2011 amounted to P61.7 million, lower by 46.9% than P116.3 million in 2010 due to pre-payment of interest-bearing loans during the year. Finance income went up by 90.0% to P83.2 million in 2011 from P43.8 million in 2010 on account of higher balance of cash and cash equivalents. Others-net decreased to P85.5 million in 2011 from P125.4 million in 2010 mainly due to lower income from insurance claims.

Income before income tax in 2011 were down by 2.9% to P2,137.7 million from P2,201.7 million for 2010. Provision for income tax of P617.2 million in 2011 was 1.3% higher than P609.3 million in 2010.

Income from continuing operations in 2011 of P1,520.5 million were lower by 4.5% than P1,592.4 million in 2010.

**B. Discontinued Operations**

On August 9, 2010, the Company sold all its shares in Mariveles Grain Corporation (MGC), owner of the Mariveles Grains Terminal (MGT). The Company transferred control of MGT and received the proceeds from the transaction (net of the amount in escrow) on the same day.

As required under PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, the results of operations of MGT was presented as a separate item under "Income from Discontinued Operations –Net of Tax" in the consolidated statements of income. MGT was not a discontinued operation and was not classified as held for sale at December 31, 2009 and 2008. The comparative figures for the consolidated statements of income for the year ended December 31, 2009 have been restated to show the discontinued operations separately from continuing operations. Of the Income from discontinued operations of P552.8 million in 2010, P326.6 million was the gain on sale of Investment. The results of discontinued operations are reported in Note 7 of the notes to the consolidated financial statements.

After the discontinued operations in MGT, the significant unit in the non-port segment, the remaining unit did not meet the criteria for a reportable segment. Hence starting in 2010, the Company only had ports as its reportable segment.

**Plans for 2012**

The Company is committed to continuous improvements in efficiencies of its services and facilities.

For 2012, the projected investment in capital expenditures is P1.4 billion, mostly for Crane Rail extension in Pier 3 in order to increase the berthing capacity of South Harbor. To increase the capacity and improve service level to the port users, the planned investments in South Harbor will include upgrades and development in infrastructure; acquisitions and refurbishments of cargo handling equipment; and systems enhancements. Investments in Batangas Container Terminal will include infrastructure development and cargo handling equipment acquisition. All the capital expenditures will be sourced from internally-generated funds.

Marketing initiatives will focus on developing the synergies within Business Units of the Company in order to come up with value-added service enhancements to the clients such as inter-Terminal transfers for Domestic to Foreign transshipment and vice versa, delivery by appointment, segregation of storage area for volume accounts and our recently opened back up off dock yard at Sta. Mesa which allows a strategic location for clients. With the ongoing expansion at our Terminal and additional equipment particularly the Quay Cranes, Rubber Tyred Gantry Cranes, and other yard handing equipment, the Company will be in a stronger position to address the Terminal-related logistics requirements of clients through the South Harbor, Batangas Port and Inland Clearance Depot at Laguna thereby improving our market share.

**Consolidated Financial Condition**

Total assets as of December 31, 2011 slightly grew by 0.6% to P9,252.5 million from P9,198.9 million as of December 31, 2010. Total current assets as of December 31, 2011 of P3,345.2 million were 2.8% lower than P3,439.9 million as of December 31, 2010. Cash and cash equivalents were up by 8.6% to P2,513.0 million as of December 31, 2011 from P2.313.4 million as of December 31, 2010 mainly due to cash provided by operating activities. Trade and other receivables-net as of December 31, 2011 decreased by 58.9% to P361.0 million from P877.9 million as of December 31, 2010. The balance as of end 2010 included non-recurring items of P309.8 million receivable from escrow fund that is related to the sale of MGC and P293.8 million receivable from insurance. Due to improved collection efforts, trade receivables amounted to P247.3 million as of end 2011, 11.5% down from P279.6 million as of end 2010. Spare parts and supplies-net as of December 31, 2011 of P171.8 million were 12.2% higher than P153.2 million as of December 31, 2010 to support of operational requirements. Prepaid expenses went up by 213.6% to P299.5 million as of December 31, 2011 from P95.5 million as of December 31, 2010 mainly due to the advance payment for an equipment acquisition.

Total non-current assets rose by 2.6% to P5,907.3 million as of December 31, 2011 from P5,759.0 million as of December 31, 2010. Property and equipment-net were down by 3.5% to P397.9 million as of December 31, 2011 from P412.5 million as of December 31, 2010 on account of end of useful lives of property and equipment. Acquisitions of property and equipment which were not subject of the service concession arrangement amounted to P48.2 million in 2011. Intangible assets-net increased by 1.6% to P5,269.7 million as of December 31, 2011 from P5,184.9 million as of December 31, 2010. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement totaled P455.6 million in 2011. Other financial assets of P24.9 million as of December 31, 2011 was higher by 4.9% compared to P23.8 million as of December 31, 2010 due to increase in deposits. Deferred tax assets-net as of December 31, 2011 increased to P60.4 million from P37.3 million as of December 31, 2010 as a result of movements in underlying transactions related to, among others, pension and provision for claims. Other noncurrent assets as of December 31, 2011 went up to P94.0 million from P33.9 million as of December 31, 2010 due to increase in input taxes on asset acquisitions.

As of December 31, 2011, total liabilities amounted to P1,773.9 million, down by 16.7% from P2,129.6 million as of December 31, 2010. Trade and other payables as of December 31, 2011 slightly went down to P1,550.4 million from P1,554.9 million as of December 31, 2010. Included in this account are payables related to equipment acquisitions of P79.9 million. Trade and other payables are covered by agreed payment schedules. Provision for claims increased by 89.4% to P88.0 million as of December 31, 2011 from P46.5 million as of December 31, 2010 on account of additional cargo claims. Income and other taxes payable decreased by 58.3% to P91.3 million as of December 31, 2011 from P219.0 million as of December 31, 2010 due to lower income, withholding and value added taxes payable.

Interest-bearing loans and other financial liabilities (current and noncurrent) amounted to zero and P298.0 million as of December 31, 2011 and 2010, respectively. The remaining P300 million loan as of December 31, 2010, denominated in Philippine Peso and is subject to fixed interest rate, was pre-paid on December 13, 2011.

**Consolidated Cash Flows**

Net cash provided by operating activities increased by 13.3% to P2,062.3 million in 2011 from P1,819.6 million in 2010 due to favorable working capital changes.

In 2011, net cash used in investing activities was P455.8 million while in 2010, net cash provided by investing activities was P1,313.7 million. Funds used in acquisitions of property and equipment and intangibles totaled P503.9 million this year, 44.1% lower compared to 901.6 million last year. Last year included the acquisition of the 2 new quay cranes.

Cash used in financing activities in 2010 of P1,400.8 million were lower by 14.1% than P1,630.8 million in 2010. Cash dividends paid were P1,100.0 million in 2011 and P1,080.0 million in 2010. Payments of long-term debt were P300.0 million in 2011 and P550.0 million in 2010.

**Changes in Accounting Policies**

The Financial Reporting Standards Council (FRSC) approved the adoption of a number of new or revised standards, amendments to standards, and interpretations as part of Philippine Financial Reporting Standards (PFRS). The following are the amendments to standards and interpretations which are effective January 1, 2011, and have been applied in preparing the consolidated financial statements.

- Revised PAS 24, *Related Party Disclosures* (2009), amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The revised standard is effective for annual periods beginning on or after January 1, 2011. The adoption of this revised standard did not have a material effect on the consolidated financial statements.

- *Prepayments of a Minimum Funding Requirement (Amendments to Philippine Interpretation IFRIC 14: PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction)*. These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement and result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. The amendments are effective for annual periods beginning on or after January 1, 2011. The adoption of these amendments did not have a material effect on the consolidated financial statements.

- *Improvements to PFRSs 2010* contain 11 amendments to 6 standards and 1 interpretation. The following are the said amendments to PFRSs and interpretation:

  - PFRS 7, *Financial Instruments: Disclosures*. The amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from the financial instruments. In addition, the International Accounting Standards Board (IASB) amended and removed existing disclosure requirements. The amendments are effective for annual periods beginning on or after January 1, 2011. The adoption of these amendments did not have a material effect on the consolidated financial statements.

- PAS 1, *Presentation of Financial Statements*. The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognized in other comprehensive income also is required to be presented either in the statement of changes in equity or in the notes. The amendments are effective for annual periods beginning on or after January 1, 2011. The adoption of these amendments did not have a material effect on the consolidated financial statements.

- PAS 34, *Interim Financial Reporting*. The amendments add examples to the list of events or transactions that require disclosure under PAS 34 and remove references to materiality in PAS 34 that describes other minimum disclosures. The amendments are effective for annual periods beginning on or after January 1, 2011. The adoption of these amendments did not have a material effect on the consolidated financial statements.

**Other information:**

- The Company's businesses are affected by the local and global trade environment. Factors that could cause actual results of the Company to differ materially include, but are not limited to:
    - material adverse change in the Philippine and global economic and industry conditions;
    - natural events (earthquake, typhoons and other major calamities); and
    - material changes in exchange rates.
- There was no known trend, event or uncertainty that had or may have a material impact on liquidity and on revenues or income from continuing operations. There was no known event that may cause a material change in the relationships between costs and revenues.
- There was no seasonal factor that had a material effect on the financial condition and results of operations.
- There was no event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- Except for the commitments and contingencies mentioned in Note 27 of the consolidated financial statements, the Company has no knowledge of any material off-balance sheet (statement of financial position) transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period that would address the past and would have material impact on future operations.
- Projected capital expenditures for 2012 is P1.4 billion. Of this amount, about 88.5% is planned for cargo handling equipment, civil works and other items for the South Harbor. Funding is expected to be sourced from internal funds.

**Key Performance Indicators (KPI)**

KPIs discussed below were based on consolidated amounts as portions pertaining to the Company's subsidiary, ATI Batangas, Inc. (ATIB) were not material. As of end 2011:

- ATIB's total assets were only 4.1% of the consolidated total assets
- Income before other income and expense from ATIB was only 6.8% of consolidated income before other income and expense*.

| Consolidated KPI | Manner of Calculation | 2011 | 2010 | Discussion |
|---|---|---|---|---|
| Return on Capital Employed | Percentage of income before interest and tax over capital employed | 28.2% | 38.6% | 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 | 20.9% | 32.7% | Decrease resulted from lower net income for the period. |
| Debt to equity ratio | Ratio of total liabilities over equity attributable to equity holders of the parent | 0.24:1.00 | 0.30:1.00 | Improved due to payments of interest-bearing loans and increase in stockholders' equity. |
| Days Sales in Receivables (DSR) | Gross trade receivables over revenues multiplied by number of days | 14 days | 15 days | Due to improved collection efforts. |
| Lost Time Injury | Number of lost time from injuries per standard manhours | 0.88 | 0.91 | Decrease brought about by lower number of injuries. |

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

**Summary of Selected Financial Data (in millions)**

| *Description* | *Year ended December 31, 2011* | *Year ended December 31, 2010* |
|---|---|---|
| *Revenues (continuing operations)* | *P 4,390.6* | *P 4,526.3* |
| *Net income* | *1,520.5* | *2,145.2* |
| *Total assets* | *9,252.5* | *9,198.9* |
| *Total liabilities* | *1,773.9* | *2,129.6* |

***Information on Independent Accountant and External Audit Fees***

The appointment of Manabat Sanagustin & Co. as the external auditors of Asian Terminals, Inc. for 2012 was approved by the shareholders during the annual meeting held on April 26, 2012. 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. Jose P. Javier, Jr. has been the Manabat Sanagustin & Co. Partner-in Charge for not more than five years.

The aggregate fees for audit services rendered were as follows:

| | 2012 (P'000) | 2011 (P'000) |
|---|---|---|
| Audit Fees | 3,250 | 3,400 |

*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 Manabat Sanagustin & Co. in 2012 and 2011.

**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 |
|---|---|---|
| Kun Wah Wong | 59 | Chairman |
| Eusebio H. Tanco | 63 | Director/President |
| Suhail Al Banna | 55 | Director |
| Glen C. Hilton* | 43 | Director |
| Kwok Leung Law | 49 | Director |
| Teodoro L. Locsin, Jr. | 64 | Director |
| Monico V. Jacob | 67 | Director |
| Felino A. Palafox, Jr. | 63 | Director |
| Artemio V. Panganiban | 76 | Director |
| Arsenio N. Tanco | 84 | Director |
| Andrew R. Hoad | 46 | EVP-Technical |
| Jose Tristan P. Carpio | 44 | Vice President for Finance and Chief Financial Officer |
| Rodolfo G. Corvite, Jr. | 53 | Corporate Secretary and Vice President for Business Support Services |
| Sean L. Perez | 47 | Vice President for Marketing and Commercial |
| Sasedharan Vasudevan | 43 | VP ATI Batangas, Batangas Container Terminal and Inland Clearance Depot |
| Bastiaan W. Hokke | 50 | Vice President for South Harbor Operations |

** Mr. Hilton resigned last January 15, 2013 effective same date. He was replaced by Mr. Rashed Ali Hassan Abdulla on same date.*

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):

**Kun Wah Wong**, 59, Chinese. Since January 2006, he is the Senior Vice-President and Managing Director of DPWorld Asia Pacific which is based in Hong Kong. As such, he is responsible for the group activities overseeing all DP World's existing businesses and future development projects in China, Hong Kong, Korea, and South East Asia. He has 36 years experience in the logistics industry, operating from locations around the world and has extensive knowledge of the container shipping industry. He is also a fellow of the Association of Certified Accountants. He obtained his Bachelor of Science degree in Commerce major in Economics and Finance from the University of Hong Kong. Mr. Wong joined the Board and became its Chairman in April 2009. He was re-elected as a Director and Chairman last April 26, 2012.

**Eusebio H. Tanco**, 63, Filipino, is the President of the Company from 1995 to 2001 and 2007 to present. He is the Chairman of PhilPlans First, Inc. (since 2009), Philhealthcare Inc. (since 2009), Bancllfe Insurance (since 2011), DLS-STI College (since 2003), DLS-STI Hospital (since 2005) and DLS-STI Megaclinic (since 2006), Insurance Builders Inc. (since 1979), Rescom Developers, Inc (since 1983), Agatha Builders Corp. (since 1982), Mar-Bay Homes Inc. (since 1980) and STI Education Systems Holding (formerly JTH Davies Holdings, Inc., since 2010), Capital Managers and Adviser (since 1995), Prime Power Holdings (since 1999), STI Investments (since 2007), Philippine Life Financial Assurance (formerly Asian Life Financial Assurance, since 2012) the Vice Chairman of the Philippine Women's University (2012), 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), Global Resource for Outsourced Workers, Inc. (GROW, Inc.) (since 2002), Mactan Electric Company (since 1988), Venture Securities, Inc.(since 1980), STMI Logistics, Inc (since 1988), Total Consolidated Asset Management Inc. (TCAMI) (since 2006), Eujo Philippines, Inc. (since 1986) and a member of the board of United Coconut Chemicals, Inc.(since 1995), J & P Coats Manila Bay (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,** 55, UAE national, was formerly the Company's Executive Vice-President - Technical from February 2007 to June 2008. He was a part of the world of information technology for 20 years and brings with him a wealth of experience and knowledge of the latest technology trends and developments, vis-à-vis the management and control of ports and terminals. A graduate of San Diego State University, USA, he also enhanced his management proficiency and expertise through participation in Executive Training and General Management Programmes at well-reputed institutions, viz. Kellog Business School and Harvard Business School, respectively. Whilst he continues to function as a Board Member of ATI, his involvement in DP World's present and future business development is now more global. Since 2008, he is the Senior Vice President - Government Relations, DP World and is based at the organization's Head Office in Dubai. He is a Member of the Board of DP World Dakar in Senegal since 2008. In 2012, he was appointed as Chairman of the Board of Tejari Solution, a JV company established between Tejari World and Bravo Solution. He has been with the Board since 2007.

**Monico Jacob**, 67, Filipino, is presently the President and CEO of the STI Education Services Group PhilPlans First Inc. and Philhealthcare, Inc. (since 2009) and the President STI Education Systems Holdings Inc. (since 2011). He was the former President and CEO of Information and Communications Academy (iAcademy, from 2003-2010). He is also the Chairman and Managing Partner of CEOs, Inc., (since 1999) and Chairman of Global Resource for Outsourced Workers, Inc. (GROW, Inc., since 2000), STI-Universal Workers, Inc. (STI-UWI, since 2002) and Total Consolidated Asset Management Inc. (since 2006). He is currently an independent director of Jollibee Foods, Inc. (since 2001), Mindanao Energy and Phoenix Petroleum Philippines (since 2008). 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 last August 20, 2009.

**Felino A. Palafox, Jr.,** 63, Filipino, has 40 years of experience in the field of architecture and 38 years in planning. He is the Principal Architect-Urban Planner, Founder and Managing Partner of Palafox Associates which was founded in 1989. For more than 20 years, he led and managed his firm in carrying out the planning of more than 12 billion square meters of land area and the architecture of more than 8 million square meters of building floor area in 35 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. In 2011, he became the first Architect/Environmental Planner to be elected as President of the Management Association of the Philippines. 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 currently the

President of the Philippine Institute of Environmental Planners. 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 5 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 last August 20, 2009.

**Arsenio Tanco,** 84, Filipino, is the President and Executive Chairman of Coats Manila Bay, Inc. (since 2000) and the CEO of 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. and Delos Santos-STI Mega Clinic. 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 was elected to the Board last August 20, 2009.

**Kwok Leung Law,** 49, Chinese, is the Finance Director of DP World Southeast Asia since 2010. He was the Finance Director for Saigon Premier Container Terminal (DPWorld) 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 last February 18, 2010.

**Glen Christopher Hilton[1],** 43, Australian, was the Vice President and Managing Director DP World South East Asia since 2008. He joined DP World Adelaide in 2001 as Terminal Manager and was promoted to General Manager, where he stayed until 2006. He was later appointed as General Manager and Executive Director of DP World Caucedo. Prior to joining DP World, he worked with multinational organizations such as Qantas Airways Freight, Ansett International Air Freight, Ansett Australia Cargo and Air New Zealand Cargo. He has been a regular director of ATI since April 2009 until his resignation in January 15, 2013.

**Artemio V. Panganiban**, 76, Filipino, was elected as an independent director of the Company last April 22, 2010. He served as Chief Justice of the Supreme Court from 2005 to 2006 and as Associate Justice from 1995 to 2005. Prior to his appointment to the Supreme Court, he was a senior partner at Panganiban Benitez Parlade Africa and Barinaga Law Offices from 1963 to 1995. He is a recipient of over 250 prestigious awards and recognitions from various associations and groups for his role as a jurist, lawyer, civic leader, Catholic lay worker, entrepreneur and youth leader. Among such awards is the "Renaissance Jurist of the 21st Century" given by the

[1] Mr. Hilton resigned last January 15, 2013. He was replaced by **Mr. Rashed Ali Hassan Abdulla** 41, UAE national. Mr. Abdulla is the Senior Vice-President in the Global Operations of DP World in Dubai, since November 2011. Prior to this, he was the Terminal Manager of DP World Constanta, Romania (from 2004 to July 2007), Director for Operations of DP World Jebel Ali Container Terminal 2 (July 2007 to 2008), Deputy Chief Operating Officer of DP World UAE Region (2008 to September 2009) then became the Chief Operating Officer in September 2009 to November 2011. Mr. Abdulla obtained a Bachelor's Degree in Geography from UAE University in 1995. He also holds a Diploma in Maritime and Port Management from the National University of Singapore (2002) and Managing Terminal Operations in P & O Institute, Cardiff, UK (2006).

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 and 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); Metro Pacific Tollways Corp. (2010-present); Petron Corporation (2010-present); and as Regular Director at Jollibee Foods Corporation (2012- present). He is also an independent adviser of the Philippine Long Distance Telephone Company (2009-present); chairman; board of advisers of Metrobank Foundation, Inc. (2010-present); and senior adviser of Metrobank (2007-present) and the World Bank (2009-present). He is a member of the Company's Compensation Committee and Nomination Committee.

**Teodoro Locsin, Jr.,** 64, Filipino, was elected as an independent director last April 22, 2010. 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.

**Andrew R. Hoad**, 46, British, is the Executive Vice President-Technical. He held various positions with P & O Group and CSX World Terminals since 1988. He became the General Manager for DPWorld Sales Asia based in Hongkong from 2004 to 2005. Thereafter, he was assigned to Dubai and the Far East as Commercial Director for Asia and Indian Subcontinent from 2005 to 2008. Prior to joining ATI, he was the CEO of DPWorld Caucedo Container Terminal in the Dominican Republic from 2008 to 2011 and CEO of DP World Callao Container terminal in Peru in 2011. Mr. Hoad holds both Bachelor and Masters degrees in History and Economic History from Pembroke College, Cambridge University. He joined ATI last February 1, 2012.

**Jose Tristan P. Carpio**, 44, 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.**, 53, 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**, 47, 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.

**Sasedharan Vasudevan,** 43, Malaysian, is the Vice President for ATI Batangas, Batangas Container Terminal and Inland Clearance Depot. When he joined ATI in July 2011, he was the Vice President for South Harbor Operations until September 2012. Prior to ATI, he was the former General Manager for Terminal Operations at the Port of Tanjung Pelepas, Johore, Malaysia from 2003 to 2005. In November 2005 until August 2008, he became the General Manager for Container Terminal Operations at the APMT Terminals Nhava Sheva in India. In August 2008 to July 2011, he worked as the Director of Operations (Container Terminal) at the Dubai Ports World, Surabaya, Indonesia. Mr. Vasudevan holds a degree in Business Administration Management and numerous trainings in terminal operating systems including Management and Leadership Program for Terminal Managers from the University of Kent in the UK, and in Copenhagen, Denmark.

**Bastiaan W. Hokke,** 50, Dutch, is ATI's Vice President for South Harbor Operations. When he joined ATI in April 2011, he was the Vice President for ATI Batangas, Batangas Container Terminal and Inland Clearance Depot until September 2012. Prior to joining ATI, he worked at Port of Tanjung Pelepas in Malaysia as General Manager for Operations from 2005 to 2007. In 2007, he worked as Chief Operating Officer at Salalah Port services in Oman. From 2009 to 2011, he was appointed as Chief Services Officer in the said port. Mr. Hokke attended Erasmus University, Faculty of Law in Rotterdam. He also took up Account Management in the said university.

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 P65 million in 2012 and P54 million in 2011. The projected annual compensation in 2013 is P76 million.
The total annual compensation of all other officers and directors in 2012 amounted to P69 million and in 2011 amounted to P68 million. The projected annual compensation in 2013 is P79 million.

| | | (in millions of pesos) | | | |
|---|---|---|---|---|---|
| **Name and Principal Position** | **Year** | **Salary** | **Bonus** | **Other Annual Compensation** | **Total** |
| Eusebio H. Tanco<br>President | | | | | |
| Andrew R. Hoad *<br>Executive Vice President-Technical | | | | | |
| Sasedharan Vasudevan *<br>Vice President for ATI Batangas, BCT and ICD | | | | | |
| Rodolfo G. Corvite, Jr. *<br>Vice President for Business Support Services | | | | | |
| Sean Perez<br>Vice President for Marketing and Commercial | | | | | |
| Bastiaan W. Hokke *<br>Vice President for South Harbor Operations | | | | | |
| Jose Tristan P. Carpio<br>Vice President for Finance | | | | | |
| CEO and most highly compensated officers | 2013 (Projected) | 66 | 10 | 0 | 76 |
| All other officers** and directors as a group unnamed | 2013 (Projected) | 72 | 7 | 0 | 79 |

**most highly compensated*
***Managers and above*

| | | (in millions of pesos) | | | |
|---|---|---|---|---|---|
| **Name and Principal Position** | **Year** | **Salary** | **Bonus** | **Other Annual Compensation** | **Total** |
| Eusebio H. Tanco<br>President | | | | | |
| Andrew R. Hoad *<br>Executive Vice President-Technical | | | | | |
| Sasedharan Vasudevan *<br>Vice President for ATI Batangas, BCT and ICD | | | | | |
| Rodolfo G. Corvite, Jr. *<br>Vice President for Business Support Services | | | | | |
| Sean Perez<br>Vice President for Marketing and Commercial | | | | | |
| Bastiaan W. Hokke *<br>Vice President for South Harbor Operations | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Jose Tristan P. Carpio<br>Vice President for Finance | | | | | |
| CEO and most highly compensated officers | 2012 (Actual) | 61 | 4 | 0 | 65 |
| All other officers** and directors as a group unnamed | 2012 (Actual) | 63 | 7 | 0 | 70 |

*most highly compensated
**Managers and above

| | | (in millions of pesos) | | | |
|---|---|---|---|---|---|
| **Name and Principal Position** | **Year** | **Salary** | **Bonus** | **Other Annual Compensation** | **Total** |
| Eusebio H. Tanco<br>President | | | | | |
| Ernst T. A. Schulze *<br>Executive Vice President-Technical | | | | | |
| Sasedharan Vasudevan<br>Vice President for South Harbor Operations and Engineering | | | | | |
| Gloriann V. Magto<br>Vice President for Finance | | | | | |
| Sean Perez *<br>Vice President for Marketing and Commercial | | | | | |
| Rodolfo G. Corvite, Jr. *<br>Vice President for HR, HSES, and Administration | | | | | |
| Bastian Hokke *<br>Vice President for ATI Batangas, BCT and ICD | | | | | |
| CEO and most highly compensated officers | 2011 (Actual) | 46 | 8 | 0 | 54 |
| All other officers** and directors as a group unnamed | 2011 (Actual) | 61 | 7 | 0 | 68 |

*most highly compensated
**Managers and above

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

[2] Directors' per diem amounted to Php2,730,000.00 (for 2012) and Php2,630,00.00 (for 2011). The Chairman receives Php60,000.00 per diem, for every board meeting attended, while members of the Board receive Php50,000.00. The President does not receive any per diem.

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, 2012, 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.[3] 3rd Floor SSHG Law Centre, 105 Paseo de Roxas Makati City (Stockholder) | ATI Holdings, Inc. | Australian | 291,371,230 | 14.57% |
| 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 | PCD Nominee Corp. (Filipino.)* G/F MKSE Bldg. 6767 Ayala Ave., Makati City | (Beneficial Owners unknown to Issuer) | Filipino | 195,596,414 | 9.78% |
| | | *(AsiaSec Equities, Inc. 8/F Chatham House 116 Valero cor. V. A. Rufino Sts. Salcedo Village, Makati City)* | | *(117,024,366)* | *(5.85%)* |
| Common | Daven Holdings 7th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City (Stockholder) | Daven Holdings | Filipino | 155,906,071 | 7.80% |

[3] Please refer to Item 5 (a) (5).

| | | | | | |
|---|---|---|---|---|---|
| Common | PCD Nominee Corp. (Non-Fil.)*<br>G/F MKSE Bldg.<br>6767 Ayala Ave., Makati City | (Beneficial Owners unknown to Issuer)<br><br>*(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 | 145,688,278<br><br>*(136,824,002)* | 7.28%<br><br>*(6.84%)* |
| Common | SG Holdings Inc.<br>7th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City<br>(Stockholder) | SG Holdings, Inc | Filipino | 130,000,000 | 6.50% |
| Common | Morray Holdings, Inc.<br>7th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City<br>(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, 2012, 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- | Kun Wah Wong | 1/direct | Chinese | .00% |
| -do- | Glen C. Hilton | 1/direct | Australian | .00% |
| -do- | Eusebio H. Tanco | 15,257,663/ direct<br>26,627,884/indirect | Filipino | 2.11% |
| -do- | Arsenio N. Tanco | 133,333/direct<br>3,338,667/indirect | Filipino | .17% |
| -do- | Artemio V. Panganiban (independent director) | 1/direct | Filipino | .00% |
| -do- | Teodoro L. Locsin, Jr. (independent director) | 1/direct | Filipino | .00% |
| –do- | Rodolfo G. Corvite, Jr. | 222,398/direct | Filipino | .01% |
| | TOTAL | 45,595,252 | | 2.28% |

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

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

**Item 12. Certain Relationships and Related Transactions**

The Company renewed the management agreement with P & O Management Services, Phils., Inc. (POMS) for a period of five years from September 1, 2010 until August 31, 2015. Forty percent (40%) of the outstanding capital stock of POMS is owned by DP World Australia (POAL) Limited. As of February 28, 2013, POAL owns 17.32% of the total outstanding capital stock of ATI. In addition, POAL owns 100% of ATI Holdings, Inc. which owns 14.57% (as of February 28, 2013) of the outstanding capital stock of ATI. Other expenses are further discussed in Note 23 of the Audited Consolidated Financial Statements.

The Company avails of the following leases from:

a) Insurance Builders for a land located at Calamba, Laguna and used as an Inland Clearance Depot . The lease is for a term of 25 years commencing April 1996. The total rentals paid in 2012 is Php 11,428,107.24 and the rate is adjusted every 2 years at the rate of 8% beginning 2006.

b) Mar-Bay Homes, Inc.and Eujo Philippines, for a land located at Sta. Mesa Manila and used as an off dock container yard. The lease is for a term of 5 years commencing May 16, 2011. The total rentals paid for 2012 is Php9.0 million and rate us adjusted every 2 years at the rate of 7%.

Mr. Eusebio H. Tanco is the Chairman of Insurance Builders and Mar-Bay Homes and the President of Eujo Philippines, Inc.

Insurance and health care services were also availed from Philippines First Insurance Co. and PhilCare where Mr. Eusebio H. Tanco is President and Mr. Arsenio N. Tanco is a Director.

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

**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. A Certification of Compliance with the Manual was submitted to the SEC in January 25, 2013.

The Company commits to the principles and best practices of good governance to attain its goals and objectives. Its principal officers and directors have attended Corporate Governance seminars or orientation. with accredited providers such as the Institute of Corporate Directors, De La Salle Professional Schools, Insurance Institute for Asia and the Pacific, Bankers' Institute of the Philippines Inc., Corporate Governance Institute of the Philippines and Asian Institute of Management The Company's Manual on Corporate Governance contains the specific principles which institutionalize good corporate governance in the organization.

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

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

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

**(A)** Exhibits

| | |
|---|---|
| Exhibit 1* | Quarterly Report (SEC Form 17-Q) As of September 30, 2012 |
| Exhibit 2 | Financial Statements and Schedules |

*Please refer to the September 30, 2012 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 |
|---|---|
| April 30, 2012 | Declaration of cash dividends, appointment of independent auditors, approval of the audited financial statements; results of the 2012 annual stockholders' meeting and organizational meeting |
| June 25, 2012 | Receipt of PPA Memorandum approving the adjustment of cargo-related tariff on international containerized and non-containerized cargo |
| July 19, 2012 | Resignation of Corporate Treasurer, VP for Finance and Chief Financial Officer and the election of her replacement |
| September 17, 2012 | Internal Organizational Changes: the VP for ATIB, BCT and ICD assumed the position of VP for South Harbor Operations and vice versa |
| October 4, 2012 | Compliance with Securities and Exchange Commission (SEC) Memorandum Circular No. 4, Series of 2012, reporting approval of the Audit Committee Charter of Asian Terminals, Inc. |
| November 23, 2012 | Disclosure of the accomplished self-assessment rating of the Audit Committee and the amendment of the Audit Committee Charter to include the quantitative rating |

| | |
|---|---|
| January 15, 2013 | Certification of Attendance of Directors During Board Meetings for 2012 |
| January 16, 2013 | Resignation of Director and Election of Replacement and Appointment to the committees vacated by resigning director |
| January 25, 2013 | Certification of Compliance with the Manual on Corporate Governance |
| February 15, 2013 | Notice of Guidelines for Nominations for Election to the Board of Directors |
| February 22, 2013 | Setting the date, venue, agenda and record date of the 2013 Annual Stockholders' Meeting, |

**SIGNATURES**

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this amended report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Manila on the 12 day of July 2013.

By:

**ANDREW R. HOAD**
Executive Vice-President-Technical

**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 JUL 1 2 2013 day of July 2013 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 | XX5436358 | February 3, 2010/Manila |
| 3. Rodolfo G. Corvite, Jr. | EB3806967 | October 6, 2011/Manila |
| 4. Maricar B. Pleno | N0388062925 | May 30, 2012/ Manila |

Notary Public

ATTY. DERVIN V. CASTRO
ROLL NO. 53624
IBP NO. 904537 OCT.14, 2012 UP TO DEC.2014. MLA.
PTR NO. 1418627 - JAN. 07, 2013 - MLA.
MCLE IV - 0007336 AUG. 10, 2012
UNIT 2368, NO. , LEON GUINTO ST. COR.
J-B. ROXAS ST. MALATE MANILA
COMMISSION EXPIRED ON 12-31-14

Doc. No. 274
Page No. 55
Book No. VIII
Series of 2013.