COVER SHEET

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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

4th Thursday of April

0 4	1 5	17-A	0 4	2 4
Month	*Day*	FORM TYPE	*Month*	*Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

8 7 4

Total No. of Stockholders
As of 12-31-2013

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

SEC Number: 133653
File Number:________

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

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

528-6000
(Telephone Number)

December 31
Calendar Year Ending
(Month & Day)

SEC Form 17-A
Form Type

NA
Amendment Designation (if applicable)

December 31, 2013
Period Ended Date

N/A
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC Form 17-A

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

1. For the fiscal year ended : December 31, 2013
2. SEC Identification Number : 133653
3. BIR Tax Identification Code : 000-132-413
4. Name of Issuer as Specified in its Charter : ASIAN TERMINALS, INC.
5. Province, Country or other jurisdiction of Incorporation or organization : Manila, Philippines
6. Industry Classification Code (SEC use only) : ____________
7. Address of Principal Office : A. Bonifacio Drive Port Area, Manila 1018
8. Registrant's telephone number : (632) 528-6000
9. Former name, address and fiscal year, if changed since last report : N/A
10. Securities registered pursuant to Section 8 and 12 of the Code or Sections 4 and 8 of the RSA:

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

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

    Yes [X]   No [   ]

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

12. Check whether the issuer

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

    Yes [X]   No [ ]

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

Yes [X]   No [ ]

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

Number of non-affiliate shares as of December 31, 2013	1,346,162,295
Closing price per share as of March 27, 2014	P11.16
Market value of stocks held by non-affiliates as of March 31, 2014	P15.02B

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, until 31 December 2013, offered domestic cargo-handling and passenger terminal services and included stevedoring, arrastre, and storage services.. In the meeting held December 16, 2013, the management, with the approval of the Board decided to discontinue these operations at Pier 15. Since then, the General Cargo Division has shifted its main operations to this pier while the International Container Terminal Division took over the Domestic Container Yard, Domestic Gate and most of Pier 9

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 2016.

The ATI South Harbor is 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. In the meeting held December 16, 2013, the management, with the approval of the Board decided to discontinue operations in the facility should the management not see a better performance from this business during 2014.

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 4, 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 Asian Marine Transport Corporation 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 or BCT (Container Terminal “A-1”, Phase II of the Port of Batangas)

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

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. BCT is currently negotiating with a number of shipping lines to include Batangas in their network.

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 include container terminal handling, arrastre, stevedoring, bagging, domestic cargo handling and equipment services.

SCIPSI is ISO 14001:2004, OHSAS 18001:2007 and ISO 9001:2008 certified since 2004. It is Investors in People (IiP) certified beginning June 16, 2009. In September 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, 2013:

	2013		2012		2011	
Service	**Amount**	**% to Total**	**Amount**	**% to Total**	**Amount**	**% to Total**
Stevedoring	2,709,720	41%	2,656,969	43%	2,318,487	42%
Arrastre	2,629,236	40%	2,405,008	38%	2,140,668	39%
Logistics	104,658	2%	121,772	2%	130,053	2%
Special/Others Services	1,129,878	17%	1,043,911	17%	965,345	17%
TOTAL	**6,573,492**	**100%**	**6,227,660**	**100%**	**5,554,553**	**100%**

	2013		2012		2011	
Source	Amount	% to Total	Amount	% to Total	Amount	% to Total
Domestic	653,450	10%	668,423	11%	702,887	13%
Foreign	5,920,042	90%	5,559,237	89%	4,851,666	87%
TOTAL	**6,573,492**	**100%**	**6,227,660**	**100%**	**5,554,553**	**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 1,396 as of December 31, 2013. Of the total, 1,127 are in Operations, 152 are in Maintenance and 117 are in Management and Administration.

About 81% 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	11/06/12	11/05/17

** ongoing negotiation*

There were no labor strikes for the past eighteen (18) years.

Costs and Effects of Compliance with Environmental Laws

In 2012 ATI incurred approximately Php 1.78 million for various environmental activities and other environment related projects. The Company also participated in Corporate Social Responsibility activities benefiting nearby communities.

ATI business units maintain its current certifications to ISO 14001:2004 Environmental Management System and OHSAS 18001:2007 Occupational Health and Safety Management System.

Business Risks

The Company regularly undertakes a Business Risk Profile review where risks are identified by priority based on a systematic assessment of probability and impact. Control strategies are identified and action points established with the designated accountable persons. Results and developments are monitored during reviews.

Adequate insurance coverage with business interruption clauses, structural testing and improvement of facilities and equipment, compliance with government regulations, asset management systems, business continuity plans, disaster recovery procedures, safety and health management systems, emergency response procedures and security management systems are in place to meet operational contingencies. Results and developments are monitored during reviews.

Process controls, intensified collection efforts, rationalization of capital and operational spending, close monitoring of economic indicators and financial planning and budget controls are practiced to address financial and strategic contingencies.

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

Item 2. Properties

The Company has outstanding leases and subleases covering land, buildings, and offshore area in Manila, Calamba, Laguna and Sta. Clara, Batangas. Rental expenses on these properties in 2013 totaled P43.9 million. The current lease agreements have various expiration dates with the longest term expiring in April 2021. The leases are renewable upon mutual agreement with the lessor. There is no intention to purchase any of the real property currently being leased.

Main Facilities

South Harbor

The Container Terminal operates a facility with 4 container berths. It has 975 meters of quay line equipped with twin-lift capable ship-to-shore gantry cranes. Our capacity was 1.03m prior to 2013 and has now been brought up to 1.2m through developments in 2013. Substantial investments in progress will further increase capacity over 2014. 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. Since early 2014, after cessation of Domestic Operations, the South Harbor facility offers efficient gate access through 5 corridors connecting to main roadways. The Terminal Operating System is driven by Navis SPARCS (Synchronous Planning and Real Time Control System), a graphical planning software that guides proper segregation and stacking of containers, vessels berthing, loading and unloading, and equipment control.

The General Services Division (GSD) occupies two piers at the Manila South Harbor with a total of 8 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.

Inland Clearance Depot

ICD is an all weather 4.2 hectare container yard facility. It has a maximum capacity of 2,600 TEUs. It is equipped with two (2) units of RTG and one (1) unit of 3-tonner forklift to service the logistics requirement of clients. The core activities of ICD, among others, include the “Just-in-Time-Deliveries” for CALABARZON based consignees using the Ports of Batangas and Manila.

Port of Batangas (Phase 1)

The domestic terminal has 230-meter and 185-meter berths and three general cargo berths with lengths ranging from 130 meters to 180 meters. It has a storage area totaling 62,500 square meters (sqm) and a transit shed measuring 3,000 square meters. Additional services, through partnerships, include operating a “pre-delivery inspection” facility (PDI) for its large CBU customer base.

ATIB operates two (2) modern passenger terminal buildings for high-speed inter-island ferries and RORO vessels. It has seven fast craft berths with a total length of 540 meters and a draft of five meters. It has a ferry berth 124 meters long with five meters draft and six RORO berths with a total length of 680 meters. The passenger terminal facility includes a 25,000 sqm. marshalling area for RORO vehicles. It can handle more than 2M embarking passengers annually.

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

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

Batangas Supply Base

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

South Cotabato Integrated Port Services Inc.

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

Item 3. Legal Proceedings

1. ATI - MAFSICOR Case – Regional Trial Court, Manila. On August 5, 1993, ATI (then Marina Port Services, Inc.) filed a Petition for Declaratory Relief with prayer for Injunction against MAFSICOR and PPA in connection with the contract between MAFSICOR and PPA dated April 2, 1992 allowing MAFSICOR to operate a floating grains terminal at the South Harbor. ATI contends that this encroached on its right as the exclusive provider of stevedoring services at the South Harbor. The petition for a Writ for Preliminary

Prohibitory Injunction was denied by the RTC. On appeal, the RTC order was nullified by the Court of Appeals (CA) upholding the position of ATI and made permanent the preliminary injunction. MAFSICOR and PPA filed with the Supreme Court (SC) a Petition for Review which was granted and the injunction order was set aside. The SC ordered the RTC for a trial on the merits and remanded all the records of the case to the lower court. The case is 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.

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	8.53
Fourth Quarter (Oct. - Dec.)	10.50	8.30
2013	**High**	**Low**
First Quarter (Jan. – Mar.)	15.80	9.64
Second Quarter (Apr. – June)	13.50	11.70
Third Quarter (July – Sept.)	12.90	10.50
Fourth Quarter (Oct. - Dec.)	12.46	10.50
2014	**High**	**Low**
First Quarter (Jan. – Mar.)	11.90	10.00

On March 27, 2014 (last day when ATI shares were traded for March), ATI shares were traded at its highest for the price of Php11.16, lowest for Php11.16 and closed at Php11.16.

The number of stockholders as of December 31, 2013 was 874. Of the 2,000,000,000 common shares outstanding as of December 31, 2013, a total 781,477,515 or 39.07 are foreign-owned .

Top 20 stockholders as of December 31, 2013:

Name	No. of Shares	% to Total
DP World Australia (POAL) Ltd.	346,466,600	17.32
ATI Holdings, Inc.	291,371,230	14.57
PCD Nominee Corporation (Filipino)	199,676,977	9.98
Pecard Holdings, Inc.	198,203,968	9.91
Philippine Seaport Inc.	196,911,524	9.85
Daven Holdings, Inc	155,906,071	7.80
PCD Nominee Corporation (Non-Filipino)	142,210,210	7.11
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	1,986,687,090	99.33

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

Date	Dividend Per Share	Record Date
December 21, 2011	0.25	January 5, 2012
April 26, 2012	0.30	May 14, 2012
April 25, 2013	0.35	May 17, 2013

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

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

None.

Item 6. Management Discussion and Analysis

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

Cost and expenses went up by 5.9% to P4,070.9 million in 2013 from P3,845.9 million in 2012. Port authorities' share in gross revenues increased by 14.7% to P1,115.6 million in 2013 from P972.5 million in 2012 following higher revenues and higher percentage share. Labor costs in 2013 amounted to P869.1 million, 1.5% higher compared to P856.1 million in 2012 due to rate increases. Depreciation and amortization in 2013 of P776.9 million were higher by 7.8% compared to P720.5 million in 2012 on account of amortization of additional concession rights and intangible assets. Equipment running costs were up by 1.0% to P480.1 million in 2013 from P475.1 million in 2012 due to higher repairs and maintenance and parts replacement costs for quay cranes (QCs) and rubber-tired gantries (RTGs) mitigated by lower fuel and electricity costs. Taxes and licenses of P169.0 million in 2013 were up by 17.1%

from P144.3 million in 2012 due to higher business taxes. Security, health, environment and safety costs in 2013 rose by 22.2% to P97.0 million from P79.4 million in 2012 due to higher security costs brought about by rate increases, additional security posts and higher safety costs resulting from the enhancement of safety requirements. Rentals of P92.4 million in 2013 grew by 47.6% from P62.6 million in 2012 on account of higher forklift and space rentals. Professional fees in 2013 increased by 14.6% to P27.1 million from P23.7 million in 2012 on account of higher surveyors' costs and recruitment fees.

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

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

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

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

Plans for 2014

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

As it copes with greater growth ahead, and in line with ensuring the company's long-term viability and sustainability, while putting equal regard for safety, ATI is rolling out in 2014 the most aggressive investment program in recent years.

At the core of this is ATI's programed capital investments worth Php2.2 billion for 2014 which shall bankroll the acquisition of more container-handling equipment, rehabilitation of piers, upgrade of port systems and technologies and development of new container storage areas within the Manila South Harbor expanded port zone. All these form part of ATI's investment commitments with the Philippine Ports Authority.

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

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

Consolidated Financial Condition

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

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

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

Consolidated Cash Flows

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

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

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

Changes in Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Change in Accounting Policy for Fixed Fees Paid to the Grantor

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

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

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

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

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

Other information:

- The Company's businesses are affected by the local and global trade environment. Factors that could cause actual results of the Company to differ materially include, but are not limited to:
    - material adverse change in the Philippine and global economic and industry conditions;
    - natural events (earthquake, typhoons and other major calamities); and
    - material changes in exchange rates.

- There was no known trend, event or uncertainty that had or may have a material impact on liquidity and on revenues or income from continuing operations. There was no known event that may cause a material change in the relationships between costs and revenues.
- There was no seasonal factor that had a material effect on the financial condition and results of operations.
- There was no event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- Except for the commitments and contingencies mentioned in Note 22 of the consolidated financial statements, the Company has no knowledge of any material off-balance sheet (statement of financial position) transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period that would address the past and would have material impact on future operations.
- Projected capital expenditures for 2014 is P2.2 billion, which includes yard and berth development as well as equipment acquisition. The capital expenditure will strengthen the Company's operations and capability to handle growth and will be sourced from internal funds.

Key Performance Indicators (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 2013:
- ATIB’s total assets were only 3.1% of the consolidated total assets
- Income before other income and expense from ATIB was only 9.1% of consolidated income before other income and expense*.

Ratios in parenthesis represent results without the effect of the change in accounting policies.

Consolidated KPI	Manner of Calculation	2013	2012	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	15.3% (23.5%)	23.5% (26.9%)	Lower due to increase in total assets primarily from change in accounting policies and additional investments in port infrastructure and equipment resulting in higher capital employed.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of the parent	13.9% (19.1%)	21.8% (21.0%)	Decreased due to lower net income.
Current ratio	Ratio of current assets over current liabilities	1.77 : 1.00 (2.02 : 1.00)	2.39 : 1.00 (2.64 : 1.00)	Lower due to increase in current liabilities.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	2.09 : 1.00 (1.21 : 1.00)	1.41 : 1.00 (1.18 : 1.00)	Higher due to increase in total assets.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	1.09 : 1.00 (0.21 : 1.00)	0.41 : 1.00 (0.18 : 1.00)	Increase resulting from increase in liabilities and stockholders’ equity.

Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	15 days	12 days	Increase due to higher revenues.
Lost Time Injury	Number of lost time from injuries per standard manhours	0.41	0.44	Improved as a result of extensive safety campaign and strict implementation of policy on health, safety and environment.

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

Years ended December 31, 2012 and 2011

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

Revenues for the year ended December 31, 2012 of P6,227.7 million grew by 12.1% from P5,554.6 million in 2011. Revenues from South Harbor international containerized cargo increased by P642.5 million or 14.5% on account of higher volume and tariff increase on vessel-related charges and cargo-related charges. Pursuant to PPA Memorandum Circular No. 13-2011, tariffs on vessel-related services for foreign containerized cargoes at South Harbor were increased by 17.0%, 6.0% effective on November 18, 2011 and 11.0% effective on May 18, 2012. Further, pursuant to PPA Memorandum Circular No. 7-2012, cargo-related tariff for foreign containerized and non-containerized cargoes at South Harbor were increased by 15%, 8% effective on July 15, 2012 and 7% on January 15, 2013. Revenues from South Harbor international non-containerized cargo and the Port of Batangas were higher by P25.1 million or 11.5% and P104.3 million or 28.7%, respectively, due to higher volumes. On the other hand, revenues from South Harbor domestic terminal operations dropped by P62.6 million or 15.4% due to lower volumes.

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

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

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

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 P11,768.3 million were 4.0% higher than P11,310.8 million as of December 31, 2011. Total current assets as of December 31, 2012 increased by 8.8% to P3,719.7 million from P3,419.9 million as of December 31, 2011. Cash and cash equivalents were up by 20.1% to P3,019.2 million as of December 31, 2012 from P2,513.0 million as of December 31, 2011 mainly due to lower dividend payments. Trade and other receivables-net as of December 31, 2012 decreased by 21.2% to P284.3 million from P361.0 million as of December 31, 2011 on account of improved collection efforts. Spare parts and supplies-net as of December 31, 2012 of P192.6 million were 12.1% higher compared to P171.8 million as of December 31, 2011 in support of operational requirements. Prepaid expenses of P223.6 million as of December 31, 2012 were 40.2% lower than P374.2 million as of December 31, 2011 mainly due to reduction in advances to contractors.

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

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

Consolidated Cash Flows

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

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

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

Changes in Accounting Policies

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

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

Other information:

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

Key Performance Indicators (KPI)

KPIs discussed below were based on consolidated amounts as portions pertaining to the Company's subsidiary, ATI Batangas, Inc. (ATIB) were not material. As of end 2012:
- ATIB's total assets were only 4.7% of the consolidated total assets
- Income before other income and expense from ATIB was only 9.0% of consolidated income before other income and expense*.

Ratios in parenthesis represent results without the effect of the change in accounting policies.

Consolidated KPI	Manner of Calculation	2012	2011	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	23.5% (26.9%)	23.3% (28.2%)	Increase due to slightly higher income before interest and tax.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of the parent	21.8% (21.0%)	19.8% (20.9%)	Increased on account of higher net income.

Current ratio	Ratio of current assets over current liabilities	2.39 : 1.00 (2.64 : 1.00)	1.68 : 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	1.41 : 1.00 (1.18 : 1.00)	1.55 : 1.00 (1.25 : 1.00)	Decreased due to higher equity.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.41 : 1.00 (0.18 : 1.00)	0.55 : 1.00 (0.25 : 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 6,227.7*	*P 5,554.6*
Net income	*1,705.1*	*1,418.8*
Total assets	*11,768.3*	*11,310.8*
Total liabilities	*3,414.8*	*4,008.3*

Information on Independent Accountant and External Audit Fees

The appointment of Manabat Sanagustin & Co. (now R.G. Manabat & Co.) as the external auditors of Asian Terminals, Inc. for 2013 was approved by the shareholders during the annual meeting held on April 25, 2013. The same external auditors are being recommended for re-election at the scheduled annual meeting of the Stockholders.

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

The aggregate fees for audit services rendered were as follows:

	2013 (P'000)	2012 (P'000)
Audit Fees	3,250	3,250

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 2013 and 2012.

Audit Committee Pre-Approval Policy

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

Financial Statements

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

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

PART III-CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Name	Age	Position
Rashed Ali Hassan Abdulla	42	Chairman
Eusebio H. Tanco	64	Director/President
Suhail Al Banna	56	Director
Flemming Dalgaard	49	Director
Kwok Leung Law	50	Director
Teodoro L. Locsin, Jr.	65	Director
Monico V. Jacob	68	Director
Felino A. Palafox, Jr.	64	Director
Artemio V. Panganiban	77	Director
Arsenio N. Tanco	85	Director
Andrew R. Hoad	47	EVP-Technical
Jose Tristan P. Carpio	45	Vice President for Finance and Chief Financial Officer
Rodolfo G. Corvite, Jr.	54	Corporate Secretary and Vice President for Business Support Services
Sean L. Perez	48	Vice President for Marketing and Commercial
Christopher Joe Styles	44	VP for Engineering
Bastiaan W. Hokke	51	Vice President for South Harbor Operations

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

Rashed Ali Hassan Abdulla, 42, UAE national, is the current Chairman of the Board of Directors of Asian Terminals, Inc. and the Senior Vice-President and Managing Director of DP World Asia Pacific since November 2013. His main responsibility is managing several business units in China, Korea, HK and SE Asia. Mr. Abdulla previously held the position of Senior Vice President Global Operations DP World Head Office (from November 2011 to November 2013). He joined DP World as a graduate trainee in 1995 and has risen rapidly through ranks. He was given an international assignment in 2004 to 2007, working at DP World Constanta as Manager - Container Terminal. Upon his return to Dubai in 2007 and until 2008, he was promoted to Director of Jebel Ali's brand new Terminal 2 and became the Deputy Chief Operating Officer of DP World UAE Region (from 2008 to September 2009). In September 2009 to November 2011 he was appointed as Chief Operating Officer of all Jebel Ali operations and Business Units, including Containers Terminals, General Cargo, Marine , Safety and Security. Mr. Abdulla graduated from UAE University in 1995 with a Bachelor's degree in Geography. He earned a Diploma in Maritime and Port Management from National University of Singapore in 2002 and Managing Terminal Operations in P & O Institute, Cardiff, UK (2006). He joined the Board last January 15, 2013 and was elected as Chairman of the Board last November 21, 2013 replacing Mr. Kun Wah Wong who retired on said date.

Eusebio H. Tanco, 64, 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), Banclife 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, 56, 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. In 2008, he became 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. In November 2013, he was appointed as Senior Vice President and Managing Director of DP World Middle East and Africa Region, as Chairman of Maputo Container Terminal, DP World Jeddah South Container Terminals and as Director of DP World Algiers, Djen Djen Container Terminal and Sukhna Container Terminal (Egypt). He has been with the Board since 2007.

Monico Jacob, 68, 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., 64, 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, 85, Filipino, is the President of Coats Manila Bay, Inc. (since 2000) and Manila Bay Spinning Mills, Inc (since 1993). He is currently a director of Philippines First Insurance Co., Inc. (since 1973), Philippine Belt Manufacturing Corporation (since 1971), Manila Bay Hosiery Mills, Inc.(since 1950) Federation of Philippine Industries, Inc.(since 2002). Since 2006, he serves as director of Total Consolidated Asset Management Inc. 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, 50, 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.

Flemming Dalgaard, 49, is from Denmark and is currently Senior Vice President responsible for DP World global strategy. He has held this position since January 2014. Prior to this position he was Senior Vice President and Managing Director for Europe and Russia for DP World (since March 2008). He received his education in Denmark and commenced his professional career with the A.P. Moller-Maersk Group as a management trainee in 1986 and obtained his shipping degree from the company's International Shipping Academy. He has a broad international experience in shipping, logistics and port developments and has held senior positions all over the world including China, Germany, South Africa, Denmark, Kenya and Dubai. Mr. Dalgaard has supplemented his shipping degree with various executive programs at INSEAD, London Business School and university of Columbia in New York. He is a member of the Board of Directors for DP World Southampton and Rotterdam World

Gateway. He is a Chartered Fellow at the UK Institute for Logistics and Transport (FCILT). He was elected to the Board last November 21, 2013.

Artemio V. Panganiban, 77, Filipino, He served as Chief Justice of the Supreme Court from 2005 to 2006 and as Associate Justice from 1995 to 2005. Prior to his appointment to the Supreme Court, he was a senior partner at Panganiban Benitez Parlade Africa and Barinaga Law Offices from 1963 to 1995. He is a recipient of over 250 prestigious awards and recognitions from various associations and groups for his role as a jurist, lawyer, civic leader, Catholic lay worker, entrepreneur and youth leader. Among such awards is the “Renaissance Jurist of the 21st Century” given by the Supreme Court of the Philippines upon his retirement in 2006. Chief Justice Panganiban holds a Bachelor’s Degree in Law from the Far Eastern University where he graduated *cum laude*. He was a 6th placer in the 1960 Bar Examinations. He was also conferred Doctor of Laws (*Honoris Causa)* by several universities. At present, he writes a column for the Philippine Daily Inquirer since 2007 to present. He sits as an independent director in following listed companies, aside from Asian Terminals, Inc., GMA Network, Inc., (2007-present);First Philippine Holdings Corp., (2007-present);Metro Pacific Investments Corp. (2007-present);Manila Electric Company, (2008-present);Robinsons Land Corp., (2008-present);GMA Holdings, Inc., (2009-present);Bank of the Philippine Islands (2010-present);Petron Corporation (2010-present);Philippine Long Distance Telephone Company (2013-present). He is also a non-executive Director at Jollibee Foods Corporation (2012- present), Senior Adviser, Metrobank (2007 to present), Adviser, DoubleDragon Properties Corp. (2014). He is a member of the Company’s Compensation Committee and Nomination Committee. He serves as an independent director of Asian Terminals, Inc. since April 22, 2010.

Teodoro Locsin, Jr., 65**,** Filipino**.** He served as member of the House of Representatives from 2001 to 2010. Since 2005, he is an independent director of The Medical City, and a member of the Board of Governors of iAcademy. He is an editor, publisher, television host and speechwriter of former presidents Corazon Aquino, Joseph Ejercito Estrada and Gloria Arroyo. He also served as a Minister of Information during President Aquino’s term. Atty. Locsin, Jr., worked as an associate at Angara Abello Concepcion Regala and Cruz Law Offices. He also worked as an executive assistant to the Chairman of Ayala Corporation, Enrique Zobel. He obtained his Bachelor of Law from the Ateneo de Manila University and Master of Laws from Harvard University. Atty. Locsin, Jr. is the Chairman of the Audit Committee and is a member of the Executive Committee. He serves as an independent director of Asian Terminals, Inc. since April 22, 2010.

Andrew R. Hoad, 47, 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, 45, 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., 54, 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, 48, Filipino, is the Vice-President for Marketing and Commercial. He was the Vice-President for Marketing, Commercial and MGT from October 2008 to January 2010, Vice President for Domestic and Outports from January 2007 to September 2008, Vice-President for Domestic/Marketing and Commercial Services (2004-2006). He has held various positions in the Company from the position of being the Terminal Manager of Batangas, Container Division and General Stevedoring Division for South Harbor to Vice-President for Operations, Marketing and Outports. He obtained his degree in Bachelor of Arts, Major in Economics from the University of Santo Tomas. He has been with the Company since 1996**.**

Bastiaan W. Hokke, 51, 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.

Christopher Joe Styles, 44, British, joined ATI on December 2, 2013 as Vice President for Engineering. Prior to joining ATI, he worked at APM Terminals from September 2008 to November 2013 holding various positions in its terminals in Bahrain and Jordan. His last position was General Manager for Technical Services in Bahrain. Mr. Styles graduated in 2009 from University of Leicester with a Masters degree in Business Administration and in 1990 at the Lackham College with a Bachelor's Degree in Mechanical Engineering. He also holds a Greenbelt in Lean Six Sigma.

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

Family Relationships

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

Except for the disclosure made above, there are no other family relationships among the directors and officers listed up to the fourth civil degree of consanguinity or affinity.

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

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

Pending Legal Proceedings

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

Item 10. Executive Compensation

1) The total annual compensation of the Company's President and the most highly compensated officers amounted to P65 million in 2013 and P65 million in 2012. The projected annual compensation in 2014 is P79 million.

   The total annual compensation of all other officers and directors in 2013 amounted to P75 million and in 2012 amounted to P70 million. The projected annual compensation in 2014 is P84 million.

		(in millions of pesos)			
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**	**Total**
Eusebio H. Tanco* President					
Andrew R. Hoad * Executive Vice President-Technical					
Bastiaan W. Hokke * Vice President for South Harbor Operations					
Rodolfo G. Corvite, Jr. * Vice President for Business Support Services					
Sean Perez Vice President for Marketing and Commercial					
Christopher Joe Styles* Vice President for Engineering					
Jose Tristan P. Carpio Vice President for Finance/CFO					
CEO and most highly compensated officers	2014 (Projected)	67	12	0	79
All other officers** and directors as a group unnamed	2014 (Projected)	74	10	0	84

**CEO and 4 most highly compensated*
***Managers and above*

Name and Principal Position	Year	(in millions of pesos) Salary	Bonus	Other Annual Compensation	Total
Eusebio H. Tanco* President					
Andrew R. Hoad * Executive Vice President-Technical					
Christopher Joe Styles Vice President for Engineering					
Rodolfo G. Corvite, Jr. * Vice President for Business Support Services					
Sean Perez Vice President for Marketing and Commercial					
Bastiaan W. Hokke * Vice President for South Harbor Operations					
Jose Tristan P. Carpio Vice President for Finance					
CEO and most highly compensated officers	2013 (Actual)	56	9	0	65
All other officers** and directors as a group unnamed	2013 (Actual)	65	10	0	75

**CEO and 4 most highly compensated*
***Managers and above*

Name and Principal Position	Year	(in millions of pesos) Salary	Bonus	Other Annual Compensation	Total
Eusebio H. Tanco* President					
Andrew R. Hoad * Executive Vice President-Technical					
Sasedharan Vasudevan* Vice President for South Harbor Operations and Engineering					
Rodolfo G. Corvite, Jr. * Vice President for HR, HSES, and Administration					
Sean Perez Vice President for Marketing and Commercial					
Bastian Hokke * Vice President for ATI Batangas, BCT and ICD					
Jose Tristan P. Carpio Vice President Finance and CFO					
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

**CEO and 4 most highly compensated*
***Managers and above*

2) The Directors do not receive compensation for services provided as a director other than reasonable per diems[1] 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

[1] Directors' per diem amounted to Php3,040,000.00 (for 2013) Php2,730,000.00 (for 2012). 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.

receive only such compensation as may be granted to them by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock at a regular or a special meeting of the stockholders. In no case the total yearly compensation of the directors, as such, exceed ten percent (10%) of the net income before income tax of the Corporation during the preceding year.

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

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2013, the Company knows of no one who owns in excess of 5% of its common stock except as set forth in the table below:

Title of Class	**Name and Address of Record Owner and Relationship with Issuer**	**Name of Beneficial Owner and Relationship with Record Owner**	**Citizenship**	**Amount of Record Ownership**	**% of Class**
Common	DP World Australia (POAL) Limited Level 21 400 George St., Sydney NSW 2000, GPO Box 4084, Sydney NSW 2001 Australia (Stockholder)	DP World Australia (POAL) Limited	Australian	346,466,600	17.32%
Common	ATI Holdings, Inc. 3rd Floor SSHG Law Centre, 105 Paseo de Roxas Makati City (Stockholder)	ATI Holdings, Inc.	Australian	291,371,230	14.57%
Common	PCD Nominee Corp. (Filipino.) G/F MKSE Bldg. 6767 Ayala Ave., Makati City	(Beneficial Owners unknown to Issuer) *(**AsiaSec Equities, Inc.** 8/F Chatham House 116 Valero cor. V. A. Rufino Sts. Salcedo Village, Makati City)*	Filipino	199,676,977 *(116,731,033)*	9.98% *(5.84%)*

Common	Pecard Group Holdings, Inc. 3rd Floor SSHG Law Centre, 105 Paseo de Roxas Makati City (Stockholder)	Pecard Group Holdings, Inc.	Filipino	198,203,968	9.91%
Common	Philippine Seaport, Inc. 3rd Floor SSHG Law Centre, 105 Paseo de Roxas Makati City (Stockholder)	Philippine Seaport, Inc.	Filipino	196,911,524	9.85%
Common	Daven Holdings 7th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City (Stockholder)	Daven Holdings	Filipino	155,906,071	7.80%
Common	PCD Nominee Corp. (Non-Fil.)* G/F MKSE Bldg. 6767 Ayala Ave., Makati City	(Beneficial Owners unknown to Issuer) ***(The Hongkong and Shanghai Banking Corp., Ltd.*** *HSBC Securities Services, 12th Flr, The Enterprise Center, Tower I 6766 Ayala Ave. cor. Paseo de Roxas, Makati City)*	Non-Filipino	142,210,210 *(132,384,,000)*	7.11% *(6.62%)*
Common	SG Holdings Inc. 7th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City (Stockholder)	SG Holdings, Inc	Filipino	130,000,000	6.50%
Common	Morray Holdings, Inc. 7th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City (Stockholder)	Morray Holdings, Inc.	Filipino	100,000,000	5.00%

2. Security Ownership of Management

Owners of record of ATI shares among Management as of December 31, 2013, are as follows:

Title of Class	Name of Beneficial/Record Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Class
Common	Suhail Al Banna	1/direct	UAE	.00 %
-do-	Felino A. Palafox, Jr.	15,300/direct	Filipino	.00%
-d0-	Monico V. Jacob	1/direct	Filipino	.00%
-do-	Kwok Leung Law	1/direct	Chinese	.00%
-do-	Flemming Dalgaard	1/direct	Danish	.00%
-do-	Rashed Ali Hassan Abdulla	1/direct	UAE	.00%
-do-	Eusebio H. Tanco	15,257,663/ direct 26,627,884/indirect	Filipino	2.10%
-do-	Arsenio N. Tanco	133,333/direct 3,338,667/indirect	Filipino	.17%
-do-	Artemio V. Panganiban (independent director)	1/direct	Filipino	.00%
-do-	Teodoro L. Locsin, Jr. (independent director)	1/direct	Filipino	.00%
--do-	Rodolfo G. Corvite, Jr.	222,398/direct	Filipino	.01%
	TOTAL	45,595,252		2.28%

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

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

Item 12. Certain Relationships and Related Transactions

The Company renewed the management agreement with P & O Management Services, Phils., Inc. (POMS) for a period of five years from September 1, 2010 until August 31, 2015. Forty percent (40%) of the outstanding capital stock of POMS is owned by DP World Australia (POAL) Limited. As of December 31, 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 December 31, 2013) of the outstanding capital stock of ATI. Other expenses are further discussed in Note 19 of the Audited Consolidated Financial Statements.

The Company avails of 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 2013 is Php 11.4 million. The lease may be renewed for another 25 years upon mutual agreement.

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 2013 is Php13.2 million. The lease may be extended upon mutual agreement.

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 24, 2014.

The Company commits to the principles and best practices of good governance to attain its goals and objectives. Its principal officers and directors have attended Corporate Governance seminars or orientation. 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. ATI will further enhance its compliance with the principles of good corporate governance by encouraging attendance to trainings as provided by SEC Memorandum Circular No. 20, Series 2013.

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, 2013
Exhibit 2	Financial Statements and Schedules

*Please refer to the September 30, 2013 Quarterly Report (SEC Form 17-Q) submitted to the Securities and Exchange Commission

(B) Reports on SEC Form 17-C

Date Reported	**Item(s) Reported**
January 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.
April 26, 2013	Declaration of cash dividends, appointment independent auditors, approval of the audited financial statements, results of the 2013 annual stockholders' meeting and organizational meeting
May 7, 2013	Certification on Qualification of Independent Directors
November 26, 2013	Resignation of Chairman and director and election of replacement and appointment to the committees vacated; resignation of Vice President for ATI Batangas, Batangas Container Terminal and Inland Clearance Depot and abolition of the said office; election of Vice-President for Engineering

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this amended report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Manila on the 14th day of April 2014.

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

APR 15 2014

SUBSCRIBED AND SWORN to before me this ____day of April 2014 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. RAMIL JOSELITO R. TAMAYO
NOTARY PUBLIC TIN NO. 231430744000
PTR No. ... / ROLL No. 49687 - MCLE No. IV-0021244
IBP LIFE No. ... Commission No. 2014-019 Until 12-31-15 MANILA
Office Add: National Press Club Bldg. Magallanes Drive, Intramuros, Manila

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Page No. 50
Book No. II
Series of 2014.

ASIAN TERMINALS, INC. AND A SUBSIDIARY

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

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

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of ASIAN TERMINALS, INC. AND A SUBSIDIARY (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements as at December 31, 2013 and 2012 and January 1, 2012 and for each of the three years in the period ended December 31, 2013, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements and submits the same to the stockholders.

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

RASHED ALI HASSAN ABDULLA
Chairman of the Board

EUSEBIO H. TANCO
President

JOSE TRISTAN P. CARPIO
Chief Financial Officer

Signed this FEB 2 6 2014 **of** __________**, 2014**

SUBSCRIBED AND SWORN TO before me this FEB 2 6 2014 day of ____ 2014, the signatories exhibiting to me their respective Passports/Driver's License Nos., as follows:

Name	Passport Nos.	Date/Place Issued
1. Rashed Ali Hassan Abdulla	ZRZ238335	5/17/12; Dubai
2. Eusebio H. Tanco	XX5485551	2/9/10; Manila
3. Jose Tristan P. Carpio	XX5436358	2/3/10; Manila

ATTY. RAMIL JOSELITO B. TAMAYO
NOTARY PUBLIC
Office Add: National Press Club Bldg. Magallanes Drive, Intramuros, Manila

Doc. No. 229
Page No. 47
Book No. 11;
Series of 2014.

KPMG

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

Branches: Subic · Cebu · Bacolod · Iloilo

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

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying consolidated financial statements of Asian Terminals, Inc. and a Subsidiary, which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

PRC-BOA Registration No. 0003, valid until December 31, 2016
SEC Accreditation No. 0004-FR-3, Group A, valid until November 22, 2014
IC Accreditation No. F-0040-R, Group A, valid until September 11, 2014
BSP Accredited, Category A, valid until December 17, 2014

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Asian Terminals, Inc. and a Subsidiary as at December 31, 2013 and 2012, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2013, in accordance with Philippine Financial Reporting Standards.

R.G. MANABAT & CO.

ENRICO E. BALUYUT
Partner
CPA License No. 065537
SEC Accreditation No. 1177-A, Group A, valid until January 4, 2015
Tax Identification No. 131-029-752
BIR Accreditation No. 08-001987-26-2011
Issued November 3, 2011; valid until November 2, 2014
PTR No. 4225115MC
Issued January 2, 2014 at Makati City

February 24, 2014
Makati City, Metro Manila

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

	Notes	December 31 2013	December 31 2012 (As restated - see Note 4)	January 1 2012 (As restated - see Note 4)
ASSETS				
Current Assets				
Cash and cash equivalents	*6, 24*	**P2,750,116**	P3,019,190	P2,512,975
Trade and other receivables - net	*7, 24*	**364,982**	284,284	360,953
Spare parts and supplies	*5*	**188,155**	192,631	171,803
Prepaid expenses	*8*	**402,152**	223,575	374,212
Total Current Assets		**3,705,405**	3,719,680	3,419,943
Noncurrent Assets				
Investment in an associate	*9*	**57,713**	65,993	60,337
Property and equipment - net	*10*	**341,718**	435,796	397,918
Intangible assets - net	*11*	**14,153,233**	7,306,229	7,177,789
Deferred tax assets - net	*13*	**305,681**	143,126	135,874
Other noncurrent assets	*12*	**85,548**	97,519	118,921
Total Noncurrent Assets		**14,943,893**	8,048,663	7,890,839
		P18,649,298	P11,768,343	P11,310,782
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	*14, 19*	**P1,752,178**	P1,204,920	P1,609,803
Provisions for claims	*15*	**52,060**	81,868	88,029
Port concession rights payable - current portion	*11, 24*	**124,782**	93,501	176,138
Income and other taxes payable		**169,080**	175,561	166,050
Total Current Liabilities		**2,098,100**	1,555,850	2,040,020
Noncurrent Liabilities				
Port concession rights payable - net of current portion	*11, 24*	**7,569,891**	1,709,441	1,924,102
Pension liability	*20*	**65,974**	149,523	44,180
Total Noncurrent Liabilities		**7,635,865**	1,858,964	1,968,282
		9,733,965	3,414,814	4,008,302

Forward

	Notes	December 31 2013	December 31 2012 (As restated - see Note 4)	January 1 2012 (As restated - see Note 4)
Equity				
Equity Attributable to Equity Holders of the Parent Company	*16*			
Capital stock		**P2,000,000**	P2,000,000	P2,000,000
Additional paid-in capital		**264,300**	264,300	264,300
Retained earnings		**6,653,749**	6,093,143	5,042,865
Other reserves		**(5,820)**	(5,820)	(5,820)
		8,912,229	8,351,623	7,301,345
Non-controlling Interest		**3,104**	1,906	1,135
Total Equity		**8,915,333**	8,353,529	7,302,480
		P18,649,298	P11,768,343	P11,310,782

See Notes to the Consolidated Financial Statements.

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

			Years Ended December 31	
	Notes	**2013**	2012 (As restated - see Note 4)	2011 (As restated - see Note 4)
REVENUES FROM OPERATIONS	*2*	**P6,573,492**	P6,227,660	P5,554,553
COSTS AND EXPENSES	*17, 19, 20*	**(4,070,918)**	(3,845,896)	(3,429,891)
OTHER INCOME AND EXPENSES				
Finance cost	*18*	**(470,845)**	(240,303)	(309,810)
Finance income	*18*	**53,408**	68,660	83,532
Others - net	*18*	**(426,847)**	178,744	94,087
		(844,284)	(7,101)	132,191
CONSTRUCTION REVENUES	*11*	**1,614,984**	823,714	455,646
CONSTRUCTION COSTS	*11*	**(1,614,984)**	(823,714)	(455,646)
		-	-	-
INCOME BEFORE INCOME TAX		**1,658,290**	2,388,865	1,992,471
INCOME TAX EXPENSE	*13*			
Current		**645,878**	668,256	629,810
Deferred		**(193,109)**	15,543	(56,166)
		452,769	683,799	573,644
NET INCOME		**P1,205,521**	P1,705,066	P1,418,827
Income Attributable to				
Equity Holders of the Parent Company		**P1,203,539**	P1,703,447	P1,417,748
Non-controlling interest		**1,982**	1,619	1,079
		P1,205,521	P1,705,066	P1,418,827
Basic/Diluted Earnings per Share Attributable to Equity Holders of the Parent Company	*21*	**P0.60**	P0.85	P0.71

See Notes to the Consolidated Financial Statements.

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

		Years Ended December 31		
	Notes	**2013**	2012 (As restated - see Note 4)	2011 (As restated - see Note 4)
NET INCOME FOR THE YEAR		**P1,205,521**	P1,705,066	P1,418,827
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will never be reclassified to profit or loss				
Remeasurements of pension liability (asset)	*20*	**101,848**	(75,982)	(35,580)
Tax on items taken directly to equity	*13*	**(30,554)**	22,795	10,674
		71,294	(53,187)	(24,906)
Items that are or may be reclassified to profit or loss				
Reversal of other reserves	*16*	**-**	-	14,181
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - Net of tax		**71,294**	(53,187)	(10,725)
TOTAL COMPREHENSIVE INCOME		**P1,276,815**	P1,651,879	P1,408,102
Total Comprehensive Income Attributable to				
Equity Holders of the Parent Company		**P1,274,787**	P1,650,278	P1,407,039
Non-controlling interest		**2,028**	1,601	1,063
		P1,276,815	P1,651,879	P1,408,102

See Notes to the Consolidated Financial Statements.

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

		Years Ended December 31								
		Attributable to Equity Holders of the Parent Company								
				Retained Earnings						
	Note	Common Stock	Additional Paid-in Capital	Appropriated for Port Development	Unappropriated	Other Reserves	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2013, as previously stated		**P2,000,000**	**P264,300**	**P1,000,000**	**P5,237,415**	**(P5,820)**	**P8,495,895**	**P1,906**	**P8,497,801**
Impact of changes in accounting policies	*4*	-	-	-	**(144,272)**	-	**(144,272)**	-	**(144,272)**
Prior period adjustments		-	-	-	**(14,181)**	-	**(14,181)**	-	**(14,181)**
Balance at January 1, 2013, as restated		**2,000,000**	**264,300**	**1,000,000**	**5,078,962**	**(5,820)**	**8,337,442**	**1,906**	**8,339,348**
Cash dividends - P0.35 a share for ATI	*16*	-	-	-	**(700,000)**	-	**(700,000)**	**(830)**	**(700,830)**
Appropriations during the year	*16*	-	-	**3,700,000**	**(3,700,000)**	-	-	-	-
Net income for the year		-	-	-	**1,203,539**	-	**1,203,539**	**1,982**	**1,205,521**
Other comprehensive income									
Actuarial gain - net of tax		-	-	-	**71,248**	-	**71,248**	**46**	**71,294**
Balance at December 31, 2013		**P2,000,000**	**P264,300**	**P4,700,000**	**P1,953,749**	**(P5,820)**	**P8,912,229**	**P3,104**	**P8,915,333**
Balance at January 1, 2012, as previously stated		P2,000,000	P264,300	P1,000,000	P4,218,963	(P5,820)	P7,477,443	P1,135	P7,478,578
Impact of changes in accounting policies	*4*	-	-	-	(176,098)	-	(176,098)	-	(176,098)
Balance at January 1, 2012, as restated		2,000,000	264,300	1,000,000	4,042,865	(5,820)	7,301,345	1,135	7,302,480
Cash dividends - P0.30 a share for ATI		-	-	-	(600,000)	-	(600,000)	(830)	(600,830)
Net income for the year		-	-	-	1,703,447	-	1,703,447	1,619	1,705,066
Other comprehensive income									
Actuarial loss - net of tax		-	-	-	(53,169)	-	(53,169)	(18)	(53,187)
Balance at December 31, 2012, as restated		P2,000,000	P264,300	P1,000,000	P5,093,143	(P5,820)	P8,351,623	P1,906	P8,353,529

Forward

		Years Ended December 31								
		Attributable to Equity Holders of the Parent Company								
				Retained Earnings						
	Note	**Common Stock**	**Additional Paid-in Capital**	**Appropriated for Port Development**	**Unappropriated**	**Other Reserves**	**Total**	**Non-controlling Interest**	**Total Equity**
Balance at January 1, 2011, as previously stated		P2,000,000	P264,300	P1,000,000	P3,824,091	(P20,001)	P7,068,390	P902	P7,069,292
Impact of changes in accounting policies	4	-	-	-	(74,084)	-	(74,084)	-	(74,084)
Balance at January 1, 2011, as restated		2,000,000	264,300	1,000,000	3,750,007	(20,001)	6,994,306	902	6,995,208
Cash dividends - P0.55 a share for ATI		-	-	-	(1,100,000)	-	(1,100,000)	(830)	(1,100,830)
Net income for the year		-	-	-	1,417,748	-	1,417,748	1,079	1,418,827
Other comprehensive income									
Reversal of other reserves		-	-	-	-	14,181	14,181	-	14,181
Actuarial loss - net of tax		-	-	-	(24,890)	-	(24,890)	(16)	(24,906)
Balance at December 31, 2011, as restated		P2,000,000	P264,300	P1,000,000	P4,042,865	(P5,820)	P7,301,345	P1,135	P7,302,480

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

			Years Ended December 31	
	Notes	**2013**	2012 (As restated - see Note 4)	2011 (As restated - see Note 4)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P1,658,290**	P2,388,865	P1,992,471
Adjustments for:				
Depreciation and amortization	*10, 11*	**776,926**	720,506	679,744
Finance cost	*18*	**470,845**	240,303	309,810
Finance income	*18*	**(53,408)**	(68,660)	(83,532)
Contributions to retirement funds	*20*	**(28,036)**	(2,597)	(14,753)
Net unrealized foreign exchange losses		**523,061**	(128,752)	(6,310)
Equity in net earnings of an associate	*9*	**(29,333)**	(23,568)	(20,509)
Loss (gain) on disposals of:				
Property and equipment		**(7,288)**	(625)	6,567
Intangible assets		**-**	51	(4,766)
Amortization of noncurrent prepaid rental		**984**	984	984
Provisions for inventory obsolescence		**-**	-	2,216
Reversal of losses on receivables		**-**	-	(12)
Operating income before working capital changes		**3,312,041**	3,126,507	2,861,910
Decrease (increase) in:				
Trade and other receivables	*7*	**(81,931)**	76,660	511,567
Spare parts and supplies	*5*	**4,476**	(21,952)	(20,864)
Prepaid expenses	*8*	**(178,577)**	150,637	(278,732)
Increase (decrease) in:				
Trade and other payables	*14*	**498,396**	(341,074)	45,953
Provisions for claims	*15*	**(29,808)**	(6,161)	41,542
Income and other taxes payable		**(8,359)**	(5,002)	(9,606)
Cash generated from operations		**3,516,238**	2,979,615	3,151,770
Finance cost paid		**(14,045)**	(1,988)	(68,976)
Income tax paid		**(644,001)**	(653,743)	(673,161)
Net cash provided by operating activities		**2,858,192**	2,323,884	2,409,633

Forward

			Years Ended December 31	
	Notes	2013	2012 (As restated - see Note 4)	2011 (As restated - see Note 4)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	*10*	**(P82,619)**	(P92,070)	(P48,245)
Intangible assets	*11*	**(1,896,984)**	(823,714)	(455,646)
Decrease (increase) in other noncurrent assets		**12,801**	23,129	(73,049)
Proceeds from disposals of:				
Property and equipment		**27,334**	625	269
Intangible assets		**-**	1,162	11,542
Increase in deposits		**(835)**	(1,876)	(451)
Dividends received		**37,614**	17,911	26,851
Net cash used in investing activities		**(1,902,689)**	(874,833)	(538,729)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Long-term debt		**-**	-	(300,000)
Cash dividends	*16*	**(700,000)**	(600,000)	(1,100,000)
Cash dividends to non-controlling interest		**(830)**	(830)	(830)
Port concession rights payable		**(579,275)**	(402,651)	(347,318)
Finance income received		**53,664**	67,826	82,919
Net cash used in financing activities		**(1,226,441)**	(935,655)	(1,665,229)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(270,938)**	513,396	205,675
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**1,864**	(7,181)	(6,053)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*6*	**3,019,190**	2,512,975	2,313,353
CASH AND CASH EQUIVALENTS AT END OF YEAR	*6*	**P2,750,116**	P3,019,190	P2,512,975

See Notes to the Consolidated Financial Statements.

1. Reporting Entity

Asian Terminals, Inc. (ATI or the "Parent Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 9, 1986. The accompanying consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiary, ATI Batangas, Inc. (ATIB), (collectively referred to as the "Group"). The Parent Company is a public company under Section 17.2 of the Securities Regulation Code and its shares are listed on the Philippine Stock Exchange (PSE). The Group operates and manages the South Harbor Port of Manila and the Port of Batangas in Batangas City. The registered office address of the Parent Company is A. Bonifacio Drive, Port Area, Manila.

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

2. Operating Contracts

Following are the Group's operating contracts:

a. South Harbor, Port of Manila

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

b. Port of Batangas

ATIB's exclusive right to manage and render arrastre, stevedoring, storage and related cargo handling services at the Port of Batangas for Phase I was renewed on October 20, 2005 for a period of 10 years until October 19, 2015, renewable for another 10 years upon mutual agreement of PPA and ATIB. The contract with the PPA includes cargo handling and operation and management of the Fast Craft Passenger Terminal.

A Lease Agreement for the management and operation of additional assets and facilities in Phase I was signed with PPA effective August 1, 2009 until October 20, 2015. Pursuant to this Lease Agreement, the Passenger Terminal Building 2 was turned over to ATIB in May 2010.

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

3. Basis of Preparation

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

The accompanying consolidated financial statements were authorized for issue by the Board of Directors (BOD) on February 24, 2014.

Basis of Measurement
The consolidated financial statements of the Group have been prepared on a historical cost basis of accounting, except for the following:

- available-for-sale (AFS) financial assets measured at fair value; and
- pension asset (liability) measured at the net total of the present value of the pension obligation less fair value of the plan assets.

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional currency. All financial information are rounded off to the nearest thousand pesos (P000), except when otherwise indicated.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of ATI and ATIB as at December 31, 2013 and 2012. ATIB is a 98.82% owned subsidiary. The financial statements of ATIB are prepared for the same financial reporting year as ATI, using uniform accounting policies for like transactions and other events in similar circumstances.

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

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

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

4. Significant Accounting Policies

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

The Group has adopted amendments to standards and interpretations, including any consequential amendments to other standards, with date of initial application of January 1, 2013. The Group also changed its accounting policy for fixed fees paid to the Grantor. The nature and effects of the changes are explained below.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations
Except as otherwise indicated, the adoption of the amendments to standards and interpretations did not have any significant impact on the Group's consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

  Comparatives have been restated and the effects are summarized in the Summary of Quantitative Impact of Changes in Accounting Policies in the succeeding table.

Change in Accounting Policy for Fixed Fees Paid to the Grantor

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

Comparatives have been restated and the effects are summarized in the Summary of Quantitative Impact of Changes in Accounting Policies in the succeeding table.

Summary of Quantitative Impact of Changes in Accounting Policies

	December 31, 2013			December 31, 2012			January 1, 2012		
	Balances before Changes in Accounting Policies	Adjustments	As Presented	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
Consolidated Statements of Financial Position									
Current Assets									
Cash and cash equivalents	P2,750,116	P -	P2,750,116	P3,019,190	P -	P3,019,190	P2,512,975	P -	P2,512,975
Trade and other receivables - net	364,982	-	364,982	284,284	-	284,284	360,953	-	360,953
Spare parts and supplies	188,155	-	188,155	192,631	-	192,631	171,803	-	171,803
Prepaid expenses[1]	402,152	-	402,152	223,575	-	223,575	374,212	-	374,212
Total Current Assets	3,705,405	-	3,705,405	3,719,680	-	3,719,680	3,419,943	-	3,419,943
Noncurrent Assets									
Investment in an associate	57,713	-	57,713	65,993	-	65,993	60,337	-	60,337
Property and equipment - net	341,718	-	341,718	435,796	-	435,796	397,918	-	397,918
Intangible assets - net	6,939,791	7,213,442	14,153,233	5,657,882	1,648,347	7,306,229	5,269,696	1,908,093	7,177,789
Deferred tax assets - net	37,493	268,188	305,681	81,295	61,831	143,126	60,404	75,470	135,874
Other noncurrent assets	85,548	-	85,548	97,519	-	97,519	118,921	-	118,921
Total Noncurrent Assets	7,462,263	7,481,630	14,943,893	6,338,485	1,710,178	8,048,663	5,907,276	1,983,563	7,890,839
	P11,167,668	P7,481,630	P18,649,298	P10,058,165	P1,710,178	P11,768,343	P9,327,219	P1,983,563	P11,310,782

[1] *See Note 8.*

	December 31, 2013			December 31, 2012			January 1, 2012		
	Balances before Changes in Accounting Policies	Adjustments	As Presented	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
Current Liability									
Trade and other liabilities	P1,612,599	P139,579	P1,752,178	P1,153,412	P51,508	P1,204,920	P1,550,382	P59,421	P1,609,803
Provision for claims	52,060	-	52,060	81,868	-	81,868	88,029	-	88,029
Port concession rights payable - current portion	-	124,782	124,782	-	93,501	93,501	-	176,138	176,138
Income and other taxes payable[1]	169,080	-	169,080	175,561	-	175,561	166,050	-	166,050
Total Current Liabilities	1,833,739	264,361	2,098,100	1,410,841	145,009	1,555,850	1,804,461	235,559	2,040,020
Noncurrent Liabilities									
Port concession rights payable - net of current portion	-	7,569,891	7,569,891	-	1,709,441	1,709,441	-	1,924,102	1,924,102
Pension liability	65,974	-	65,974	149,523	-	149,523	44,180	-	44,180
Total Noncurrent Liabilities	65,974	7,569,891	7,635,865	149,523	1,709,441	1,858,964	44,180	1,924,102	1,968,282
Equity									
Capital stock	2,000,000	-	2,000,000	2,000,000	-	2,000,000	2,000,000	-	2,000,000
Additional paid-in capital	264,300	-	264,300	264,300	-	264,300	264,300	-	264,300
Retained earnings	7,006,376	(352,627)	6,653,749	6,237,415	(144,272)	6,093,143	5,218,963	(176,098)	5,042,865
Other reserves	(5,820)	-	(5,820)	(5,820)	-	(5,820)	(5,820)	-	(5,820)
	9,264,856	(352,627)	8,912,229	8,495,895	(144,272)	8,351,623	7,477,443	(176,098)	7,301,345
Non-controlling interest	3,099	5	3,104	1,906	-	1,906	1,135	-	1,135
Total Equity	9,267,955	(352,622)	8,915,333	8,497,801	(144,272)	8,353,529	7,478,578	(176,098)	7,302,480
	P11,167,668	P7,481,630	P18,649,298	P10,058,165	P1,710,178	P11,768,343	P9,327,219	P1,983,563	P11,310,782

[1]*See Note 8.*

	For the Year Ended December 31, 2013			For the Year Ended December 31, 2012			For the Year Ended December 31, 2011		
	Balances before Changes in Accounting Policies	Adjustments	As Presented	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
Consolidated Statements of Income									
REVENUES FROM OPERATIONS	P4,886,364	P1,687,128	P6,573,492	P4,858,659	P1,369,001	P6,227,660	P4,390,611	P1,163,942	P5,554,553
COSTS AND EXPENSES	(2,675,068)	(1,395,850)	(4,070,918)	(2,613,650)	(1,232,246)	(3,845,896)	(2,359,862)	(1,070,029)	(3,429,891)
OTHER INCOME AND EXPENSES									
Finance cost	(560)	(470,285)	(470,845)	(1,988)	(238,315)	(240,303)	(61,734)	(248,076)	(309,810)
Finance income	58,750	(5,342)	53,408	73,837	(5,177)	68,660	83,168	364	83,532
Others - net	90,296	(517,143)	(426,847)	33,763	144,981	178,744	85,503	8,584	94,087
INCOME BEFORE INCOME TAX	2,359,782	(701,492)	1,658,290	2,350,621	38,244	2,388,865	2,137,686	(145,215)	1,992,471
INCOME TAX EXPENSE									
Current	645,878	-	645,878	668,256	-	668,256	629,810	-	629,810
Deferred	17,339	(210,448)	(193,109)	4,070	11,473	15,543	(12,601)	(43,565)	(56,166)
	663,217	(210,448)	452,769	672,326	11,473	683,799	617,209	(43,565)	573,644
NET INCOME	P1,696,565	(P491,044)	P1,205,521	P1,678,295	P26,771	P1,705,066	P1,520,477	(P101,650)	P1,418,827
Attributable to:									
Equity Holders of the Parent Company	P1,694,578	(P491,039)	P1,203,539	P1,676,675	P26,772	P1,703,447	P1,519,397	(P101,649)	P1,417,748
Non-controlling interest	1,987	(5)	1,982	1,620	(1)	1,619	1,080	(1)	1,079
	P1,696,565	(P491,044)	P1,205,521	P1,678,295	P26,771	P1,705,066	P1,520,477	(P101,650)	P1,418,827
Basic/Diluted Earnings per Share Attributable to Equity Holders of the Parent Company	P0.85	(P0.25)	P0.60	P0.84	P0.01	P0.85	P0.76	(P0.05)	P0.71

	For the Year Ended December 31, 2013			For the Year Ended December 31, 2012			For the Year Ended December 31, 2011		
	Balances before Changes in Accounting Policies	Adjustments	As Presented	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
Consolidated Statements of Comprehensive Income									
NET INCOME FOR THE YEAR	P1,696,565	(P491,044)	P1,205,521	P1,678,295	P26,771	P1,705,066	P1,520,477	(P101,650)	P1,418,827
OTHER COMPREHENSIVE INCOME									
Items that will never be reclassified to profit or loss:									
Remeasurements of pension liability (asset)	90,077	11,771	101,848	(83,203)	7,221	(75,982)	(35,060)	(520)	(35,580)
Tax on items taken directly to equity	(27,023)	(3,531)	(30,554)	24,961	(2,166)	22,795	10,518	156	10,674
	63,054	8,240	71,294	(58,242)	5,055	(53,187)	(24,542)	(364)	(24,906)
Items that are or may be reclassified to profit or loss	-	-	-	-	-	-	14,181	-	14,181
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	63,054	8,240	71,294	(58,242)	5,055	(53,187)	(10,361)	(364)	(10,725)
TOTAL COMPREHENSIVE INCOME	P1,759,619	(P482,804)	P1,276,815	P1,620,053	P31,826	P1,651,879	P1,510,116	(P102,014)	P1,408,102
Attributable to:									
Equity Holders of the Parent Company	P1,757,586	(P482,799)	P1,274,787	P1,618,452	P31,826	P1,650,278	P1,509,053	(P102,014)	P1,407,039
Non-controlling interest	2,033	(5)	2,028	1,601	-	1,601	1,063	-	1,063
	P1,759,619	(P482,804)	P1,276,815	P1,620,053	P31,826	P1,651,879	P1,510,116	(P102,014)	P1,408,102

The change in accounting policy for fixed fees paid to the Grantor resulted to:

a. recognition of the fixed portion of port fees as intangible assets at fair value with the corresponding liability for the unpaid portion taken up at discounted value amounting to P571.5 million and P396.5 million as at December 31, 2013 and 2012, respectively.

b. recognition of interest expense on concession rights payable amounting to P463.9 million and P236.3 million were recognized in 2013 and 2012, respectively.

c. amortization of concession rights, representing fixed portion of port fees, amounted to P287.2 million and P259.7 million in 2013 and 2012, respectively.

d. recognition of deferred tax asset amounting to P268.2 million and P61.8 million as at December 31, 2013 and 2012, respectively.

e. recognition of net foreign exchange losses arising from the revaluation of foreign currency-denominated concession right payable amounting to P517.1 million in 2013 and net foreign exchange gains amounting to P145.0 million in 2012.

f. decrease in retained earnings by P144.4 million and P176.1 million as at December 31, 2012 and 2011, respectively.

Also, the Group recognizes revenue related to construction and upgrade of services under the service concession arrangement based on the stage of completion of work performed in accordance with PAS 11, *Construction Contracts*. The fair value of the construction and upgrade services provided is equal to the recorded cost of the intangible asset built up from day one until the construction activity ceases. Construction revenues and costs have been presented at their respective gross amounts.

New or Revised Standards, Amendments to Standards and Interpretations Not Yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these consolidated financial statements. Except as otherwise indicated, none of these is expected to have a significant effect on the consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *Offsetting Financial Assets and Financial Liabilities (Amendments to PAS 32)*. These amendments clarify that: (a) an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and (b) gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle. These amendments are effective for annual periods beginning on or after January 1, 2014 and are to be applied retrospectively.

- Recoverable Amount Disclosures for Non-Financial Assets *(Amendments to PAS 36)*. These narrow-scope amendments to PAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarified that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2014. Earlier application is permitted for periods when the entity has already applied PFRS 13.

- Defined Benefit Plans: Employee Contributions *(Amendments to PAS 19)*. The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments apply retrospectively for annual periods beginning on or after July 1, 2014. Earlier application is permitted.

- PFRS 9, *Financial Instruments* (2009), PFRS 9, *Financial Instruments* (2010) and PFRS 9, *Financial Instruments* (2013). PFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under PFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. PFRS 9 (2010) introduces additions relating to financial liabilities. PFRS 9 (2013) introduces the following amendments: (a) a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements; (b) changes to address the so-called 'own credit' issue that were already included in PFRS 9 Financial Instruments to be applied in isolation without the need to change any other accounting for financial instruments; and (c) removes the January 1, 2015 mandatory effective date of PFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements. The IASB is currently discussing some limited amendments to the classification and measurement requirements in PFRS 9 and is also discussing the expected credit loss impairment model to be included in PFRS 9. Once those deliberations are complete the IASB expects to publish a final version of PFRS 9 that will include all of the phases: Classification and Measurement; Impairment and Hedge Accounting. That version of PFRS 9 will include a new mandatory effective date.

Financial Assets and Financial Liabilities

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

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

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

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

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

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

Cash includes cash on hand and in banks which are stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

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

The combined carrying amounts of financial assets under this category amounted to P3.1 billion and P3.3 billion as at December 31, 2013 and 2012, respectively (Note 24).

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

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

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

The carrying amount of financial assets under this category amounted to P2.7 million as at December 31, 2013 and 2012 (Note 24).

Financial Liabilities

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

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

The combined carrying amounts of financial liabilities under this category amounted to P9.4 billion and P3.0 billion as at December 31, 2013 and 2012, respectively (Note 24).

Derecognition of Financial Assets and Liabilities

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

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

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred the control of the asset.

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

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

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

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

Evidence of impairment for specific impairment purposes may include indications that the borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower. For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets.

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

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

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

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

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Spare Parts and Supplies
Spare parts and supplies are stated at the lower of cost and net realizable value (selling price less cost to complete and sell). Cost is determined using the weighted average method and includes all expenditures incurred in acquiring and bringing them to their existing location and condition.

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

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

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

Investment in an Associate
The Group's 35.71% investment in its associate, South Cotabato Integrated Port Services, Inc. (SCIPSI), is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence but not control or joint control, over the financial and operating policy. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

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

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

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

Property and Equipment

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

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

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

Construction in progress represents structures under construction and is stated at cost. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are substantially completed and ready for its intended use.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Port facilities and equipment	2 - 25 years or life of the operating contract, whichever is shorter
Leasehold improvements	2 - 40 years or term of the lease, whichever is shorter
Furniture, fixtures and equipment	5 years
Transportation and other equipment	4 - 5 years

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

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

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

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

Intangible Assets

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

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

Port Concession Rights

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

Port concession rights consist of:

a. Upfront fees payments on the concession contracts;

b. The cost of port infrastructure constructed and port equipment purchased, which are not recognized as property and equipment of the Group but as intangible asset; and

c. Future fixed fee considerations in exchange for license or right. Fixed fees are recognized at present value using the discount rate at the inception date with a corresponding liability recognized. Interest on the unwinding of discount of the liability and foreign exchange differences arising from translations are recognized in the consolidated statements of income.

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

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

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

Impairment is determined by assessing the recoverable amount of the investment to which the goodwill relates. Where the recoverable amount is less than the carrying amount of the investment, an impairment loss is recognized. Where part of the operation within the investment is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

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

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

Provisions

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

Share Capital

Common Stock

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

Revenues, Costs and Expenses Recognition

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

Revenues from Operations

- Revenues from cargo handling operations are recognized when services are rendered.
- Passenger terminal fees are recognized upon sale of terminal tickets.
- Finance income is recognized on a time proportion basis that reflects the effective yield on the investment.

Construction Revenues and Costs

The Group recognizes revenue related to construction and upgrade of services under service concession arrangement based on the stage of completion of work performed in accordance with PAS 11, *Construction Contracts.* The fair value of the construction and upgrade services provided is equal to the recorded cost of the intangible asset built up from day one until the construction activity ceases.

Costs and Expenses Recognition

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

Leases

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

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

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

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

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

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

Operating Lease

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

Pensions

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

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

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

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

Foreign Currency Transactions

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

Taxes

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

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

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

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

Deferred income tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associate.

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

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

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

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

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. Transactions between related parties are on an arm's length basis in a manner similar to transactions with non-related parties.

Earnings Per Share (EPS)

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

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

Operating Segments

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

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

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

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

Contingencies

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

Events After the Reporting Date

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

5. Significant Accounting Judgments, Estimates and Assumptions

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

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

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

Port Concession Rights. Estimates and assumptions are required on the determination of the cost of port concession rights on service concession arrangements to determine the extent to which the Group receives a right or license to charge users of public service. In making those estimates, the management is required to determine a suitable discount rate to calculate the present value of port concessions rights. The Group believes, that, while the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements.

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

Rent expense charged to profit or loss amounted to P92.4 million and P62.6 million in 2013 and 2012, respectively (Note 17).

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs.

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

Fair values of financial instruments are discussed in Note 24 to the consolidated financial statements.

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

The allowance for impairment losses amounted to P23.6 million and P24.0 million as at December 31, 2013 and 2012, respectively. The carrying amounts of trade and other receivables amounted to P365.0 million and P284.3 million as at December 31, 2013 and 2012, respectively (Note 7).

Spare Parts and Supplies Valuation. The Group writes down spare parts and supplies for estimated obsolescence or non-moving items equal to the difference between the cost and the estimated net realizable value based on assumptions about future use and technology that would affect replacement cost of spare parts and supplies.

The cost of spare parts and supplies amounted to P216.0 million and P220.4 million as at December 31, 2013 and 2012, respectively. The net realizable values of spare parts and supplies are lower than cost by P27.8 million as at December 31, 2013 and 2012. The carrying amounts of spare parts and supplies amounted to P188.2 million and P192.6 million as at December 31, 2013 and 2012, respectively.

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

The carrying amounts of provision for claims amounted to P52.1 million and P81.9 million as at December 31, 2013 and 2012, respectively (see Note 15).

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

The carrying amount of property and equipment amounted to P341.7 million and P435.8 million as at December 31, 2013 and 2012, respectively (see Note 10). The carrying amount of intangible assets with definite useful lives amounted to P14.2 billion and P7.3 billion as at December 31, 2013 and 2012, respectively (see Note 11).

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

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

The Group determined that there are no impairment indicators related to its property and equipment, intangible assets with definite useful lives and investment in an associate. The carrying amount of investment in an associate amounted to P57.7 million and P66.0 million as at December 31, 2013 and 2012, respectively (see Note 9). There were no accumulated impairment losses as at December 31, 2013 and 2012 (see Notes 9, 10 and 11).

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

The carrying amount of goodwill amounted to P42.1 million as at December 31, 2013 and 2012 (see Note 11). There are no impairment losses as at December 31, 2013 and 2012.

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

There is no unrecognized deferred tax asset as at December 31, 2013 and 2012. The carrying amounts of deferred tax assets (gross of deferred tax liabilities) amounted to P337.9 million and P177.3 million as at December 31, 2013 and 2012, respectively (see Note 13).

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

Pension liability recognized by ATI as at December 31, 2013 and 2012 amounted to P57.8 million and P136.2 million, respectively. Pension liability recognized by ATIB as at December 31, 2013 and 2012 amounted to P8.1 million and P13.3 million, respectively (see Note 20).

6. Cash and Cash Equivalents

	2013	2012
	(In Thousands)	
Cash on hand and in banks	**P183,326**	P139,721
Short-term investments	**2,566,790**	2,879,469
	P2,750,116	P3,019,190

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

7. Trade and Other Receivables

	Note	2013	2012
		(In Thousands)	
Trade receivables		**P325,311**	P259,558
Advances to officers and employees		**24,826**	9,914
Receivable from escrow fund		**13,174**	11,891
Receivable from pension fund	*19*	**8,673**	6,073
Amounts due from related parties	*19*	**1,165**	1,505
Interest receivable		**927**	2,159
Receivable from insurance		**-**	3,211
Other receivables		**14,508**	13,976
		388,584	308,287
Allowance for impairment losses		**(23,602)**	(24,003)
		P364,982	P284,284

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

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

	Individually Impaired	Collectively Impaired	Total
		(In Thousands)	
Balance at January 1, 2012	P4,945	P19,058	P24,003
Reclassifications during the year	(1,586)	1,586	-
Balance at December 31, 2012	3,359	20,644	24,003
Write-offs during the year	(401)	-	(401)
Balance at December 31, 2013	**P2,958**	**P20,644**	**P23,602**

As at December 31, 2013 and 2012, the aging analysis of trade and other receivables is as follows:

2013

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

2012

	Total	Neither Past Due nor Impaired	Past Due but Not Impaired <30 Days	30-60 Days	61-90 Days	Over 90 Days	Past Due and Impaired
			(In Thousands)				
Trade receivables	P259,558	P244,528	P -	P -	P -	P -	P15,030
Other receivables	48,729	39,756	-	-	-	-	8,973
	P308,287	P284,284	P -	P -	P -	P -	P24,003

8. Prepaid Expenses

	Note	**2013**	2012
		(In Thousands)	
Taxes		**P336,515**	P106,746
Insurance		**40,505**	48,186
Rental	*12*	**16,011**	9,728
Advances to government agencies		**2,408**	3,706
Advances to contractors		**160**	48,080
Others		**6,553**	7,129
		P402,152	P223,575

In 2013, the Group modified classification of prepaid taxes to conform to the current year's presentation. This reclassification is with respect to excess input tax previously presented as net to other taxes payable amounting to P95,920 in 2012.

9. Investment in an Associate

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

	2013	2012
	(In Thousands)	
Acquisition cost	**P11,222**	P11,222
Accumulated equity in net earnings:		
Balance at beginning of year	**54,771**	49,115
Equity in net earnings for the year	**29,333**	23,568
Dividends received during the year	**(37,613)**	(17,912)
	46,491	54,771
	P57,713	P65,993

The following table illustrates summarized financial information of SCIPSI:

	2013	2012
	(In Thousands)	
Current assets	**P124,777**	P150,017
Noncurrent assets	**32,016**	27,044
Total assets	**P156,793**	P177,061
Current liabilities	**P17,370**	P19,268
Noncurrent liabilities	**3,902**	-
Total liabilities	**P21,272**	P19,268
Revenues	**P236,492**	P206,746
Expenses	**154,349**	140,748
Net income	**P82,143**	P65,998

* *Based on unaudited financial statements*

Dividend income of P25.1 million and P12.5 million was received in March 2013 and October 2013, respectively. Total dividend income of P17.9 million was received in March 2012.

10. Property and Equipment

The movements in this account are as follows:

2013

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

2012

	Port Facilities and Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction In-progress	Total
			(In Thousands)			
Cost						
Balance at beginning of year	P166,538	P520,176	P497,766	P107,288	P14,079	P1,305,847
Additions	4,915	1,256	34,691	19,620	31,588	92,070
Disposals	-	-	(13,747)	(10,239)	-	(23,986)
Reclassifications	3,079	(400)	22,212	338	(19,990)	5,239
Retirements	-	-	-	(1,376)	-	(1,376)
Balance at end of year	174,532	521,032	540,922	115,631	25,677	1,377,794
Accumulated Depreciation and Amortization						
Balance at beginning of year	123,550	291,237	419,006	74,136	-	907,929
Additions	12,074	11,288	23,751	13,409	-	60,522
Disposals	-	-	(13,747)	(10,239)	-	(23,986)
Reclassifications	-	-	-	-	-	-
Retirements	-	-	(1,091)	(1,376)	-	(2,467)
Balance at end of year	135,624	302,525	427,919	75,930	-	941,998
Net Book Value	P38,908	P218,507	P113,003	P39,701	P25,677	P435,796

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

11. Intangible Assets

The movements in this account are as follows:

2013

	Port Concession Rights					
	Upfront Fees	Fixed Fees	Port Infrastructure	Subtotal	Goodwill	Total
			(In Thousands)			
Cost						
Balance at beginning of year, as previously reported	P -	P -	P9,279,830	P9,279,830	P42,060	P9,321,890
Effect of change in accounting policy	-	2,771,975	-	2,771,975	-	2,771,975
Balance at beginning of year, as restated	-	2,771,975	9,279,830	12,051,805	42,060	12,093,865
Additions	282,000	5,570,295	1,614,984	7,467,279	-	7,467,279
Disposals	-	-	(329)	(329)	-	(329)
Reclassifications	-	-	207,765	207,765	-	207,765
Retirements	-	-	(10,306)	(10,306)	-	(10,306)
Balance at end of year	282,000	8,342,270	11,091,944	19,716,214	42,060	19,758,274
Accumulated Depreciation and Amortization						
Balance at beginning of year, as previously reported	-	-	3,664,008	3,664,008	-	3,664,008
Effect of change in accounting policy	-	1,123,628	-	1,123,628	-	1,123,628
Balance at beginning of year, as restated	-	1,123,628	3,664,008	4,787,636	-	4,787,636
Additions	6,974	280,216	438,423	725,613	-	725,613
Disposals	-	-	(329)	(329)	-	(329)
Reclassifications	-	-	102,427	102,427	-	102,427
Retirements	-	-	(10,306)	(10,306)	-	(10,306)
Balance at end of year	6,974	1,403,844	4,194,223	5,605,041	-	5,605,041
Net Book Value	P275,026	P6,938,426	P6,897,721	P14,111,173	P42,060	P14,153,233

2012 *(As Restated)*

	Port Concession Rights					
	Upfront Fees	Fixed Fees	Port Infrastructure	Subtotal	Goodwill	Total
			(In Thousands)			
Cost						
Balance at beginning of year, as previously reported	P -	P -	P8,540,744	P8,540,744	P42,060	P8,582,804
Effect of change in accounting policy	-	2,771,975	-	2,771,975	-	2,771,975
Balance at beginning of year, as restated	-	2,771,975	8,540,744	11,312,719	42,060	11,354,779
Additions	-	-	823,714	823,714	-	823,714
Disposals	-	-	(68,591)	(68,591)	-	(68,591)
Reclassifications	-	-	-	-	-	-
Retirements	-	-	(16,037)	(16,037)	-	(16,037)
Balance at end of year	-	2,771,975	9,279,830	12,051,805	42,060	12,093,865
Accumulated Depreciation and Amortization						
Balance at beginning of year, as previously reported	-	-	3,313,108	3,313,108	-	3,313,108
Effect of change in accounting policy	-	863,882	-	863,882	-	863,882
Balance at beginning of year, as restated	-	863,882	3,313,108	4,176,990	-	4,176,990
Additions	-	259,746	400,238	659,984	-	659,984
Disposals	-	-	(39,630)	(39,630)	-	(39,630)
Reclassifications	-	-	-	-	-	-
Retirements	-	-	(9,708)	(9,708)	-	(9,708)
Balance at end of year	-	1,123,628	3,664,008	4,787,636	-	4,787,636
Net Book Value	P -	P1,648,347	P5,615,822	P7,264,169	P42,060	P7,306,229

Port Concession Rights

Adjustments to the beginning balance pertain to the effect of change in accounting policy (see Note 4).

Upon recognition of the fair value of fixed fee on concession contracts, the Group also recognized the corresponding port concession rights payable. Maturities of port concession rights payable arising from the capitalization of fixed fees and upfront fees are shown in Note 23.

No borrowing costs were capitalized in 2013 and 2012. The unamortized capitalized borrowing costs as at December 31, 2013 and 2012 amounted to P98.4 million and P103.5 million, respectively (see Note 13).

Goodwill

Key Assumptions

In testing impairment of goodwill, the recoverable amount of ATIB is the value in use, which has been determined by calculating the present value of cash flow projections from the operations of ATIB for the remaining period of the term of its long-term contract with the PPA. The average revenue growth rate assumption used was 5%. The discount rate applied to cash flow projections is 4.36% in 2013 and 8.10% in 2012. Management believes that no reasonably possible change in the key assumptions would cause the carrying amount of the investment in ATIB to which the goodwill relates to materially exceed its recoverable amount.

Sensitivity to Changes in Assumptions

The estimated recoverable amount of ATIB exceeds its carrying amount by approximately P373.0 million and P26.2 million in 2013 and 2012, respectively. Management has identified that earnings before interest and tax and discount rates are the key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount.

12. Other Noncurrent Assets

	Note	**2013**	2012
		(In Thousands)	
Taxes		**P49,859**	P62,658
Deposits	*24*	**26,802**	24,990
Rental		**6,235**	7,219
AFS financial assets	*24*	**2,652**	2,652
		P85,548	P97,519

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

Deposits mainly represent payments related to property leases and utilities. This account includes noninterest-bearing rental deposits on a lease agreement that was carried at fair value as of initial recognition determined based on the present value of future cash flows discounted using effective interest rate of 3.70%. The carrying amounts of these deposits at amortized cost amounted to P6.8 million and P5.8 million as at December 31, 2013 and 2012, respectively. The difference between the original amount of noninterest-bearing rental deposits and their present values at "Day 1" qualified for recognition as prepaid rental. The prepaid rental (included in current and noncurrent prepayment) amounted to P7.2 million and P8.2 million as at December 31, 2013 and 2012, respectively.

The current portion of such prepaid rental, presented under "Prepaid expenses - rental" amounted to P1.0 million as at December 31, 2013 and 2012.

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

13. Income Tax

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

	2013	2012 (As Restated)	2011 (As Restated)
		(In Thousands)	
Deferred tax assets:			
Port concession rights payable related to fixed fees	**P171,557**	P61,831	P75,470
Unrealized foreign exchange losses	**96,631**	3,023	2,584
Pension liability	**30,205**	63,808	41,650
Provisions for claims	**15,618**	24,560	26,409
Excess of cost over net realizable value of spare parts and supplies	**8,339**	8,339	8,951
Impairment losses on receivables	**6,798**	6,919	6,919
Accrued operating lease	**6,631**	6,685	7,920
Rental deposit	**2,157**	2,154	2,109
	337,936	177,319	172,012
Less deferred tax liability:			
Capitalized borrowing costs and custom duties	**32,255**	34,193	36,138
Net deferred tax assets	**P305,681**	P143,126	P135,874

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

	2013	2012 (As Restated)	2011 (As Restated)
		(In Thousands)	
Actuarial gains (losses) reported in equity	**P30,554**	(P22,795)	(P10,674)

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

	2013	2012	2011
Statutory income tax rate	**30.00%**	30.00%	30.00%
Changes in income tax rate resulting from:			
Nondeductible expenses and others	**-**	-	0.41
Income subjected to final tax	**(1.27)**	(1.12)	(1.09)
Others	**(1.42)**	(0.28)	(1.34)
Effective income tax rate	**27.31%**	28.60%	27.98%

14. Trade and Other Payables

	Note	2013	2012 (As Restated)
			(In Thousands)
Trade		**P148,126**	P67,226
Accrued expenses:			
Finance costs		**139,950**	65,365
Personnel costs		**97,392**	116,468
Rental	*22*	**65,433**	56,253
Repairs and maintenance		**27,367**	48,084
Security expenses		**13,422**	9,354
Professional fees		**10,839**	8,675
Safety and environment		**1,635**	1,409
Others		**288,856**	267,459
Equipment acquisitions		**457,463**	89,444
Due to government agencies	*22*	**403,145**	385,679
Shippers' and brokers' deposits		**49,325**	42,550
Due to related parties	*19*	**4,788**	9,247
Others		**44,437**	37,707
		P1,752,178	P1,204,920

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.

15. Provisions for Claims

	2013	2012
	(In Thousands)	
Balance at beginning of year	**P81,868**	P88,029
Provisions (reversals) during the year	**(26,810)**	11,716
Payments during the year	**(2,998)**	(17,877)
Balance at end of year	**P52,060**	P81,868

Provisions relate to property, equipment and cargo damage and other claims, which were recognized in connection with services rendered during the year. It is expected that most of these provisions will be settled within the next financial year or on demand.

16. Equity

Pursuant to the registration statement rendered effective by the SEC and permit to sell issued by the SEC both dated April 7, 1995, 1 billion common shares of the Parent Company were registered and may be offered for sale at an offer price of P5.10 per common share. On March 26, 1999, another registration statement was rendered effective by the SEC and permit to sell issued by the SEC for 1 billion common shares of the Parent Company and may be offered for sale at an offer price of P1.00 per common share. As at December 31, 2013, the Parent Company has a total of 2 billion issued and outstanding common shares and 874 stockholders.

Common Stock - P1 Par Value
The Parent Company has 2 billion issued and fully paid capital stock, from its 4 billion authorized common shares, as at December 31, 2013 and 2012.

Retained Earnings
The balance of the Group's retained earnings includes a subsidiary and an associate's undistributed net earnings of P288.0 million and P175.7 million as at December 31, 2013 and 2012, 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 16, 2013, the Group's BOD approved an appropriation of the retained earnings amounting to P3.7 billion for capital expenditures which include yard and berth development as well as equipment acquisition over the next 3 years. The capital expenditure will strengthen the Group's operations and capability to handle growth.

Other Reserves
Other reserves amounting to P5.8 million as at December 31, 2013 and 2012 represents unrealized loss on AFS financial assets.

17. Costs and Expenses

	Note	2013	2012 (As Restated)	2011 (As Restated)
			(In Thousands)	
Port authorities' share in gross revenues		**P1,115,635**	P972,500	P810,283
Labor costs	*19, 20*	**869,073**	856,096	798,186
Depreciation and amortization	*10, 11*	**776,926**	720,506	679,744
Equipment running		**480,051**	475,078	397,699
Taxes and licenses		**168,980**	144,262	135,058
Security, health, environment and safety		**97,035**	79,409	73,130
Rental	*22*	**92,413**	62,616	52,782
Management fees	*19*	**85,225**	102,446	93,822
Insurance		**78,490**	83,638	72,516
Facilities-related expenses		**141,467**	155,548	122,907
General transport		**44,337**	50,953	57,646
Professional fees		**27,134**	23,684	18,478
Entertainment, amusement and recreation		**4,134**	4,510	4,469
Others		**90,018**	114,650	113,171
		P4,070,918	P3,845,896	P3,429,891

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

Labor costs include salaries, benefits and pension expense.

Spare parts and supplies used and included under equipment running amounted to P149.9 million, P130.7 million and P120.8 million in 2013, 2012 and 2011, respectively.

18. Other Income and Expenses

Finance cost is broken down as follows:

	Note	2013	2012 (As Restated)	2011 (As Restated)
			(In Thousands)	
Interest on port concession rights payable		**P463,856**	P236,271	P248,231
Interest component of pension expense	*20*	**6,429**	2,044	-
Interest on bank loans/credit facilities		**560**	1,988	59,577
Amortization of debt issue costs		**-**	-	2,002
		P470,845	P240,303	P309,810

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

Finance income is broken down as follows:

	Note	2013	2012 (As Restated)	2011 (As Restated)
			(In Thousands)	
Interest on cash in banks and short-term investments	*6*	**P52,195**	P67,825	P82,452
Interest component of pension expense	*20*	**-**	-	364
Accretion of rental deposits	*22*	**1,213**	835	716
		P53,408	P68,660	P83,532

Others consisted of the following:

	Note	2013	2012 (As Restated)	2011 (As Restated)
			(In Thousands)	
Lease and other income - net		**P38,718**	P7,679	P3,249
Equity in net earnings of an associate	*9*	**29,333**	23,568	20,509
Foreign exchange gains (losses) - others		**11,066**	(16,471)	(497)
Management income	*19*	**6,418**	5,969	5,581
Income from insurance claims		**4,761**	13,018	56,662
Foreign exchange gains (losses) - port concession rights payable		**(517,143)**	144,981	8,583
		(P426,847)	P178,744	P94,087

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

19. Related Party Transactions

The Group, in the normal course of business, has transactions with related parties, which are made on an arm's length basis, consist of the following:

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

B. The Parent Company and its subsidiary have separate, noncontributory, defined benefit retirement plans covering all its regular employees, in the form of a trust being maintained by a trustee bank. The benefits are based on the employee's years of service and final plan salary. Total contributions made amounted to P28.0 million and P2.6 million for 2013 and 2012, respectively (see Note 20).

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

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

Category/ Transaction	*Ref*	Year	Amount of the Transaction	Outstanding Balance: Due from Related Parties	Outstanding Balance: Due to Related Parties	Terms	Conditions
			(In Thousands)				
Associate	*A*						
▪ Management income		**2013**	**P6,418**	**P705**	**P -**	**Payable on demand**	**Unsecured; no impairment**
		2012	5,969	643	-	Payable on demand	Unsecured; no impairment
Post employment Benefit Plan	*B*						
▪ Retirement Fund		**2013**	**31,709**	**8,673**	**-**	**Payable on demand**	**Unsecured; no impairment**
		2012	24,969	6,073	-	Payable on demand	Unsecured; no impairment
Others							
▪ Management fees	*C*	**2013**	**85,225**	**-**	**4,788**	**Payable within ten (10) days of the following month**	**Unsecured**
		2012	102,446	-	9,247	Payable within ten (10) days of the following month	Unsecured
▪ Advances	*D*	**2013**	**3,888**	**460**	**-**	**Payable on demand**	**Unsecured; no impairment**
		2012	5,472	862	-	Payable on demand	Unsecured; no impairment
TOTAL		**2013**	**P127,240**	**P9,838**	**P4,788**		
TOTAL		2012	P138,856	P7,578	P9,247		

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

	2013	2012
	(In Thousands)	
Short-term employee benefits	**P118,542**	P116,164
Post-employment pension benefits	**10,383**	10,473
	P121,481	P126,637

20. Pensions

The Group's latest actuarial valuation reports are dated December 31, 2013. Valuations are obtained on a periodic basis. The following tables summarize the components of pension expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated statements of financial position for the plans of ATI and ATIB:

Pension Expense

	ATI			ATIB		
	2013	2012 (As Restated)	2011 (As Restated)	**2013**	2012 (As Restated)	2011 (As Restated)
	(In Thousands)					
Current service cost	**P37,768**	P28,195	P23,022	**P2,138**	P1,718	P1,437
Interest cost on defined benefit obligation	**29,761**	24,940	26,969	**2,170**	2,037	2,184
Interest income on plan assets	**(23,954)**	(23,487)	(28,394)	**(1,548)**	(1,446)	(1,123)
Net pension expense	**P43,575**	P29,648	P21,597	**P2,760**	P2,309	P2,498

Current service cost is included in "Costs and expenses" account in the consolidated statements of income. Interest cost on defined benefit obligation and interest income on plan assets are included in "Finance cost" and "Finance income" accounts in the consolidated statements of income (see Note 18).

Pension Liability as at December 31

	ATI		ATIB	
	2013	2012 (As Restated)	**2013**	2012 (As Restated)
	(In Thousands)			
Present value of pension obligation	**(P534,656)**	(P551,040)	**(P38,652)**	(P38,746)
Fair value of plan assets	**476,814**	414,804	**30,520**	25,459
Pension liability	**(P57,842)**	(P136,236)	**(P8,132)**	(P13,287)

Changes in the Present Value of Pension Obligation

	ATI		ATIB	
	2013	2012 (As Restated)	**2013**	2012 (As Restated)
	(In Thousands)			
Present value of pension obligation at beginning of year	**P551,040**	P414,063	**P38,746**	P31,572
Interest cost	**29,761**	24,940	**2,170**	2,037
Current service cost	**37,768**	28,196	**2,138**	1,718
Benefits paid	**(23,159)**	(26,325)	**(1,112)**	(398)
Actuarial (gain) loss	**(60,754)**	110,166	**(3,290)**	3,817
Present value of pension obligation at end of year	**P534,656**	P551,040	**P38,652**	P38,746

Changes in the Fair Value of Plan Assets

	ATI		ATIB	
	2013	2012 (As Restated)	**2013**	2012 (As Restated)
		(In Thousands)		
Fair value of plan assets at beginning of year	**P414,804**	P381,381	**P25,459**	P20,074
Actual return on plan assets:				
Interest income	**23,954**	23,487	**1,548**	1,446
Remeasurement gain on plan assets	**35,499**	36,261	**2,305**	1,740
Contributions	**25,716**	-	**2,320**	2,597
Benefits paid	**(23,159)**	(26,325)	**(1,112)**	(398)
Fair value of plan assets at end of year	**P476,814**	P414,804	**P30,520**	P25,459

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

	ATI		ATIB	
	2013	2012 (As Restated)	**2013**	2012 (As Restated)
		(In Thousands)		
Actuarial gain (loss) due to increase in pension obligation	**P60,754**	(P110,166)	**P3,290**	(P3,817)
Remeasurement gain on plan assets	**35,499**	36,261	**2,305**	1,740
	P96,253	(P73,905)	**P5,595**	(P2,077)

The cumulative amount of actuarial losses recognized in the consolidated statements of comprehensive income is P28.8 million and P130.6 million as at December 31, 2013 and 2012, respectively.

Plan Assets

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

This defined benefit plan exposes the Group to actuarial risks, such as interest rate risk and market (investment) risk.

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

The Group's plan assets consist of the following:

	ATI		ATIB	
	2013	2012	**2013**	2012
		(In Thousands)		
Cash and cash equivalents	**P8,908**	P409	**P1,672**	P413
Investment in UITF	**26,504**	51,640	**4,057**	5,330
Equity instruments	**53,367**	-	**3,383**	-
Investment in government securities	**381,503**	347,841	**20,764**	18,672
Debt instruments	**2,204**	10,714	**331**	738
Other receivables	**4,328**	4,200	**313**	306
	P476,814	P414,804	**P30,520**	P25,459

All equity instruments and government securities have quoted price in active markets. All government securities are issued by the Philippine government and are rated Baa3 by Moody's or BBB by Standard & Poor's.

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

	ATI		ATIB	
	2013	2012	**2013**	2012
Discount rate at end of year	**4.9%**	5.6%	**4.9%**	5.7%
Salary increase rate	**4.0%-6.0%**	7.0%	**6.0%**	7.0%

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

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

	ATI		ATIB	
	2013	2012	**2013**	2012
Average expected future service years	**13**	13	**14**	14

Maturity analysis of the benefit payments:

	2013				
	Carrying Amount	**Contractual Cash Flows**	**Within 1 Year**	**Within 1-5 Years**	**More than 5 Years**
			(In Thousands)		
ATI - Pension liability	**P2,124,069**	**P2,124,069**	**P35,337**	**P195,393**	**P1,893,339**
ATIB - Pension liability	**127,053**	**127,053**	**1,958**	**8,623**	**116,472**
	P2,251,122	**P2,251,122**	**P37,295**	**P204,016**	**P2,009,811**

Sensitivity Analysis
As at December 31, 2013, the reasonably possible changes to the relevant actuarial assumptions holding other assumptions constant, would have affected the defined benefit obligation by the amounts below:

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

The Group does not expect to make contributions to defined benefit plans in 2014.

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

Basic EPS is computed as follows:

	2013	2012 (As restated)	2011 (As restated)
(a) Net income attributable to Equity Holders of the Parent Company (in thousands)	**P1,203,539**	P1,703,447	P1,417,748
(b) Weighted average number of common shares outstanding (in thousands)	**2,000,000**	2,000,000	2,000,000
Basic/diluted EPS attributable to Equity Holders of the Parent Company (a/b)	**P0.60**	P0.85	P0.71

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

22. Commitments and Contingencies

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

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

   i. In accordance with the Investment Plan, in the Third Supplement to the Cargo Handling Contract, the Parent Company has committed to invest US$300.5 million from 2009 to 2022, for the rehabilitation, development and expansion of the South Harbor facilities. The commitment is dependent on container volume, and the Investment Plan is subject to joint review every two (2) years, or as often as necessary as mutually agreed, to ensure that the same conforms to actual growth levels, taking into account introduction of new technologies and allowing the Parent Company the opportunity of a fair return on investment.

ii. Fees to the PPA

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

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

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

- For domestic terminal operations, the Parent Company shall pay 10% of its total gross income derived from its domestic cargo handling and passenger terminal operations.

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

c. ATIB is authorized by the PPA to render arrastre, stevedoring, storage, related cargo handling services and passenger terminal services at the Port of Batangas Phase 1 from October 20, 2005 until October 19, 2015. For domestic cargo operations, ATIB shall pay 10% of its domestic cargo revenues. For foreign cargo operations, ATIB shall pay 20% of its foreign cargo revenues. For the Fast Craft Passenger Terminal (Passenger Terminal Building 3) operation, ATIB shall pay a monthly fixed fee of P0.4 million, subject to a yearly escalation of 5%.

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

d. The Parent Company has a 5-year lease agreement with PPA effective April 3, 2012 covering a land adjacent to the CFS area of the Container Terminal "A-1".

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

	2013	2012
	(In Thousands)	
Within one year	**P5,230**	P4,981
After one year but not more than five years	**12,716**	17,946
	P17,946	P22,927

e. The Parent Company has a 25-year lease agreement until April 2021 covering the land in Calamba, Laguna to be used exclusively as an Inland Container Depot. The future minimum rentals payable under operating leases as at December 31 are as follows:

	2013	2012
	(In Thousands)	
Within one year	**P12,342**	P11,428
After one year but not more than five years	**53,398**	51,344
After more than five years	**45,492**	59,888
	P111,232	P122,660

f. The Parent Company has a 5-year lease contract commencing on February 1, 2011 over two parcels of land located in Sta. Mesa, City of Manila. This land is being exclusively used as an off-dock container depot.

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

	2013	2012
	(In Thousands)	
Within one year	**P9,168**	P9,140
After one year but not more than five years	**5,744**	10,880
	P14,912	P20,020

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

As of December 31, 2013 and 2012, the Company has outstanding commitments for future minimum lease payments under the above operating lease, which fall due as follows:

	2013	2012
	(In Thousands)	
Within one year	**P9,414**	P9,414
After one year but not more than five years	**7,845**	17,259
	P17,259	P26,673

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

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

	2013	2012
	(In Thousands)	
Within one year	**P5,230**	P4,981
After one year but not more than five years	**12,716**	22,921
	P17,946	P27,902

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

23. Financial Risk Management Objectives and Policies

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

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

Interest Rate Risk

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

As at December 31, 2013 and 2012, the interest rate profile of the Group's interest bearing financial instrument is as follows:

	2013	2012
	(In Thousands)	
Fixed Rate Instruments		
Cash and cash equivalents	**P2,747,890**	P3,016,928

Fair Value Sensitivity Analysis for Fixed Rate Instruments

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

Liquidity Risk

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

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

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

As at December 31, 2012	Carrying Amount	Contractual Cash Flows On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
				(In Thousands)			
Trade and other payables	P1,204,920	P475,715	P200,861	P476,836	P -	P -	P1,153,412
Port concession rights payable	1,802,942	-	114,496	201,794	1,178,690	4,021,725	5,516,705
Total	P3,007,862	P475,715	P315,357	P678,630	P1,178,690	P4,021,725	P6,670,117

Credit Risk

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

With respect to credit risk arising from the other financial assets of the Group, which comprise cash in bank and cash equivalents, trade receivables, deposits and AFS financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Since the Group trades only with recognized third parties, there is no requirement for collateral.

Financial information on the Group's maximum exposure to credit risk as at December 31, 2013 and 2012, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	Note	**2013**	2012
		(In Thousands)	
Cash and cash equivalents	*6*	**P2,747,890**	P3,016,928
Trade and other receivables - net	*7*	**364,982**	284,284
Deposits	*12*	**26,802**	24,990
AFS financial assets	*12*	**2,652**	2,652
		P3,142,326	P3,328,854

There are no significant concentrations of credit risk within the Group. Of the total trade and other receivables which are neither past due nor impaired, 98% are of high grade quality instruments because there were few or no history of default on the agreed terms of the contract. The remaining 2% which are past due by less than 30 days are of standard quality because they are nevertheless collectible.

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

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

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

	2013	2012
	(In Thousands)	
Assets		
Cash and cash equivalents	**US$1,586**	US$415
Trade and other receivables	**255**	255
	1,841	670
Liabilities		
Trade and other payables	**661**	661
Port concession rights payable	**157,390**	43,427
	158,051	44,088
Net foreign currency-denominated liabilities	**(US$156,210)**	(US$43,418)
Peso equivalent	**(P6,935,724)**	(P1,782,309)

The exchange rates applicable for US dollar as at December 31, 2013 and 2012 are P44.40 and P41.05, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's income before income tax and equity.

Increase/Decrease in U.S. dollar Exchange Rate		Effect on Income Before Income Tax	Effect on Equity
		(In Thousands, Except Percentages)	
2013			
	+5%	**(P346,786)**	**(P242,750)**
	-5%	**346,786**	**242,750**
2012			
	+5%	(89,115)	(62,380)
	-5%	89,115	62,380

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group considers capital to include capital stock, additional paid-in capital, retained earnings and other reserves. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes as at December 31, 2013 and 2012.

The Group is not subject to externally imposed capital requirements.

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

	2013	2012 (As restated)
	(In Thousands)	
Capital stock	**P2,000,000**	P2,000,000
Additional paid-in capital	**264,300**	264,300
Retained earnings	**6,653,749**	6,093,143
Other reserves	**(5,820)**	(5,820)
Total	**P8,912,229**	P8,351,623

24. Financial Instruments

The table below presents a comparison by category of carrying amounts and estimated fair values of all the Group's financial instruments as at December 31, 2013 and 2012.

		2013		2012	
	Note	Carrying Amount	Fair Values	Carrying Amount	Fair Values
			(In Thousands)		
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	*6*	**P2,750,116**	**P2,750,116**	P3,019,190	P3,019,190
Trade and other receivables - net	*7*	**364,982**	**364,982**	284,284	284,284
Deposits	*12*	**26,802**	**36,147**	24,990	34,014
		3,141,900	**3,151,245**	3,328,464	3,337,488
AFS financial assets	*12*	**2,652**	**2,652**	2,652	2,652
		P3,144,552	**P3,153,897**	P3,331,116	P3,340,140
Financial Liabilities					
Other financial liabilities					
Trade and other payables	*14*	**P1,752,178**	**P1,752,178**	P1,204,920	P1,204,920
Port concession rights payable		**7,694,673**	**7,694,673**	1,802,942	1,802,942
		P9,446,851	**P9,446,851**	P3,007,862	P3,007,862

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value.

Nonderivative Financial Instruments

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

Quoted market prices have been used to determine the fair values of listed AFS financial assets. The fair values of unquoted AFS financial assets are based on cost since the fair values are not readily determinable.

For noninterest-bearing deposits, the fair value is estimated as the present value of all future cash flows discounted using the prevailing market rate on interest for a similar instrument. The discount rates used are 3.70% in 2013 and 4.26% in 2012.

Fair Value Hierarchy

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

As at December 31, 2013	*Note*	**Level 1**	**Level 2**	**Level 3**
			(In Thousands)	
AFS financial assets	*12*	**P933**	**P -**	**P1,719**

As at December 31, 2012	*Note*	Level 1	Level 2	Level 3
			(In Thousands)	
AFS financial assets	*12*	P933	P -	P1,719

There have been no transfers from one level to another in 2013 and 2012.

KPMG

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

Branches: Subic · Cebu · Bacolod · Iloilo

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

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

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

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Asian Terminals Inc. (the "Company") and a Subsidiary (collectively known as the "Group") as at December 31, 2013 and 2012 and for years ended December 31, 2013, 2012 and 2011, included in this Form 17-A, and have issued our report thereon dated February 24, 2014.

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

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

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

R.G. MANABAT & CO.

ENRICO E. BALUYUT
Partner
CPA License No. 065537
SEC Accreditation No. 1177-A, Group A, valid until January 4, 2015
Tax Identification No. 131-029-752
BIR Accreditation No. 08-001987-26-2011
Issued November 3, 2011; valid until November 2, 2014
PTR No. 4225115MC
Issued January 2, 2014 at Makati City

February 24, 2014
Makati City, Metro Manila

ASIAN TERMINALS, INC. AND A SUBSIDIARY

Schedule A. Financial Assets
December 31, 2013
(in thousands)

Financial Assets	Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
Cash and cash equivalents	N/A	N/A	₱2,750,116	₱2,750,116	₱41,518
Trade and other receivables - net	N/A	N/A	364,982	364,982	-
Deposits	N/A	N/A	26,802	36,147	-
AFS Investments					
Quoted Equity Shares		N/A	933	933	-
Unquoted Equity Shares		N/A	1,719	1,719	-
			₱3,144,552	₱3,153,897	₱41,518

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2013
(in thousands)

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts written-off	Current	Not Current	Balance at end of period
Officers	₱12,928	₱12,720	(₱4,657)	₱0	₱0	₱0	₱20,992
Related Parties	1,505	10,830	(11,170)	0	0	0	1,165
	₱14,434	₱23,550	(₱15,827)	₱0	₱0	₱0	₱22,157

Schedule C. Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2013
(in thousands)

Name and Designation of creditor	Balance at beginning of period	Additions	Amounts Paid	Amounts written-off	Current	Not Current	Balance at end of period
ATI Batangas, Inc.	P13,317	P50,809	(P32,119)	P0	P0	P0	P32,008
	P13,317	P50,809	(P32,119)	P0	P0	P0	P32,008

Schedule D. Intangible Assets - Other Assets
December 31, 2013
(in thousands)

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

Schedule E. Long-term Debt
December 31, 2013
(in thousands)

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
	Not Applicable		

Schedule F. Indebtedness to Related Parties
December 31, 2013
(in thousands)

Name of related party	Balance at the beginning of the period	Balance at the end of the period
	Not Applicable	

Schedule G. Guarantees of Securities of Other Issuers
December 31, 2013
(in thousands)

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
		Not Applicable		

Schedule H. Capital Stock
December 31, 2013
(in thousands)

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers, and employees	Others
Common shares	4,000,000	2,000,000	None	637,838	16,000	1,346,162

ASIAN TERMINALS, INC. AND A SUBSIDIARY
Schedule of Philippine Financial Reporting Standards
As of December 31, 2013

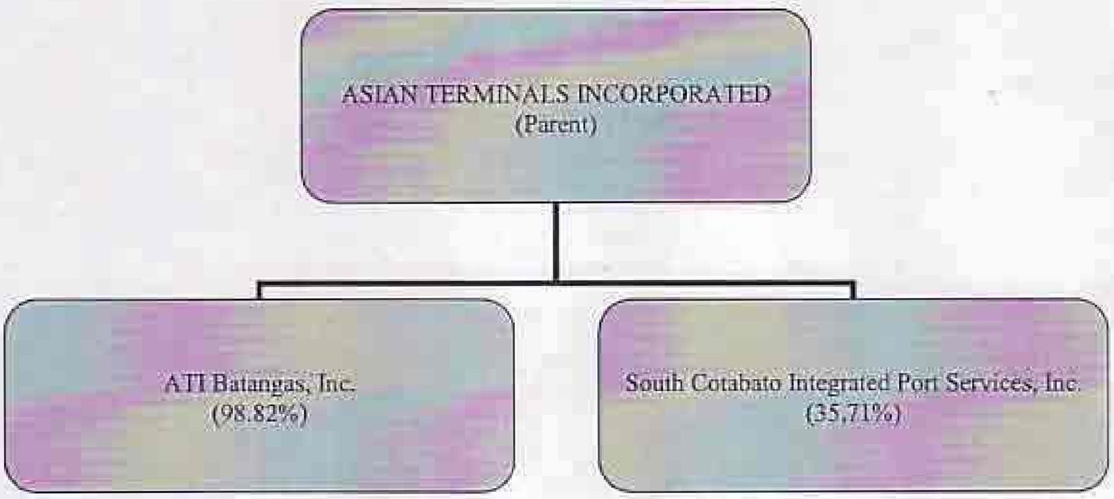
PHILIPPINE FINANCIAL REPORTING STANDARDS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PFRS 8	Operating Segments	✔		
PFRS 9	Financial Instruments			✔
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✔
PFRS 10	Consolidated Financial Statements	✔		
PFRS 11	Joint Arrangements			✔
PFRS 12	Disclosure of Interests in Other Entities	✔		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	✔		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✔
PFRS 13	Fair Value Measurement	✔		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✔		
	Amendment to PAS 1: Capital Disclosures	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✔		
PAS 2	Inventories	✔		
PAS 7	Statement of Cash Flows	✔		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✔		
PAS 10	Events after the Balance Sheet Date	✔		
PAS 11	Construction Contracts	✔		
PAS 12	Income Taxes	✔		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✔		
PAS 16	Property, Plant and Equipment	✔		
PAS 17	Leases	✔		
PAS 18	Revenue	✔		
PAS 19 (Amended)	Employee Benefits	✔		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✔
PAS 21	The Effects of Changes in Foreign Exchange Rates	✔		
	Amendment: Net Investment in a Foreign Operation			✔
PAS 23 (Revised)	Borrowing Costs	✔		
PAS 24 (Revised)	Related Party Disclosures	✔		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PAS 27 (Amended)	Separate Financial Statements	✔		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✔		
PAS 29	Financial Reporting in Hyperinflationary Economies			✔
PAS 31	Interests in Joint Ventures	✔		
PAS 32	Financial Instruments: Disclosure and Presentation	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendment to PAS 32: Classification of Rights Issues			✔
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✔
PAS 33	Earnings per Share	✔		
PAS 34	Interim Financial Reporting	✔		
PAS 36	Impairment of Assets	✔		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets			✔
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✔		
PAS 38	Intangible Assets	✔		
PAS 39	Financial Instruments: Recognition and Measurement	✔		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✔		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✔
	Amendments to PAS 39: The Fair Value Option			✔
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✔
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✔		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✔
	Amendment to PAS 39: Eligible Hedged Items			✔
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✔
PAS 40	Investment Property	✔		
PAS 41	Agriculture			✔
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✔		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✔
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✔		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✔
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✔
IFRIC 8	Scope of PFRS 2			✔
IFRIC 9	Reassessment of Embedded Derivatives			✔
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✔
IFRIC 10	Interim Financial Reporting and Impairment	✔		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✔
IFRIC 12	Service Concession Arrangements	✔		
IFRIC 13	Customer Loyalty Programmes			✔
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✔		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✔		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✔
IFRIC 17	Distributions of Non-cash Assets to Owners			✔
IFRIC 18	Transfers of Assets from Customers			✔
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✔
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✔
IFRIC 21	Levies			✔
SIC-7	Introduction of the Euro			✔
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✔
SIC-12	Consolidation - Special Purpose Entities			✔
	Amendment to SIC - 12: Scope of SIC 12			✔
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✔
SIC-15	Operating Leases - Incentives			✔
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✔
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✔
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✔		
SIC-29	Service Concession Arrangements: Disclosures.	✔		
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✔
SIC-32	Intangible Assets - Web Site Costs			✔

Asian Terminals, Inc.
Subsidiary and an Associate
December 31, 2013



Asian Terminals Inc. and a Subsidiary
Schedule of Financial Soundness Indicators

Consolidated KPI	Manner of Calculation	2013	2012	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	15.3% (23.5%)	23.5% (26.9%)	Lower due to increase in total assets resulting to higher capital employed.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of the parent	13.9% (19.1%)	21.8% (21.0%)	Decreased due to lower net income.
Current ratio	Ratio of current assets over current liabilities	1.77 : 1.00 (2.02 : 1.00)	2.39 : 1.00 (2.64 : 1.00)	Lower due to increase in current liabilities.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	2.09 : 1.00 (1.21 : 1.00)	1.41 : 1.00 (1.18 : 1.00)	Higher due to increase in total assets.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	1.09 : 1.00 (0.21 : 1.00)	0.41 : 1.00 (0.18 : 1.00)	Increase resulting from increase in liabilities and stockholders' equity.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	15 days	12 days	Increase due to higher revenues.
Lost Time Injury	Number of lost time from injuries per standard manhours	0.41	0.44	Improved as a result of extensive safety campaign and strict implementation of policy on health, safety and environment.

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

KPMG

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

Branches: Subic · Cebu · Bacolod · Iloilo

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

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

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

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of Asian Terminals Inc.(the "Company") as at and for years ended December 31, 2013 and 2012 and have issued our report thereon dated February 24, 2014.

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

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

R.G. MANABAT & CO.

ENRICO E. BALUYUT
Partner
CPA License No. 065537
SEC Accreditation No. 1177-A, Group A, valid until January 4, 2015
Tax Identification No. 131-029-752
BIR Accreditation No. 08-001987-26-2011
Issued November 3, 2011; valid until November 2, 2014
PTR No. 4225115MC
Issued January 2, 2014 at Makati City

February 24, 2014
Makati City, Metro Manila

ASIAN TERMINALS, INC.
Reconciliation of Retained Earnings Available for Dividend Declaration
As of December 31, 2013

Unappropriated Retained Earnings, *available for dividend declaration, beginning (As reported)*		P4,901,816,501
Impact of changes in accounting policies		(144,272,675)
Unappropriated Retained Earnings, *available for dividend declaration, beginning (As restated)*		4,757,543,826
Adjustments in previous year's reconciliation:		
Add: Dividend declarations during 2012	P600,000,000	
Other adjustments (effect from prior years reconciliation)	806,563,044	
Less: Net income during 2012 closed to retained earnings *(As restated)*	1,611,675,527	**(205,112,483)**
Unappropriated Retained Earnings, *as adjusted to available for dividend distribution, beginning (As restated)*		**4,552,431,343**
Add: Net income actually earned/realized during the period		
Net income during the period the period closed to retained earnings	1,090,907,455	
Less: Non-actual/unrealized income, net of tax		
Actuarial gains, net of tax	67,377,666	
Dividend declarations during the period	700,000,000	
Appropriations during the period	3,700,000,000	**(3,376,470,211)**
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND		**P1,175,961,132**