Asian Terminals Incorporated

2015 ANNUAL REPORT

VISION

We aim to be the Philippines' premier port and logistics investor, developer and operator.

PURPOSE

Add Value

- To deliver exceptional customer service and build lasting partnerships through global expertise and local know how

Think Ahead

- To foresee change and innovate to create the most efficient, safe and profitable trade solutions

Build a Legacy

- To ensure everything we do leaves long-term benefits for the world we live in

VALUES

Courage

- We challenge, innovate and dare to be great.
- We embrace change and have the courage to do things differently.

Respect

- We believe in respect for all.
- We welcome and value a wide-range of opinions and ideas.

Intelligence

- We are in tune with global risks and opportunities.
- We provide a learning environment to help our people reach their full potential.

Pride

- We take pride in being a responsible corporate citizen. Together we make a positive difference to our world and our future.

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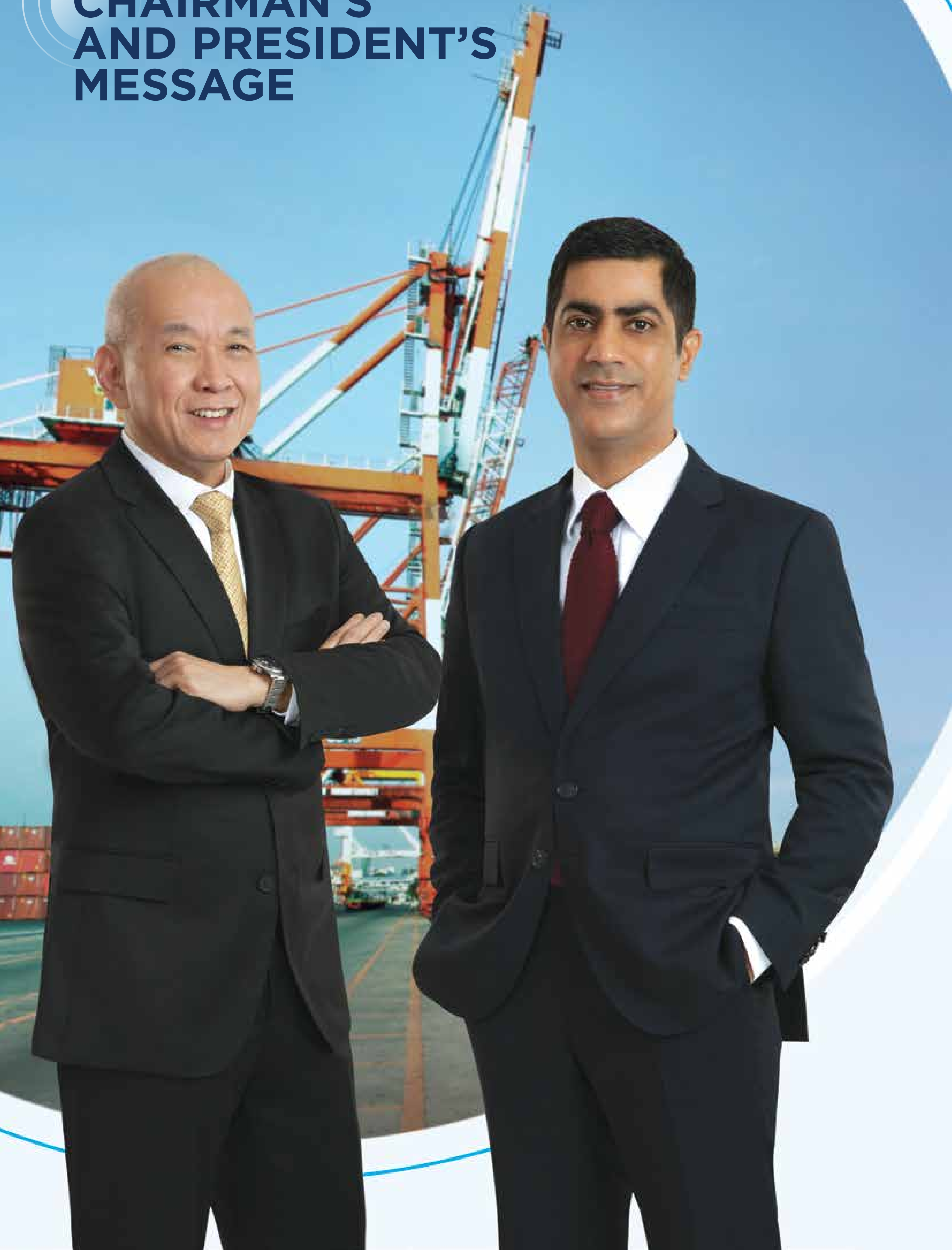
CHAIRMAN'S AND PRESIDENT'S MESSAGE



2015 was a challenging year for both the freight industry and the manufacturing sector within the Philippines. Overall international laden box volume carrier through the Port of Manila as a whole was effectively static, with a slight 0.3 percent decrease.

Exports experienced a significant 5.5 percent decrease as the Chinese slowdown and global slowdown restricted opportunity. Placed in the broader context of the wider port sector, including Batangas and Subic, there was still some growth in laden box volume at 2 percent, but the challenge was evident compared to previous years.

Overall ATI performed well against the challenging backdrop of 2015.

Total revenues of Php8.1 billion were marginally lower than 2014 by 1.1 percent, but significantly the company maintained its step change status compared to 2013 when revenues were at the more modest Php 6.5 billion mark.

Meanwhile, our net income reached Php1.8 billion. Without the foreign exchange impact – as per accounting rules brought in since 2013 – net income would have been Php1.9 billion, up by 0.8 percent from Php1.8 billion in 2014 on a like-for-like basis.

This was very satisfactory and a testament to the ability of the ATI management team to manage costs prudently while maintaining the levels of service expected of us by our customers during a challenging period.

By year end, we handled a consolidated throughput in excess of one million TEUs (twenty-foot container units), more than a million tons of general cargoes and nearly 3.5 million outbound passengers. During the same period, Batangas Port delivered over 140,000 imported car units, comprising the majority of nationwide car sales.

ATI performed well against the challenging backdrop of 2015. Total revenues of Php8.1 billion were marginally lower than 2014 by 1.1 percent, but significantly the company maintained its step change status compared to 2013 when revenues were at the more modest Php 6.5 billion mark.

This is particularly encouraging because this means that we have been able to avoid a backward step in earnings while continuing the wide scale investment and optimization program that has been in full swing since 2013 and that will ensure service reliability and sustainability in the long-term.

This process continues in 2016 when we shall spend a minimum of Php3.8 billion in further developments in both Manila and Batangas.

We are grateful to our customers, the port authority, industry federations and especially the cabinet cluster and government economic managers who continue to work with us in improving the country's supply chain, and without whom our success would not be possible.

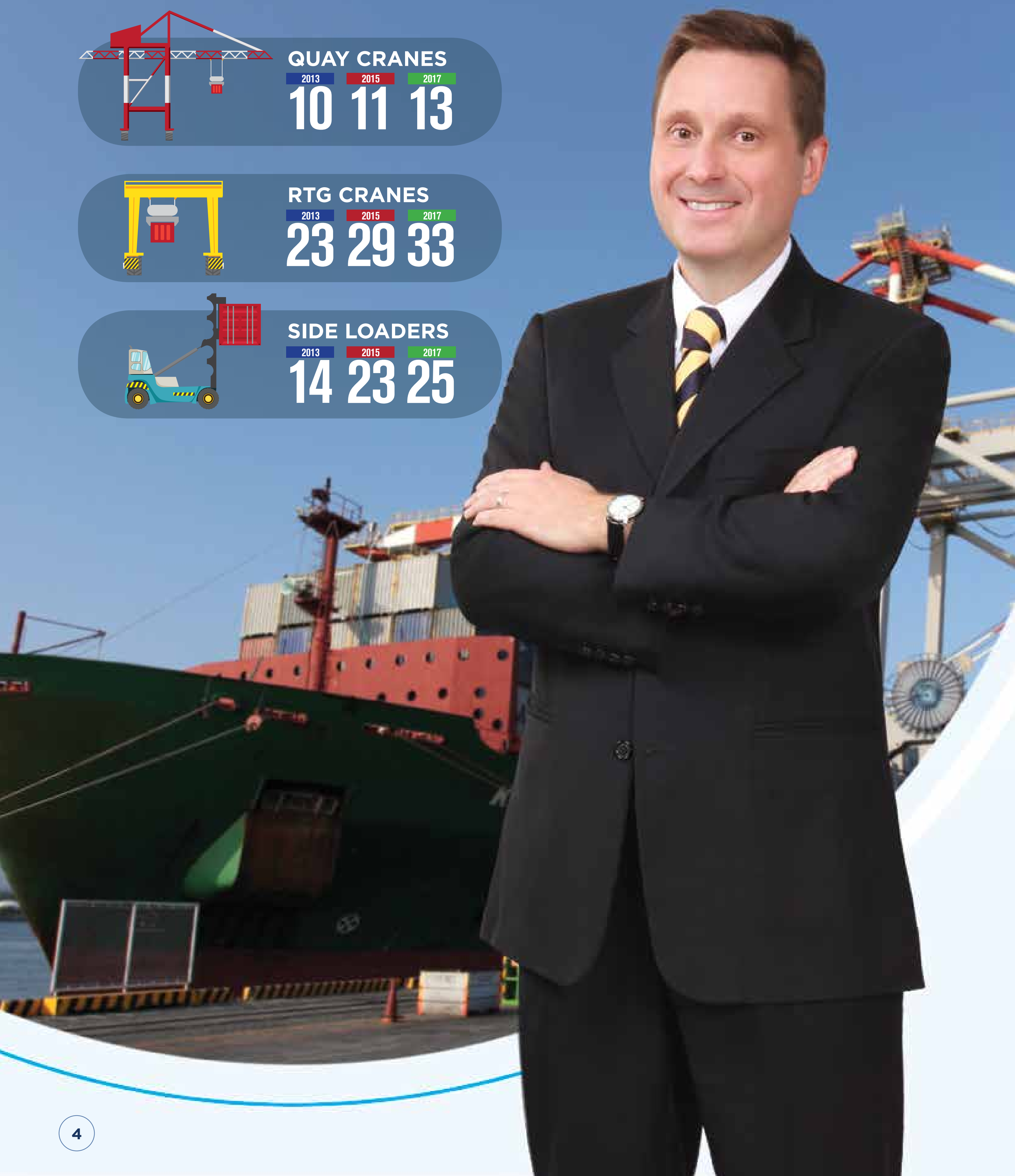
We shall continue thinking ahead, adding value and building our legacy as we strive for greater profitability and sustainability in the years to come.

RASHED ALI HASSAN ABDULLA
Chairman

EUSEBIO H. TANCO
President

MESSAGE FROM THE EXECUTIVE VICE PRESIDENT

	2013	2015	2017
QUAY CRANES	10	11	13
RTG CRANES	23	29	33
SIDE LOADERS	14	23	25



Asian Terminals Inc. delivered another solid performance in 2015 as our Company achieved both financial and operational goals for the year, while making excellent progress on the long term infrastructure optimization program.

Although the market for international containerized volume in Manila was flat in 2015, and this put the Manila Container Terminal Division under pressure to find volume, prudent cost management combined with something of a trade boom from the other Group Divisions ensured that revenues stayed north of the Php8.0 billion benchmark that has become the new norm over the last two years.

Turning to these fast growing Divisions, our modern Batangas Container Terminal supported the growing industries of Calabarzon (Cavite, Laguna, Batangas, Rizal and Quezon), delivering more than 132,000 TEUs last year. This was the terminal's record year and constituted a 35 percent growth on the prior year. ATI Batangas also witnessed growth in both international and domestic RoRo. International car (CBU) importations grew by 21 percent with Batangas well established as the Philippines' market leader. Domestic carrier Super Shuttle volumes were nearly 300 percent up on 2014, with other domestic RoRo operations achieving a respectable 15 percent growth. General Stevedoring in Manila also had a good year with both volume growth and improved margins.

Since 2013 ATI has been accelerating an extensive Optimization program as a priority, both expanding the size of the container handling fleet and replacing the old with the new. In 2015 we deployed five new Liebherr Rubber-Tired Gantry (RTG) Cranes to boost operational capability. This effectively increased South Harbor's RTG fleet to 23 units, for a 50 percent growth in fleet size since 2012. More empty container handlers were also deployed, increasing fleet size by 50 percent from four years ago. These major acquisitions are now delivering results and will further support growth as more container yards come on stream and as two new quay cranes become operational by 2017.

From 2016 to 2018, ATI's Batangas Port will be the main focus of ATI's further development program as we transform the port in many different dimensions. The container terminal will be expanded by the doubling of Quay Crane and RTG numbers. A modern and comprehensive facility for passengers will combine an increased capacity of over 5,000 passenger seats with a shopping mall complex, creating something comparable to a modern airport facility. The construction project has also already begun on a state-of-the-art multi-storey car complex to handle the robustly growing international car imports.

2015 was also the year of Innovation for ATI. We ushered in an exciting period for increased efficiency in the supply chain as the world-class Terminal Appointment Booking System (TABS) went live. Mandated by government and developed by Australia's 1-Stop Ltd., TABS works like an airline booking system, organizing container delivery and pick up based on a 24/7 schedule. Since its implementation in October, TABS has sped up truck movement at Manila South Harbor, decongested major roads and ensured free flow of goods from port to markets.

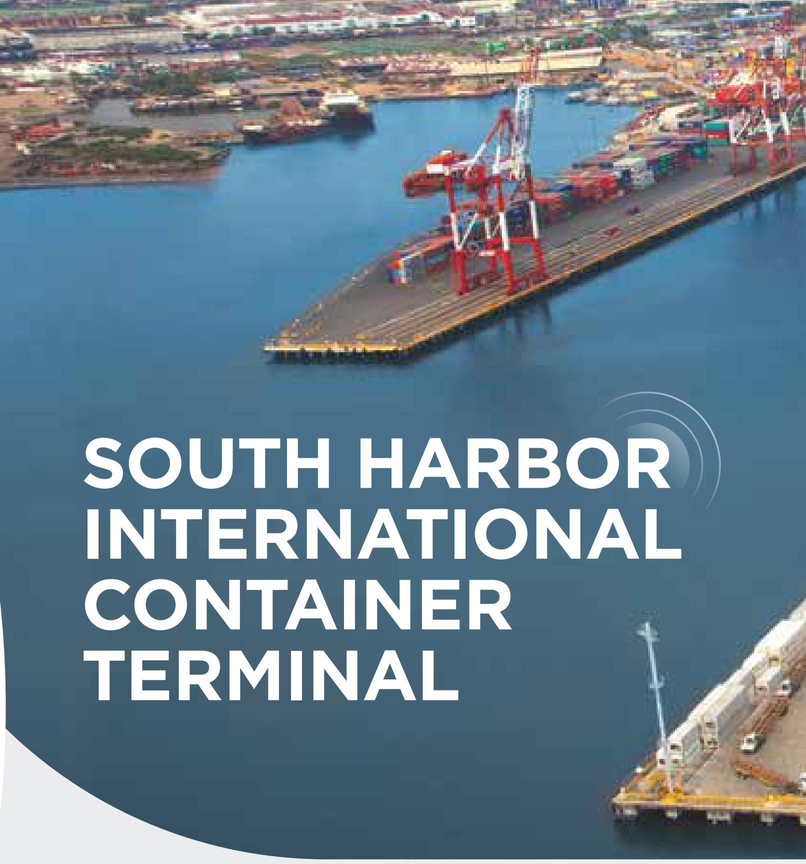
Handling growing volumes efficiently through ports is about speed of production as well as investment in plant and innovative technology. By the first quarter of 2016 ATI was averaging just over 30 GMPH (gross moves per hour per crane), a record-high for the Company. This production level is world-class and comparable to established maritime centers such as Hong Kong and Singapore. At the end of 2015 ATI also won the award from DP World Asia Pacific region as Asia's "Most Improved Terminal for 2015", as good production came together with a number of other positive drivers.

Delivering on production and process starts with the culture of an organization. Encouraging and mentoring a culture where colleagues demonstrate leadership in general and safety leadership in particular was very much in focus over the past year. 95 managers and supervisors attended seven leadership courses, while just short of 3,900 safety inspections were made over the course of the year throughout the portfolio. "Leadership" and "Empowerment" were also the focus of ATI's pioneering Appreciative Inquiry Summits which brought together management, staff and unionized employees in offsite sessions to chart and design the future of ATI's working environment. These summits have produced innovative ideas on safety, process enhancements and people empowerment which are now cascaded across ATI. Not unrelated, our Reportable Injury Frequency Rate improved to 1.63 in 2015 from 1.95 in 2014, as we continued to build on our safety performance which constantly aims for zero harm to people and property. ATI also won the first DP World Asia Pacific Innovation competition for the design and prototyping of the Portable Edge Protector, a device to help prevent injury from working at heights.

Finally, our Sustainability Programs in 2015 have contributed to building self-reliant and thriving communities. This is built on over 2,000 volunteering hours by our employees last year as we helped build homes for the homeless in Bataan, refurbished public schools in time for school opening, cleaned sea shores, planted trees, and participated in other advocacies. We have also sustained our highly successful Scholarship Program which now supports 169 students. We have likewise grown ecumenically as we helped build both churches and mosques in Manila and the Compostela Valley.

Indeed, our organization has grown significantly in the course of the year and we thank ATI's valued customers, management, staff and stakeholders for the success of 2015, and we look forward to achieving greater success in the years ahead.

ANDREW R. HOAD
Executive Vice President



SOUTH HARBOR INTERNATIONAL CONTAINER TERMINAL

Sustaining Terminal Efficiency Through Asset Optimization

Manila South Harbor Container Terminal Division (CTD), ATI's operations backbone, is a major international trade gateway of the Philippines. By optimizing its growing resources, deploying the latest technology and improving processes, CTD has again fulfilled its role as a vital cog of the economy.

ASSET OPTIMIZATION

2015 saw the completion of the fleet expansion program that has been a key feature of recent years. A total of five new Liebherr Rubber-Tired Gantry (RTG) Cranes joined the fleet during the year, bringing the total fleet to 23 units, a 50 percent growth in fleet size since 2012.

Deployment of the new RTGs prepares Manila South Harbor for future growth as more container yard capacity comes on stream as part of programmed expansion plan. These RTGs will also support two new quay cranes that will be deployed at South Harbor in 2017.

Aside from RTGs, ATI also deployed new empty container handlers, which increases its fleet size by 50 percent compared to four years ago. Two handlers are now positioned at each container drop off point for faster receiving of empty containers.

TECHNOLOGY AND INNOVATION

The year also witnessed South Harbor's adoption of the government-mandated Terminal Appointment Booking System (TABS).

Optimizing its terminal footprint and comprehensive port assets, Container Terminal Division delivers world-class port services and offers direct access to Metro Manila and its immediate environs, the country's consumer-dominated market.

Developed by Australia's 1-Stop Ltd., TABS works like an airline booking system which organizes the delivery and pick up of containers at the terminal based on pre-defined schedules. Since its implementation in October 2015, TABS has resulted in the faster and more orderly flow of trucks to and from the terminal, reducing traffic on major roads. It also exempts trucks from the truck ban.

From processing approximately 800 trucks in a 12-hour shift prior to TABS, Manila South Harbor is now servicing over 1,000 trucks on average, for over 20 percent increase in production. Furthermore, over 80 percent of inbound trucks are served within an hour of gate entry, underscoring the key advantage of TABS.

ATI was also active in other areas of innovation during 2015. The successful "traffic light" automated system for managing empty container returns went mobile with the delivery of a new app.

GLOBAL PORT STANDARDS

Taken altogether, these initiatives have resulted in the best performance for ATI in three decades, bannered by its monthly average production of 30 GMPH (gross moves per hour per crane) achieved by end year. This production is world-class and is comparable to global trade giants Singapore and Hong Kong ports.

As the year closed, ATI was also named the most improved terminal in Asia Pacific by DP World, further validating the solid accomplishments in 2015.

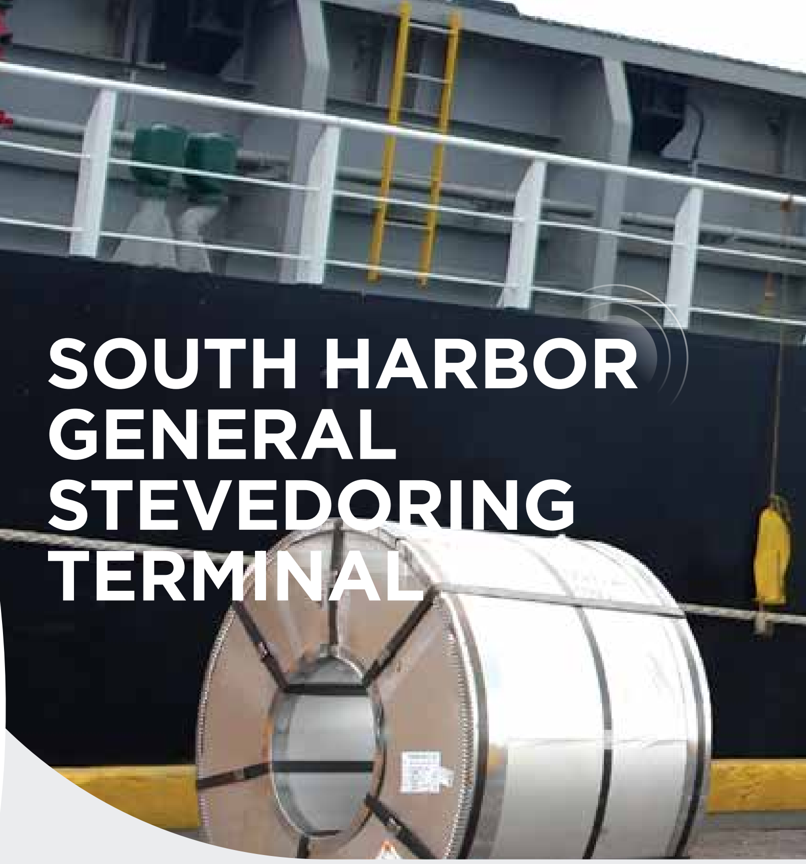
CTD ended 2015 handling nearly 900,000 TEUs (twenty-foot equivalent units).

CTD DEVICE NAMED ASIA'S BEST INNOVATION

The best and brightest ideas in business usually come from within.

The same holds true for CTD's Runy Rebustillo Jr. and Eduardo Belgica who conceptualized the Portable Edge Protection Device, a flexible, light-weight and easy-to-install gear which reduces risks for stevedores from falling off vessels while conducting lashing and unlashing activities.

The device was adjudged as best innovation in 2015 by DP World Asia Pacific, besting 57 other entries from nine terminals across the region.



SOUTH HARBOR GENERAL STEVEDORING TERMINAL

Industry and Safety Leadership in General Stevedoring

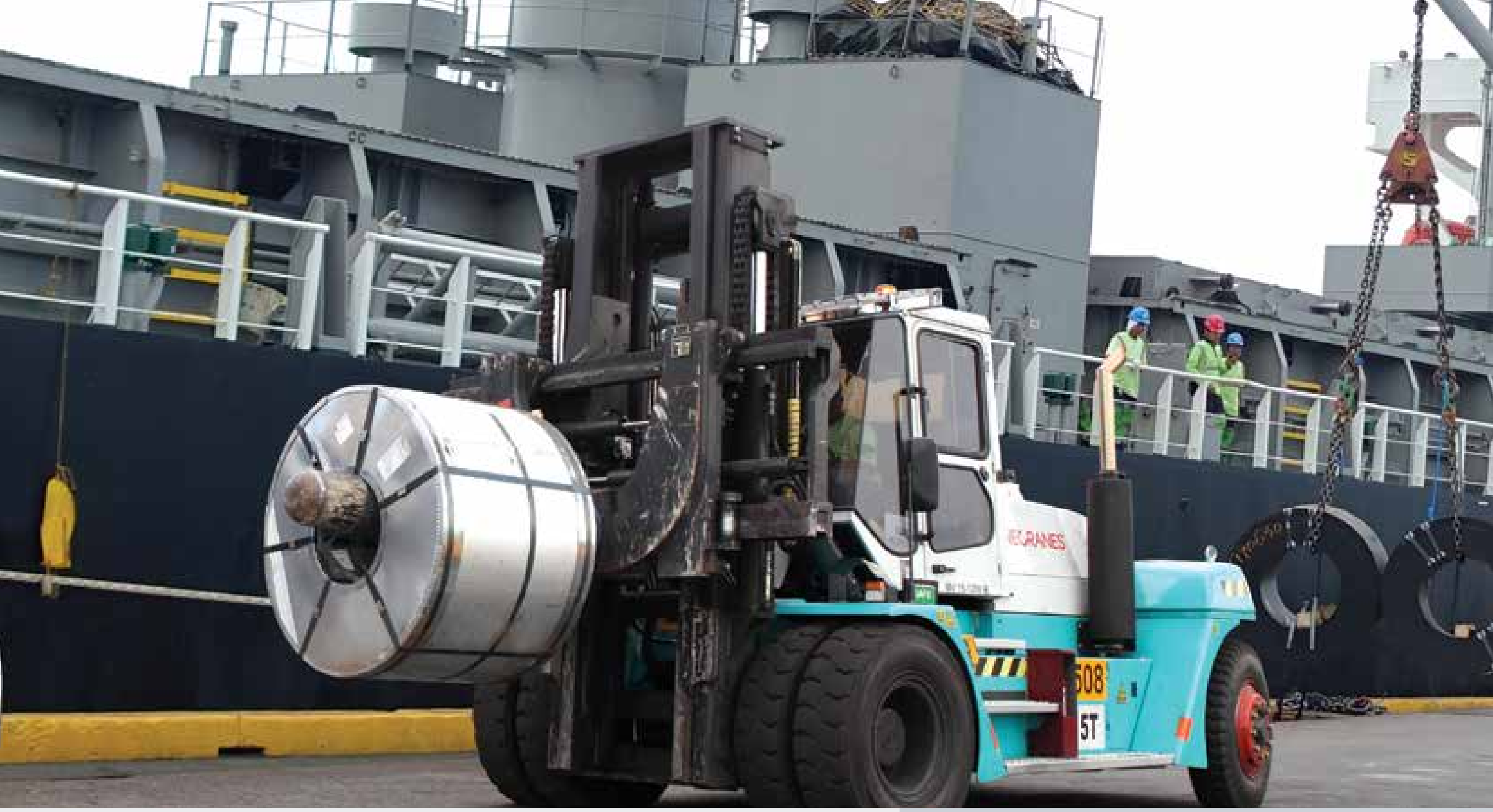
Operating on Pier 15, ATI's General Stevedoring Division (GSD) facilitates the safe and efficient discharge of non-containerized commodities such as steel, heavy-lifts, motorized vehicles, and essential commodities needed by the major industries to fuel the country's economy. Aside from these, ATI also handles international cruise vessels and foreign navy ships calling at the Port of Manila.

SAFETY LEADERSHIP

General cargo handling has always involved high interaction level between people, cargoes and machinery. Given the industrial nature of operations, ATI further stepped up its safety leadership in 2015 as it continually focused on mitigating risk in partnership with vessel owners and representatives, its officers and crew and other industry stakeholders.

Such focus resulted in the institutionalization of ATI's Vessel Safety Guide for general cargo ships calling at Manila South Harbor. A pioneering initiative which drew from ATI's three decades of experience and world-best practices, the comprehensive guidebook enumerates examples of good vessel stowage practices, the required illumination at cargo holds and work areas as well as general guidelines for reliable and well-maintained gears, among others that ensure safe working conditions for stevedores. Contents of the guide were thoroughly discussed during vessel pre-arrival meetings, which in turn served as a prerequisite to discharge operations. The guidebook is easily accessible through ATI's website as the company's contribution to advancing safety practices across the industry.

General Stevedoring Division plays an integral part in ATI's comprehensive service offerings in Manila South Harbor and remains the benchmark in general cargo handling services in the Philippines.



EQUIPMENT UPGRADE

Aside from improving its safety performance, ATI bolstered its operational capability in 2015. Coping with growing demand in the general cargo segment, four new Konecrane forklifts joined the fleet of cargo handling equipment last year. Each forklift has a safe work load of 15-tons and are outfitted with adjustable loading aprons for handling steel coils, steel beams, billets, boxed palettes, bagged cargoes and other non-containerized shipment.

ATI's new forklifts are powered by low-emission, low noise level and fuel efficient engines. Further, these are equipped with electronic weigh scales, engine and transmission protection system, reverse camera, on-board fire suppression system, beacon lights and automatic ignition switch-off during long idling, in line with ATI's commitment to safe and environment-friendly port operations.

To facilitate faster delivery of general cargoes, ATI installed a digital weighbridge at South Harbor's Gate 1 exit gate. This further ensured that trucks leaving South Harbor are within the government-mandated load limit on roads.

COMMODITIES HANDLED

With complementary safety practices and equipment upgrade, GSD handled over 900,000 metric tons of high-valued commodities in 2015 dominated by imported steel, mining equipment and top-of-the-line vehicles. Water-sensitive and high-valued cargoes were stored in two covered warehouses with more than 6,500 square meters of space. Meanwhile, over 60,000 square meters of open storage space was also available for storing steel and rolling cargoes.

LUX METERS BOOST SAFETY AT GSD

Lighting level is critical to operating safely and efficiently especially when hauling tons of commodities from the deep cargo hold of vessels.

In view of this, ATI has integrated digital lux meters as standard devices to boost safety at GSD. These handheld light measuring devices are used by GSD's field officers to evaluate light saturation at enclosed areas, cargo holds and passageways of vessels. Lighting level should meet safe standards before operation commences.

ATI is the only port in the country using these handheld devices as part of its comprehensive terminal safety program.

BATANGAS

Opening More Trade Opportunities for Calabarzon

ATI's Batangas Container Terminal (BCT), the most modern international trade gateway south of Manila, delivered its best performance in 2015 as it kept the movement of goods flowing and directly connected South Luzon industries to global markets.

After breaching the 100,000 TEU (twenty foot equivalent unit) threshold for the first time in October 2015, BCT sustained its solid growth for the year onwards to delivering over 130,000 TEUs of foreign containerized cargoes, its highest annual throughput since its start up in 2010.

Foreign container volume at Calabarzon's (Cavite, Laguna, Batangas, Rizal, and Quezon) preferred trade gateway grew by as much as 34 percent in 2015 compared to over 98,000 TEUs in 2014.

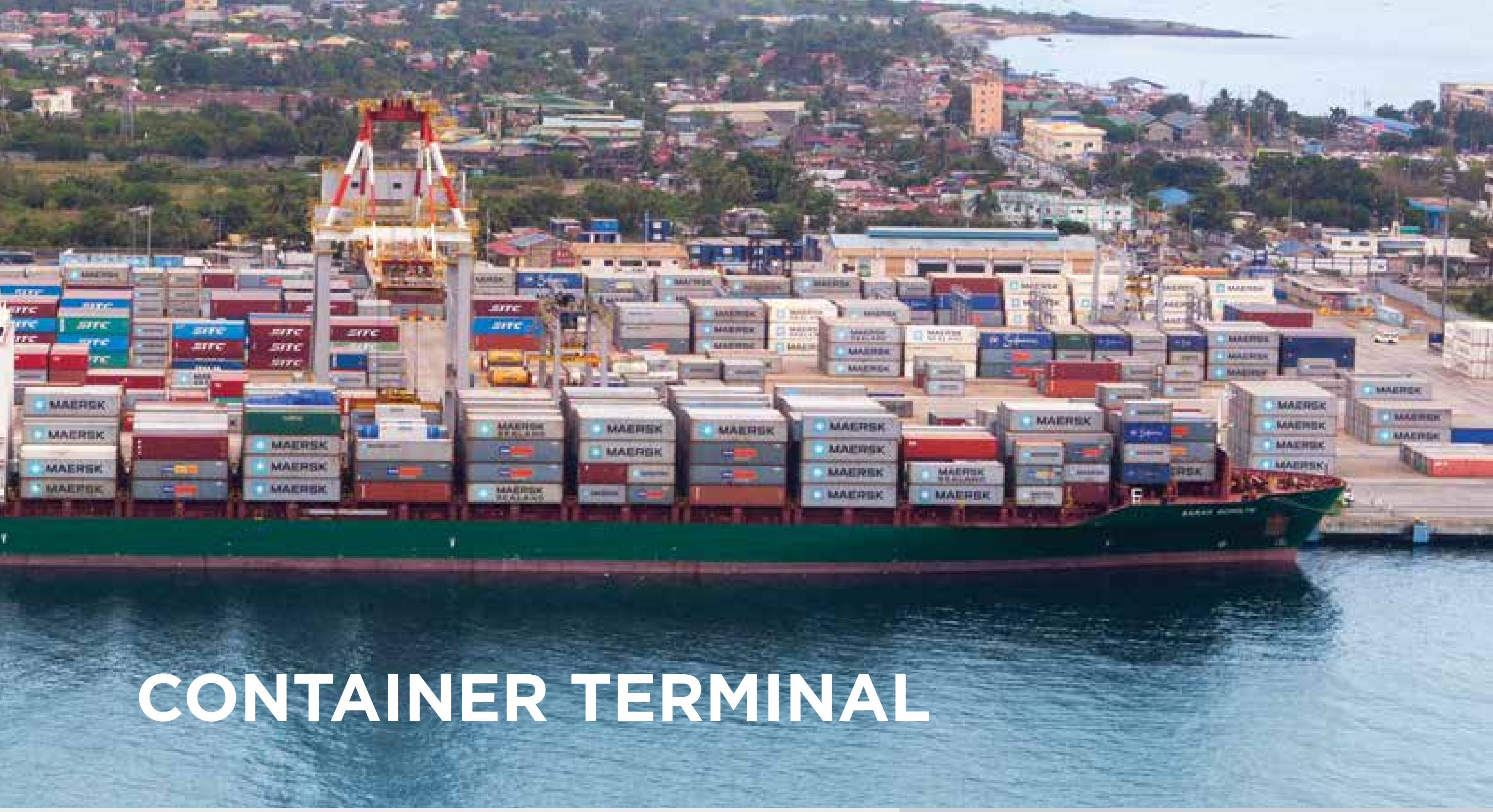
The Batangas Container Terminal is the most modern container terminal outside the Port of Manila and the best alternative international gateway for shippers based in Calabarzon (Cavite, Laguna, Batangas, Rizal and Quezon).

CUSTOMER PREFERENCE

BCT's impressive cargo growth was driven largely by the growing customer preference of Calabarzon customers taking full advantage of BCT's reliability, proximity and seamless connectivity to modern road infrastructure. Given these advantages, BCT allows the transport of commodities faster and more conveniently at lower costs.

VESSEL FREQUENCY

BCT's strong volume surge was also credited to the rising frequency of vessels calling at the port. In 2015, vessel traffic grew above 50 percent to nearly 190 calls



CONTAINER TERMINAL

from 120 in 2014. This was led by intra-Asia carrier MCC Transport which directly connected BCT shippers to Hong Kong, Singapore, Taiwan, Indonesia and other key regional and global markets via two regular weekly services.

Shanghai-based SITC Lines also deployed two ships to BCT on a weekly basis while Regional Container Lines (RCL) began fortnightly services, adding more international connectivity options for Calabarzon shippers.

More shipping lines have expressed keen interest in including BCT in their port rotations for 2016.

FUTURE PLANS

Encouraged by the impressive industry growth and the region's market potential, ATI embarked on an aggressive investment program to further expand Batangas Port, aligned with its long-term commitment with the Philippine Ports Authority.

Investment in 2016 has begun with the extension of BCT's quay length and crane rails which will pave the way for the deployment of more container handling equipment such as new quay cranes (QC) and rubber-tired gantry (RTG) cranes in 2017.

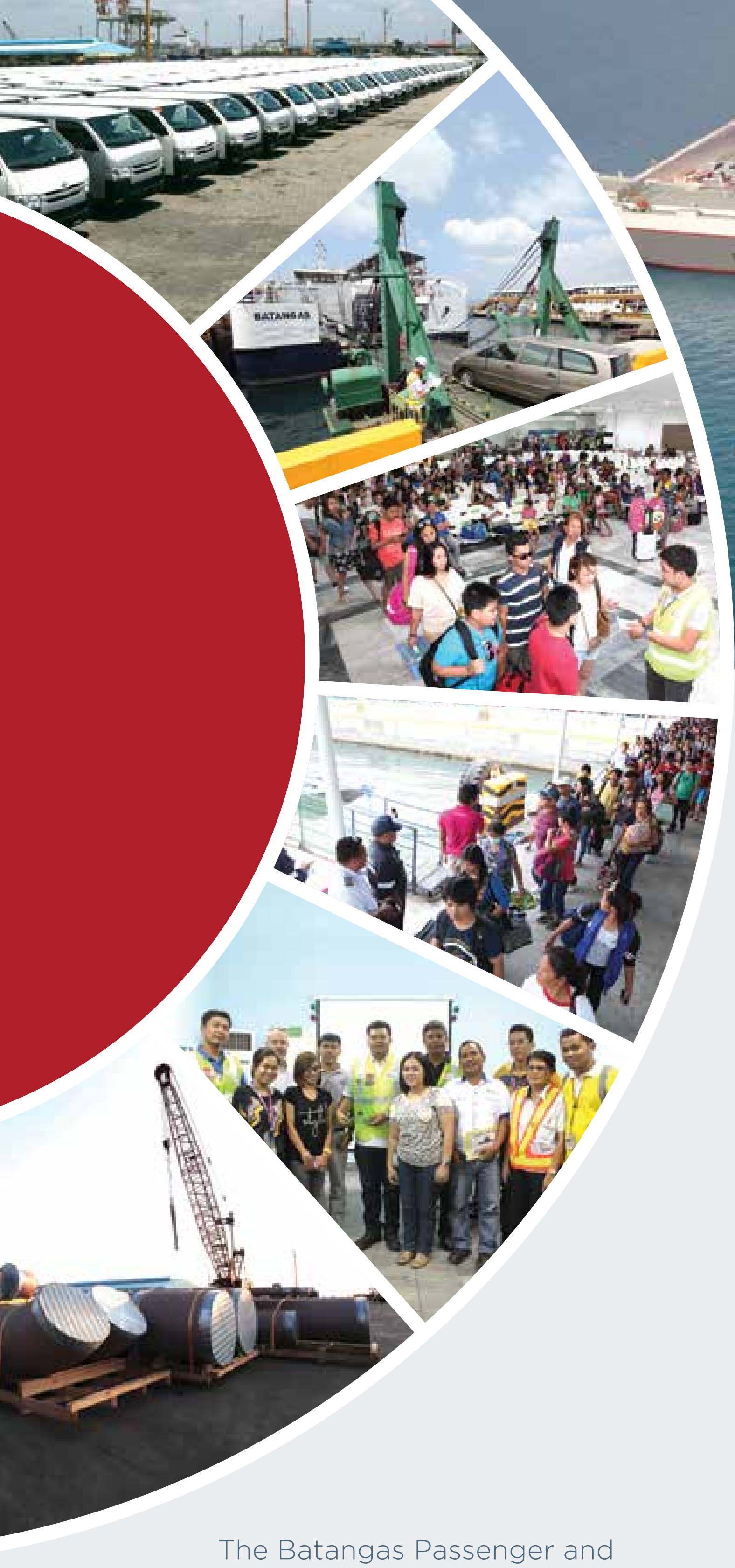
This will strategically complement BCT's existing fleet of two QCs, four RTGs, three reach stackers, four empty side loaders and internal transfer vehicles, enabling it to handle more vessels and shipment at any given time.

BCT HITS RECORD-HIGH 30 GMPH

BCT has operated at a record-high monthly production average of over 30 gross moves per hour (GMPH) beginning September 2015 as it kept pace with volume growth and increasing customer demand. This makes BCT's production level comparable to the standards of global port giants Hongkong and Singapore.

GMPH is a measure of how many containers cranes move from ship to shore in an hour. The efficient handling of vessels at berth results in faster ship turnaround and quicker delivery of cargoes to consignees.

Also contributing to BCT's record production are efficient equipment deployment, proper yard planning and a comprehensive terminal operations system powered by Navis SPARCS.



BATANGAS

Modernizing Batangas Port for Robust Trade

With its archipelagic character, the Philippines depends on seaports to move people and cargo from one destination to the next. Batangas Port, the busiest maritime hub south of Manila, perfectly illustrates this example as it links passengers and cargoes from mainland Luzon to neighboring island destinations.

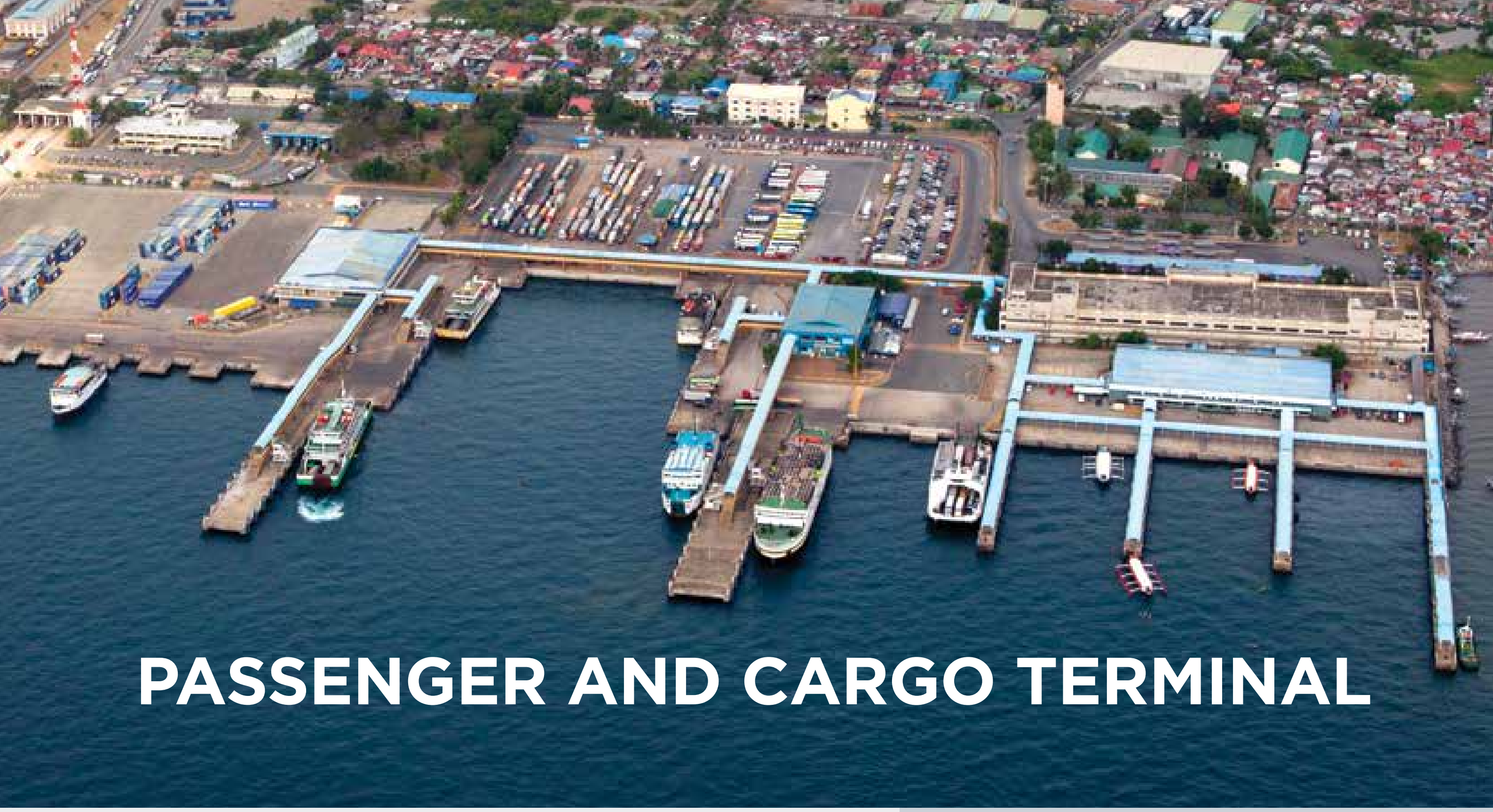
ATI is laying down the groundwork for Batangas Port's transformation into a modern and world-class maritime hub for passengers and roll-on/roll-off cargoes, with a major development project in 2016 to 2018.

Once complete, the Batangas Port development project will be headlined by spacious, convenient and fully air-conditioned passenger terminal infrastructure, resembling the fast craft hubs of Hongkong and Macau. The port will also feature multipurpose commercial spaces. The terminal will be designed to serve the expanding and modernizing fleet of fast crafts, Roll-on/Roll-off vessels and motorized outriggers plying the Mindoro, Marinduque, Romblon, Palawan (Mimaropa) and central Visayas routes.

ROBUST GROWTH

Batangas Port sustained its robust growth in 2015. On the domestic front, nearly 3.5 million out-bound passengers and over 280,000 trucks, buses and other vehicles passed through Batangas on the way to the other island destinations. This represents an 11 percent and 15 percent growth, respectively compared to 2014 figures.

The Batangas Passenger and General Cargo Terminal is the top domestic seaport in the country in terms of passenger volume, the primary springboard for commodities between Luzon and adjacent islands and hub for international non-containerized cargoes.



PASSENGER AND CARGO TERMINAL

PARTNER OF INDUSTRIES

Aside from serving the local maritime transport segment, Batangas Port reliably supported the booming industries of Batangas and nearby localities. It handled non-containerized commodities such as imported cars, steel, bagged cargoes and break-bulk shipment of factories, utilities and power generation facilities in the region.

The local automotive industry remained upbeat as increased consumer income and outlook continued to drive robust consumer demand. Consistently this translated to the solid growth of completely-built car units (CBU) handled by Batangas at over 140,000 units in 2015. This represented a 21 percent increase in car volume from 2014. Recognized as the preferred gateway port for imported vehicles, Batangas accounted for the majority of total CBU sales in 2015.

Meanwhile, domestic containerized cargoes passing through the port likewise remained robust last year, growing by more than 50 percent to over 54,000 TEUs (twenty footer equivalent units) as ATI's major customers serviced the Batangas-Visayas-Mindanao routes.

SUPPLY BASE EXPERT

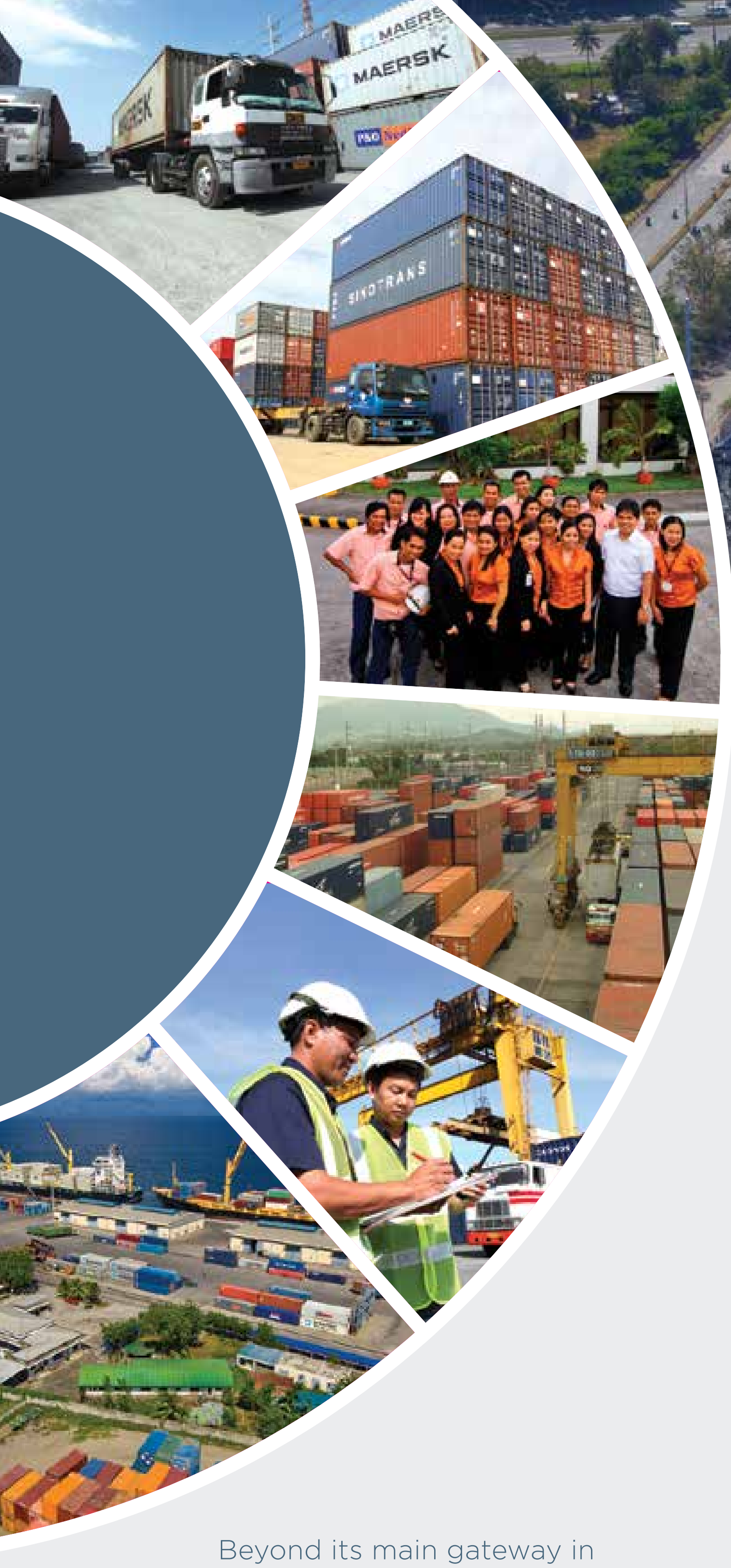
Aside from these, Batangas Port served as a supply base partner for the biggest natural gas producer in offshore Palawan which significantly contributes to the country's drive toward self-sufficiency in power and electricity. Sharing its clients stringent commitment to safety, ATI's Batangas Supply Base has consistently been recognized for its exemplary safety leadership and contribution to the continued success of the offshore platform.

CBU COMPLEX TO RISE IN BATANGAS

Batangas Port, the country's leading car carrier port, is transforming its shores to accommodate more imported completely-built car units (CBUs) in response to rapid volume growth.

A state of the art car complex, featuring a first of its kind multilevel car park and pre-delivery inspection facility, will soon rise in Batangas.

Once completed, the project will create additional parking space for over 2,000 car units, effectively increasing Batangas Port's capacity by nearly 50%. Batangas Port accounts for majority of Philippine car imports annually and this innovative project will further fortify the port's position as the leading gateway for CBUs.



Beyond its main gateway in Manila and Batangas, ATI operates strategic facilities that bring quality cargo handling services conveniently closer to customers in high growth rural and urban markets.

Extending Port Excellence in Growing Markets

INLAND CLEARANCE DEPOT

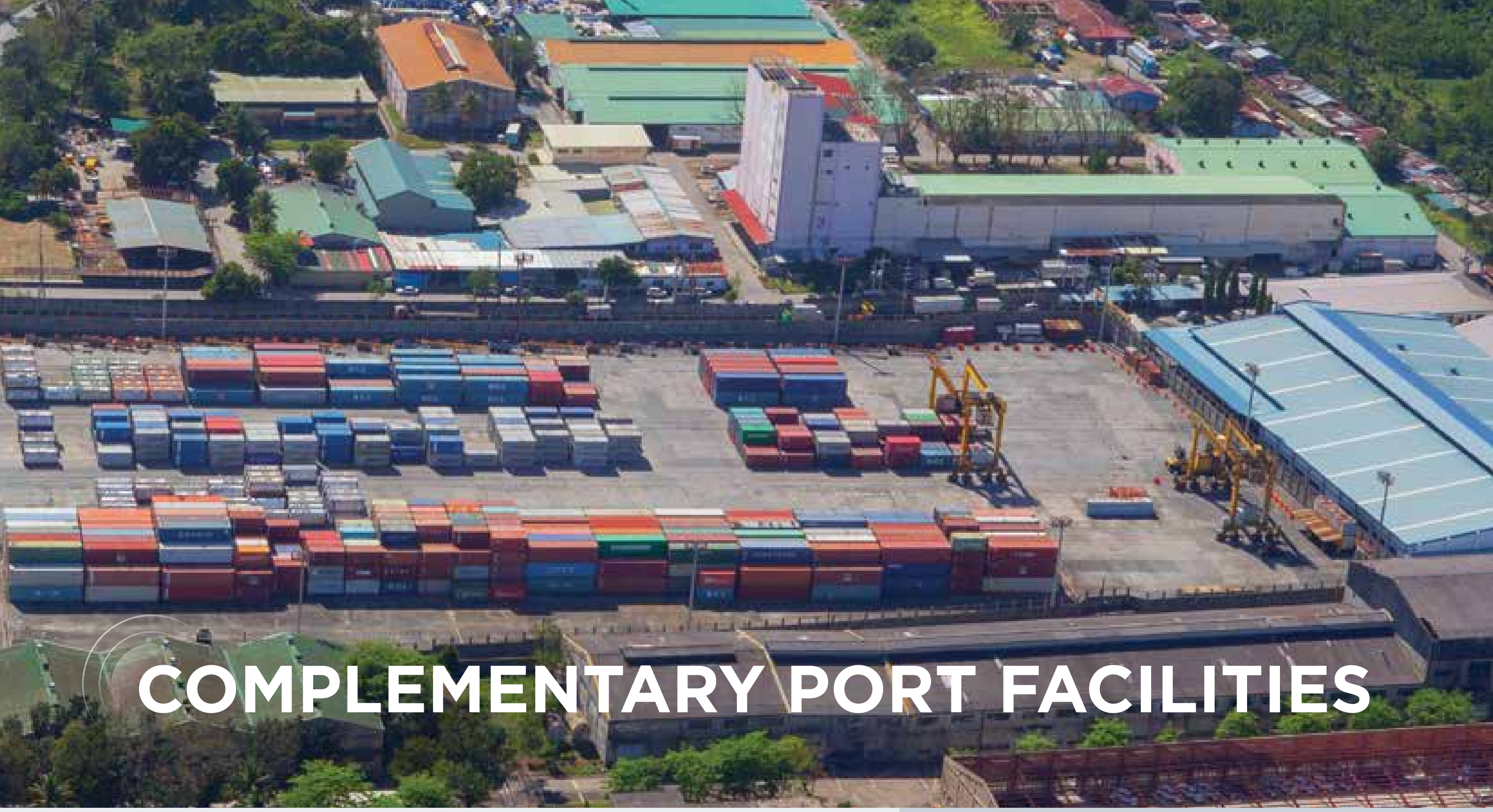
Located along the shoulders of the South Luzon Expressway via the Canlubang Exit, ATI's 4.2-hectare Inland Clearance Depot (ICD) in Calamba City, Laguna serves as a strategic dry port and a perfect supply-chain partner for the major industrial zones located in Cavite, Laguna and Batangas.

It is operationally linked to ATI's Manila South Harbor and the Batangas Container Terminal, just 50-kilometers north and south of the facility, hence providing neigboring consignees direct access to the country's main gateway ports.

As a duly authorized Customs-bonded facility, shipment arriving at both Manila and Batangas ports can be transferred immediately to ICD upon the request of Bureau of Customs-accredited consignees.

While stored at the highly secured facility, clearances can be simultaneously processed through ICD's online release system and other shipment processes that are electronically linked to BOC's offices.

Aside from container storage, ICD provides superior logistics services from the port to the consignees' doorsteps. ICD takes care of container handling, trucking, brokerage, customs-clearing and other ancillary services, making it an ideal one-stop-shop partner for shippers. Meanwhile, in support of just-in-time production cycles, ICD can quickly deploy containers stored in its facility to manufacturing hubs upon the request of customers. These are delivered on-board franchise trucks on stand-by 24/7. GPS systems mounted on trucks keep clients updated on the whereabouts of their shipments while in transit.



COMPLEMENTARY PORT FACILITIES

SOUTH COTABATO INTEGRATED PORT

ATI maintains its presence in southernmost Philippines through the South Cotabato Integrated Port. The port, managed and operated by the South Cotabato Integrated Port Services Inc. (SCIPSI) where ATI is a strategic investor, sits right at the heart of Saranggani Bay in the southern coast of Mindanao.

A modern multipurpose seaport with deep natural drafts and strategic location, the port serves as a pivotal marine infrastructure supporting local and international trade and bridges Mindanao into the growing market of the Southeast Asian region.

In 2015, SCIPSI facilitated the delivery of more than 186,000 TEUs international and domestic containerized cargoes while it handled over 364,000 metric tons of non-containerized shipment.

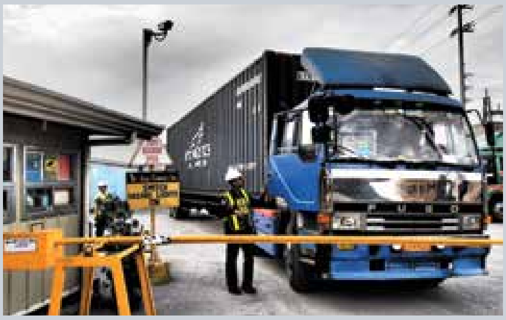
SCIPSI is eyeing to acquire ship-to-shore cranes in the medium term to cope with the growth ahead.

STA. MESA CONTAINER YARD

The Sta. Mesa Container Yard is ATI's two-hectare off-dock facility offering valuable support for truckers and international shipping lines calling at Manila South Harbor.

Located five kilometers from the port area, SMCY allows more methodical rotation for trucks letting them drop-off empty containers at the facility before proceeding to Manila South Harbor to pick up laden boxes.

SMCY plays an important role in supporting South Harbor's efforts in quickly repositioning and evacuating empty boxes on-board vessels.



BEST JUST-IN-TIME DELIVERY PARTNER

ATI's Inland Clearance Depot is best positioned to receive and release shipments faster to distribution channels, industrial estates and economic zones in CALABARZON with its operational linkage to Manila South Harbor and Batangas Port.

Approximately 50 kilometers from Manila and Batangas, ICD cuts significant distance between ports and cargo end-users, thus allowing companies to take full advantage of just-in-time production deliveries.

ICD provides supply chain solutions with ever growing efficiency, offering a competitive and reliable logistics infrastructure to further synchronize supply with demand through its storage capacity and expertise.

DP WORLD

Our Global Network

AUSTRALIA & AMERICAS
- Argentina
- Australia
- Brazil
- Canada
- Dominican Republic
- Peru
- Suriname

ASIA PACIFIC & INDIAN SUBCONTINENT
- China
- Hong Kong
- India
- Indonesia
- Pakistan
- Philippines
- South Korea
- Thailand
- Vietnam

MIDDLE EAST, EUROPE & AFRICA
- Algeria
- Belgium
- Djibouti
- Egypt
- France
- Germany
- Mozambique
- Netherlands
- Romania
- Saudi Arabia
- Senegal
- Spain
- Turkey
- UAE
- UK

Creating the future, **Now.**

DP World is a leading enabler of global trade and an integral part of the supply chain.

We operate multiple yet related businesses – from marine and inland terminals, maritime services, logistics and ancillary services to technology-driven trade solutions.

We have a portfolio of 70 terminals in 31 countries across six continents with a significant presence in both high-growth and mature markets. We aim to be essential to the bright future of global trade, ensuring everything we do has a long-lasting positive impact on economies and society.

Our dedicated team of over 36,000 employees cultivates long-standing relationships with governments, shipping lines, importers and exporters, communities, and many other important constituents of the global supply chain, to add value and provide quality services today and tomorrow.

By thinking ahead, foreseeing change and innovating we aim to create the most productive, efficient and safe trade solutions globally.

ATI'S GLOBAL PARTNER

How We Lead Our Business

Customer Focus and Operational Excellence
DP World continually strives to improve and enhance the services provided to our customers. We pride ourselves on being renowned for our customer commitment. We achieve that through operational excellence that provides industry-leading processes and systems so that our customers remain completely satisfied with our global portfolio and solutions.

Governance and Risk Management
One of the reasons DP World has become an industry leader is our approach to understanding and measuring risk and managing risk/return from our investments. As a global organisation, the corporate governance policies followed by DP World are compatible with international standards and best practices. This is supported by adopting the highest standards of professionalism and ethical behaviour at all levels within DP World.

People and Culture
DP World prides itself on embedding a culture that nourishes diversity and innovation. We offer continuous development to our people, providing the resources, training, and career opportunities needed to achieve the highest professional standards. DP World Institute, our internationally recognised industry education provider, runs training and development programmes globally for employees and industry professionals across the supply chain.

Sustainability
DP World believes that working sustainably and responsibly is essential to building a strong business for our customers, our people, and our society. Through our global programme 'Our World, Our Future', DP World is bringing sustainability into every aspect of our work. This includes commitments and action plans to protect our environment, invest in our people, ensure the highest safety standards, and take steps towards building a vibrant, secure, and resilient society.

HEALTH, SAFETY, ENVIRONMENT AND SECURITY

Safety is the bedrock of ATI's port business. As such, ATI continuously broadens efforts and channels considerable resources to upgrade its safety and security performance aligned with its comprehensive Occupational Health, Safety, Environment, Security and Quality Management Systems.

Ensuring A Safe Workplace For Port Stakeholders

Safety is not merely a matter of regulatory compliance in the business of moving thousands of boxed shipment, delivering tons of bulk cargoes, and handling millions of passengers annually through the ports. For ATI, safety is cemented at the very core of its operation. It is ATI's top priority which cannot and will not be compromised.

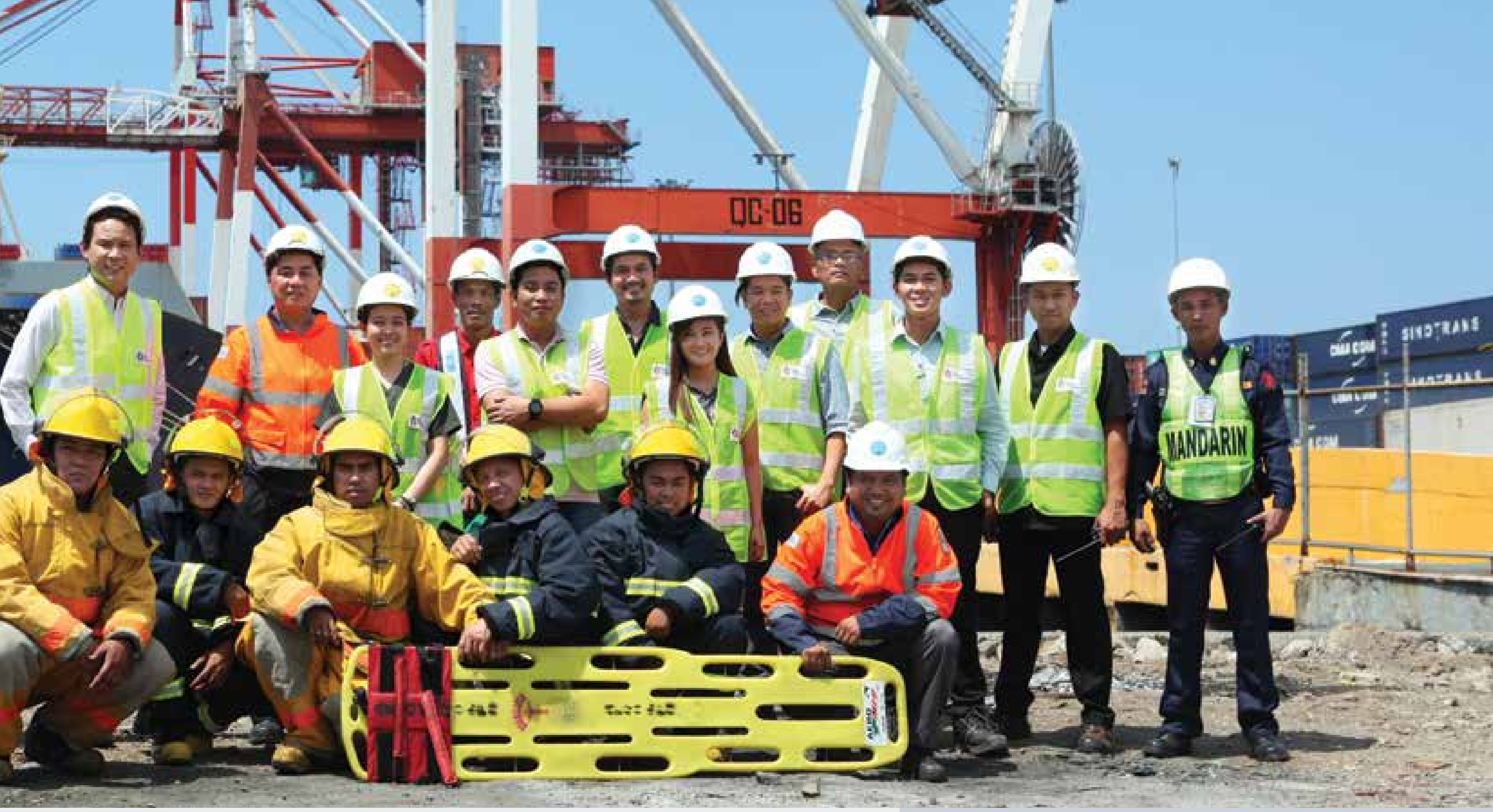
SAFETY PERFORMANCE

It was a good year for safety as ATI registered a Reportable Injury Frequency Rate (RIFR) of 1.63, a 16 percent reduction compared to 2014. RIFR is an overall measure of safety performance, wherein a lower figure indicates better risk mitigation.

ATI's strong safety performance can be attributed to the Company's comprehensive occupational health and safety programs and safety culture which continue to gain traction. These were evident in the safety reminders and instructions communicated to port stakeholders using electronic boards, oversized posters and other sign posts. At quayside, life ring stations have been installed for quick access and deployment in case of emergency.

SAFETY ENGAGEMENT

More importantly, ATI's safety professionals sustained its safety engagement with frontline dockworkers. During safety walks and inspections, safety practitioners maximized the opportunity to directly interact with stevedores and supervisors which have gained further understanding of jobs and tasks, identifying existing and potential hazards, determining underlying causes of hazards, and recommending corrective action.



As a result of this exercise, ATI's safety team generated over 3,800 safety inspection reports in 2015, the highest number of reports compared to its peers in DP World Asia Pacific region. These safety observations are then assessed and addressed accordingly.

EMERGENCY PREPAREDNESS

Keeping ATI's first responders sharp and ready for any exigency, ATI held a Fire Fighting Olympics in March 2015. This was followed up with a fire and rescue at heights drill, to equip ATI's emergency responders advanced competency in addressing such exigencies.

ATI also sent senior representatives last year to DP World's global convention of safety practitioners, where practical courses on chemical spill response, water rescue, working at heights rescue and basic life support methods were demonstrated. Learning acquired from the international convention were likewise cascaded to local-based safety professionals.

ISO AND SECURITY CERTIFICATIONS

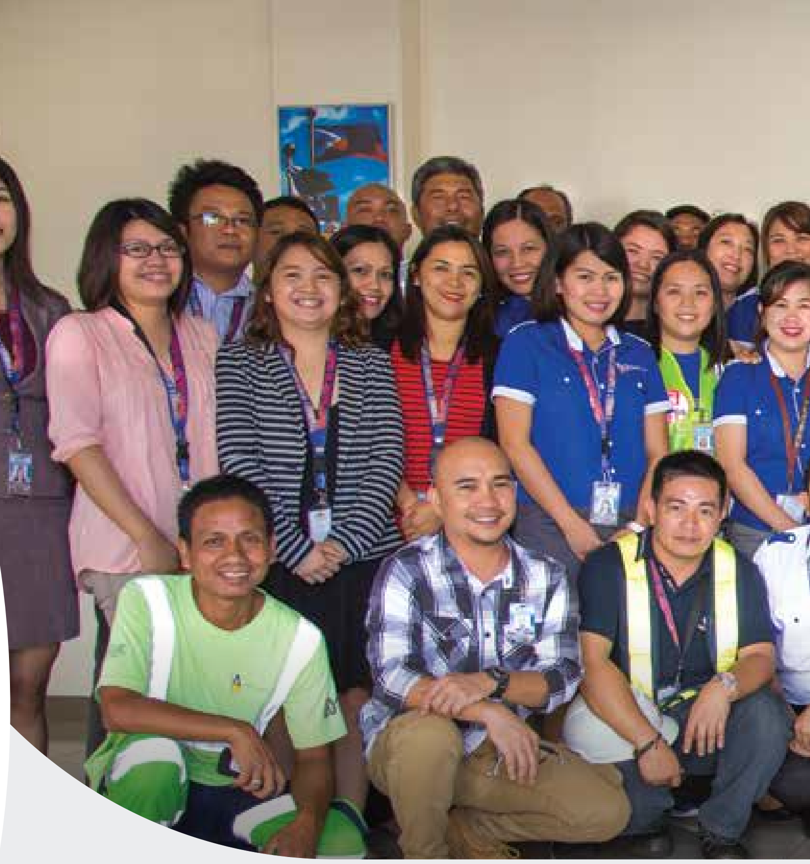
As a conclusion to 2015, ATI's sites in Manila, Laguna and Batangas successfully passed the Integrated Management System (IMS) Stage 2 Certification/Recertification Audit conducted by TUV Rheinland Philippines. The IMS certification affirms that ATI's systems and procedures meet the stringent international standards on Quality Management (ISO 9001:2008), Environmental Management (ISO 14001:2004), Occupational Safety and Health Management (OHSAS 18001:2007) and Security Management (ISO 28000:2007).

ATI PIONEERS TOOLBOX MEET FOR VESSEL CREW

ATI pioneered the Safety Toolbox Meetings for Vessel Crews in 2015, another innovative safety program and a first in DP World Asia Pacific region.

The program expands the coverage of ATI's customary toolbox meetings at the terminal – a mandatory pre-flight check prior to workers and equipment deployment – to include and engage the crew of vessels on safety protocols implemented at Manila and Batangas ports.

The idea was developed by representatives of corporate safety, IT and operations during ATI's first ever Appreciative Inquiry Summit held last year. It was also recognized as among the best safety innovations for the year in the region.



ATI blends together the international terminal leadership of DP World with the best of Filipino talent. This results in an organizational structure and workforce that is capable of delivering a comprehensive product.

Maximizing Capabilities, Empowering People

Organizational efficiency, safety and productivity ultimately rely on its dynamic and knowledgeable workforce.

Cognizant of this, ATI sustains its efforts in enhancing the skillset of an over 1,500-strong workforce while embracing a culture of diversity, growth and empowerment.

MAXIMIZING CAPABILITIES

To ensure its workforce is at peak performance, ATI's Learning and Development team leads various programs to supplement the proficiency of employees. In 2015, it logged over 56,000 in total training hours, more than double its training output in 2014, as it ran programs in the areas of operations, safety, engineering, behavior change and other technical competencies.

Training included the Proactive Safety Leadership that boosted the situational safety awareness of supervisors and staff, Technical Driving Skills for handling imported vehicles, and other skills interventions for operations and office-based staff. Aside from these, drug awareness campaigns jointly run with the Catholic Church were conducted throughout the year to promote a drug-free work environment.

Meanwhile, ATI sustained its Bespoke Leadership and Personal Leadership Journey Training in partnership with DP World Institute, a globally recognized international center of excellence in port education. This exposed high-potential managers and supervisors to various methods of empowering people and honed them to become highly assertive and decisive frontline leaders.

HUMAN RESOURCES

EMBRACING DIVERSITY

ATI promotes diversity and innovation amidst a rapidly changing business environment. Drive for diversity is also the philosophy behind ATI's highly successful Graduate Management Training Program. The program which began in 2013 has drawn some of the best graduates from biggest universities in the country and has since produced eight fast-track managers who now assume important supervisory and managerial roles in ATI's frontline units.

EMPOWERING PEOPLE

Apart from traditional programs, ATI pursues unique opportunities to empower its people. A good example is the Appreciative Inquiry Summit it pioneered last year which brought together members of senior management, union leadership and line managers under a conducive environment to chart the future of ATI. The unique offsite sessions, combined with teambuilding exercises, tapped on the aspiration and ambition of participants to come up with organizational programs and initiatives that ensure the long-term sustainability of the Company.

In congruence to this, employees across the organization are always encouraged to come up with out of the box ideas to address common problems encountered at work. Employees have responded well to the challenge and have been recognized for their pro-active ideas and innovations in ATI's Ang Galing Mo (Good Job) Award. Some employee ideas have resulted in process improvements, including cost-savings for their respective units.

YOUNG LEADERS DRIVE ATI'S FUTURE

ATI's highly successful Graduate Management Training Program transforms high-achievers, team players and young talents from the best universities of the country into assertive and highly skilled port leaders.

Launched in 2013, the program has since produced eight fast-track managers who now assume important roles across ATI's portfolio and are expected to lead the Company's future.

Candidates are primarily selected through the industry-leading Hogan Personality Assessment System and undergo a rigorous academic and on-the-job training program under the guidance of ATI's senior officers.

INFORMATION TECHNOLOGY

TABS
Terminal Appointment Booking System

Developing Smart Solutions for the Port Community

Recognized as a pioneer in Information Technology in the port industry, ATI takes pride in constantly developing effective solutions and improving processes at the country's major trade gateway ports. At the core of ATI's efforts are continuous systems upgrade, in-house applications development, and acquisition of world-class technologies that pave the way for simpler yet superior processes that flexibly meet the ever growing needs of customer and the rest of the supply chain.

ATI tapped this same technological leadership in 2015 as it collaborated with government and other port stakeholders in coming up with a comprehensive IT-driven solution to avoid port congestion. This gave rise to the innovative Terminal Appointment Booking System (TABS) which maps the Philippines alongside progressive port economies like Singapore, Hongkong and many others which have embraced and benefited from the same system.

REVOLUTIONIZING TRADE THRU TABS

Spearheaded by government, TABS has ushered in a new and exciting era of predictability and efficiency for the country's international container trade business. TABS, a web-based system developed by 1-Stop Ltd. of Australia, works like an online airline booking system where port users conveniently schedule the pickup and delivery of containers at Manila ports. The schedule is spread across the 24-hour, 7-day week period, paving the way for the orderly arrival of trucks, in turn avoiding bottlenecks at the port's gates, eases traffic flow along major roads and benefits pedestrians and the general public.

Because transactions are pre-advised, ATI can adequately deploy resources that match actual demand. This allows pre-positioning of containers for faster container pickup, as against digging up a box from a five-high stack upon the

As a business engaged in handling high value cargoes and people 24/7, ATI keeps abreast of the latest technological developments to ensure that its facilities are able to seamlessly operate according to world-class standards.

truck's arrival, the practice prior to TABS. Quicker truck turnaround time means more opportunities for trucks to do multiple trips per day and thus serve cargo owners faster.

Since the system is online, transactions are free from any form of human intervention which promotes streamlined processes and ensures transparency in every booking. Validation of transaction can be done by simply texting the truck's plate number to 292908120, free of charge.

From processing around 800 trucks in a 12-hour shift prior to TABS, Manila South Harbor is now servicing more than 1,000 trucks on the average, for over 20% increase in production. Despite higher transactions, close to 90% of inbound trucks are served within an hour of gate entry, illustrating the success of TABS.

TABS kiosks are stationed at key locations at Manila South Harbor, allowing users to book transactions onsite, and are supported by ATI's customer support team 24/7 for immediate issues resolution.

E-PAYMENT SYSTEM

Meanwhile, ATI has boosted its electronic payment facility in partnership with leading banks Banco de Oro, Metrobank, and Security Bank. Through ATI's e-Payment system, customers can conveniently settle arrastre, stevedoring and storage fees anytime, anywhere 24/7 using online computers, tablets or smartphones. Various road shows were conducted last year to encourage more customers to go online. ATI's e-Payment is integrated with ATI's Webtrack facility, the Company's home grown system which enables customers to check port transactions and shipment-related information online.

Providing the right platform and support for such highly interconnected markets, ATI's Information Technology assets remains upbeat to ensure the uninterrupted flow of trade volumes handled by ATI's ports and support customer-to-port transactions using up-to-date, safe and secure online options.

ATI LAUNCHES MOBILE APP

ATI developed in 2015 the country's first ever mobile application for international container trade – the ATI Mobile Port app (Mport).

Mport conveniently puts important shipment and port information right into the fingertips of customers. Using smart gadgets, customers could easily inquire on the vessel schedule, container delivery status, availability of empty container slots and clearance checks, anytime, anywhere, 24/7.

The mobile app was developed in house by ATI's technology experts and can be downloaded for free from Apple Store for Apple gadgets or Google Play for android devices.

Building Thriving and Self-Reliant Communities

ATI firmly believes that working sustainably and responsibly is essential to building a strong and progressive company. Consistent with this philosophy, ATI has incorporated sustainability as among the foundations of its business model. This translates to every aspect of ATI's work, including commitments and action plans to protect the environment, investing in people, ensuring the highest safety standards, and taking steps towards building a vibrant, secure, and resilient community.

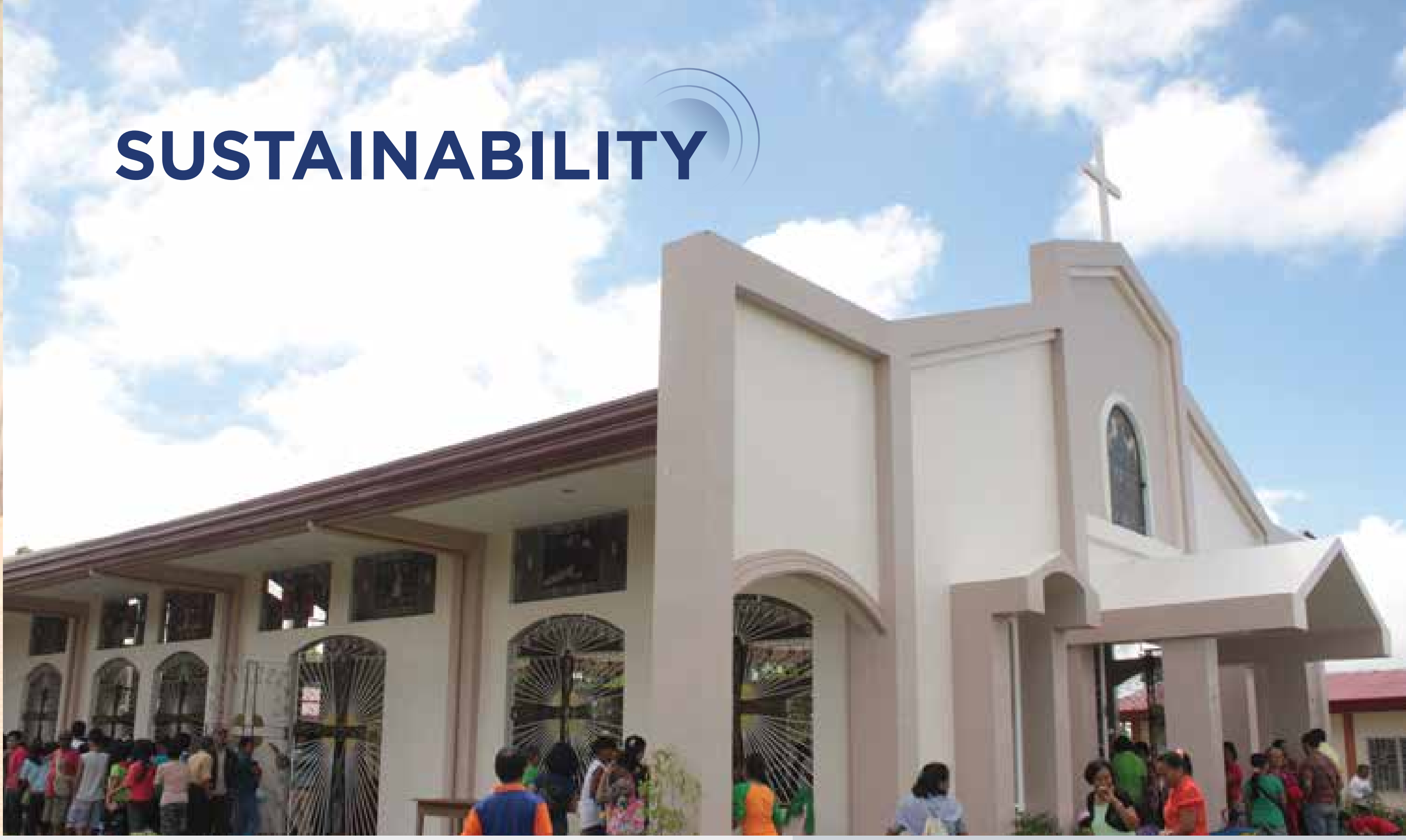
COMMUNITY DEVELOPMENT

ATI has grown ecumenically last year as it sustained its commitment to help religious non-profit organizations build peaceful and productive communities. Through its continuing partnership with the Bahay ng Diyos Foundation, ATI helped construct the St. Isidore quasi-parish church in the community of Laak, Compostela Valley. Earlier in the year, ATI also helped complete the Ibrahim Mosque at the Port of Manila, a new religious landmark benefiting nearby port-based Muslim communities.

Aside from places of worship, ATI continued its community immersion program in partnership with mass housing advocate Gawad Kalinga (Giving Care) Foundation. Participating in the Bayani (Heroes) Challenge 2015, ATI volunteers momentarily traded port equipment for construction gear for a full week, on the way to finishing houses for the homeless in the province of Bataan. The project is a follow through to ATI's successful community immersion in 2014 where it helped rebuild homes for victims of super typhoon Yolanda (Haiyan) in Tanauan, Leyte.

As a responsible corporate citizen, ATI follows a broad-based approach to sustainable business practices; one that brings excellence beyond its terminal gates to positively impact its community and the environment.

SUSTAINABILITY



ATI employees also helped refurbish public schools near Manila and Batangas ports in preparation for school opening. Employees also took this opportunity to educate children on proper hand-washing, personal hygiene, health and proper diet.

YOUTH EMPOWERMENT

Believing in the power of education in nation building, the majority of ATI's social investments are channelled through ATI's highly successful Scholarship Program. This supports the education of qualified and deserving young dependents of ATI employees and surrounding port communities. The number of ATI scholars has grown to 169 students from 152 in 2014. Scholars are in high school and college taking degrees in management, engineering, IT and health.

ATI also sustained its commitment to help build a bigger and safer foster home for abandoned and surrendered infants cared for by CRIBS Foundation, a leading child welfare institution. From a single storey wooden structure, a new multi-level orphanage, to be named ATI DPWorld Cribs Child Welfare Center will soon rise in the suburb of Antipolo City, providing the children of CRIBS with a more secured environment.

PROTECTING THE ENVIRONMENT

Protection and conservation of natural resources is likewise a centrepiece in ATI's sustainability agenda. ATI employees actively take part in coastal clean-up activities and the reforestation of the La Mesa Watershed, the source of Metro Manila water.

In all, ATI has accumulated over 2,500 volunteering hours in 2015 as ATI pursued its diverse sustainability activities.

ATI LAUNCHES PORT EDUCATION PROGRAM

Education is among the cornerstones of ATI's and DP World's Sustainability Program. In line with this, a global program has been designed to engage and educate young minds on the important economic, environmental and social impacts of port operations.

ATI proudly piloted the global education program in Manila, beginning with its Student Primer on Ports and Trade with resounding results. Fun and interactive discussions focused on the ATI's role and contribution to global trade, resource conservation and job generation.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenues for the year ended December 31, 2015 totaled ₱8,146.5 million, 1.1% down from ₱8,241.1 million in 2014. With the soft market environment, revenues from South Harbor international containerized cargo were lower than last year following lower container volume, which were down by 1.3%. On the other hand, due to volume growth, revenues from South Harbor international non-containerized cargo, Batangas Container Terminal, and Port of Batangas were higher than last year by 14.7%, 57.5%, and 15.9%, respectively. Volume of international containers handled at BCT grew by 35%, while volumes of international CBUs in ATIB grew by 21%.

Port authorities' share in revenues in 2015 declined by ₱246.0 million or 14.9% from last year following lower revenues subject to port authorities' share.

Cost and expenses in 2015 of ₱3,736.1 million increased by ₱137.9 million 3.8% from ₱3,598.2 million in 2014. Labor costs rose by 11.5% to ₱1,091.4 million in 2015 from ₱978.9 million in 2014 due to increase in headcount and salary rate increases. Depreciation and amortization in 2015 of ₱944.9 million went up by 9.6% compared to ₱862.0 million in 2014 on account of additions to intangible assets and property and equipment. Taxes and licenses of ₱279.3 million in 2015 grew by 29.5% from ₱215.6 million in 2014 due to higher realty tax. Facilities-related expenses in 2015 slightly up by 1.1% to ₱161.6 million from ₱159.8 million in 2014 due to higher pavement repair and maintenance costs. Security, health, environment and safety costs in 2015 of ₱160.2 million were higher by 5.1% compared to ₱152.4 million in 2014 due to additional security posts for additional areas and increased industrial safety focus.

On the other hand, Equipment running costs decreased by 10.8% to ₱482.8 million in 2015 from ₱541.6 million in 2014 mainly due to lower fuel costs. Rentals totaled ₱150.3 million in 2015, 12.1% down from ₱171.0 million in 2014. Management fees in 2015 of ₱105.2 million were lower by 9.2% compared to ₱115.9 million in 2014 following lower net income. Insurance in 2015 of ₱64.4 million were lower than 14.1% compared to ₱74.9 million in 2014 due to lower property insurance premiums. Professional fees in 2015 went down by 8.9% to ₱47.7 million from ₱52.4 million in 2014. General transport costs dropped by 48.5% to ₱21.5 million in 2015 from ₱41.8 million in 2014 on account of lower trucking costs in Inland Clearance Depot. Other expenses in 2015 totaled ₱221.9 million, down by 2.5% from P227.7 million last year due to lower claims and travel expenses.

Finance costs in 2015 amounted to ₱548.8 million, up by 1.5% from ₱540.5 million in 2014 due to increases in interest expense on port concession rights payable and defined benefit pension plans. Finance income increased by 59.8% to ₱51.5 million in 2015 from ₱32.2 million in 2014 due to higher interest rates for money market placements. Others-net in 2015 amounted to negative ₱71.9 million while in 2014, Others-net amounted to ₱181.3 million. This account includes unrealized forex losses of ₱35.4 million and ₱23.2 million in 2015 and 2014, respectively, resulting from revaluation of dollar-denominated concession rights payable. Also, this account includes fair value losses on a cash flow hedge of ₱99.5 million and ₱19.9 million in 2015 and 2014, respectively.

Income before income tax of ₱2,431.9 million in 2015 was lower by 8.6% compared to ₱2,660.7 million in 2014. Provision for income tax in 2015 decreased by12.4% to ₱664.7 million from ₱759.3 million in 2014.

Net income for the year ended December 31, 2015 was ₱1,767.2 million, 7.0% below than ₱1,901.3 million last year. Earnings per share was down to ₱0.88 in 2015 from ₱0.95 in 2014. Without the foreign exchange impact – as per accounting rules brought in since 2013 – net income would have been ₱1,858.6 million, 0.8% up from ₱1,843.9 million in 2014 on a like-for-like basis.

Plans for 2016

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

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

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

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

Consolidated Financial Condition

Total assets as of December 31, 2015 rose by 7.4% to ₱21,341.8 million from ₱19,870.7 million as of December 31, 2014. Total current assets as of December 31, 2015 grew by 10.9% to ₱5,237.6 million from ₱4,723.2 million as of December 31, 2014. Cash and cash equivalents of ₱4,118.8 million as of December 31, 2015 were higher by 14.2% compared to ₱3,606.9 million as of December 31, 2014. Trade and other receivables-net as of December 31, 2014 dropped by 26.4% to ₱352.4 million from ₱478.8 million as of December 31, 2014. Spare parts and supplies-net as of December 31, 2015 of ₱262.8 million increased by 35.3% from ₱194.3 million as of December 31, 2014 in support of operational requirements and equipment maintenance program. Prepaid expenses of ₱503.7 million as of December 31, 2015 went up by 13.6% from ₱443.2 million as of December 31, 2014.

Total non-current assets of ₱16,104.2 million as of December 31, 2015 were 6.3% higher compared to ₱15,147.5 million as of December 31, 2014. Property and equipment-net went up by 7.8% to ₱491.0 million as of December 31, 2015 from ₱455.6 million as of December 31, 2014. Additions to property and equipment which were not subject of the service concession arrangement totaled ₱141.5 million. Intangible assets-net increased by 5.4% to ₱14,934.3 million as of December 31, 2015 from ₱14,175.4 million as of December 31, 2014. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to ₱664.2 million in 2015. Deferred tax assets-net went up by 46.4% to ₱566.3 million as of December 31, 2015 from ₱386.9 million as of December 31, 2014 resulting from the additional deferred tax on concession rights payable, cash flow hedge, and unrealized foreign exchange losses. Other noncurrent assets as of December 31, 2015 declined by 15.7% to ₱59.1 million from ₱70.2 million as of December 31, 2014 due to amortization of input taxes on additions to property and equipment and intangible assets.

Total liabilities went up by 7.3% to ₱10,594.1 million as of December 31, 2015 from ₱9,873.3 million as of December 31, 2014. Trade and other payables as of December 31, 2014 amounted to ₱1,414.3 million, 24.0% lower than ₱1,861.7 million as of December 31, 2014. Trade and other payables are covered by agreed payment schedules. Provision for claims rose by 5.5% to ₱53.5 million as of December 31, 2015 from ₱50.8 million as of December 31, 2014. Income and other taxes decreased by 6.9% to ₱195.0 million as of December 31, 2015 from ₱209.6 million as of December 31, 2014. Port concession rights payable (current and noncurrent) as of December 31, 2015 totaled ₱8,740.7 million, 14.6% below the ₱7,629.4 million as of December 31, 2014 due to contract renewal for Port of Batangas in October 2015 resulting to adoption of IFRIC 12. Pension liability as of December 31, 2015 of ₱190.6 million were higher by 56.4% compared to ₱121.8 million as of December 31, 2014.

Consolidated Cash Flows

Net cash provided by operating activities amounted to ₱2,794.1 million in 2015, lower by 11.6% vs. ₱3,162.6 million in 2014 due to lower operating income.

Net cash used in investing activities in 2015 of ₱746.4 million were lower by 22.5% compared to ₱963.0 million in 2014 on account of lower acquisitions of property and equipment and intangible assets.

Cash used in financing activities in 2015 of ₱1,536.6 million were 14.8% higher than the ₱1,338.6 million in 2014 due to higher dividends and payments of PPA fixed fees for the period. Cash dividends paid in 2015 amounted to ₱820.0 million while amount paid in 2014 was ₱700.0 million.

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

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

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

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

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

To be adopted on January 1, 2018

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

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

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

Other information:

- The Company's businesses are affected by the local and global trade environment. Factors that could cause actual results of the Company to differ materially include, but are not limited to:

  - material adverse change in the Philippine and global economic and industry conditions;
  - natural events (earthquake, typhoons and other major calamities); and
  - material changes in exchange rates.

- There was no known trend, event or uncertainty that had or may have a material impact on liquidity and on revenues or income from continuing operations. There was no known event that may cause a material change in the relationships between costs and revenues.
- There was no seasonal factor that had a material effect on the financial condition and results of operations.
- There was no event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- Except for the commitments and contingencies mentioned in Note 23 of the consolidated financial statements, the Company has no knowledge of any material off-balance sheet (statement of financial position) transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period that would address the past and would have material impact on future operations.
- Projected capital expenditures for 2016 is ₱3.8 billion, which includes yard and berth development as well as equipment acquisition. The capital expenditure will strengthen the Company's operations and capability to handle growth and will be sourced from internal funds.

Key Performance Indicators (KPIs)

KPIs discussed below were based on consolidated amounts as portions pertaining to the Company's subsidiary, ATI Batangas, Inc. (ATIB) were not material. As of end 2015:

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

Consolidated KPI	Manner of Calculation	2015	2014	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	15.5%	17.4%	Decrease resulted from lower income before other income (expense) during the period.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of the parent	17.0%	20.1%	Decrease due to lower net income.
Current ratio	Ratio of current assets over current liabilities	2.82 : 1.00	2.09 : 1.00	Increase due to higher current asset.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.99 : 1.00	1.99 : 1.00	
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.99 : 1.00	0.99 : 1.00	
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	8 days	12 days	Due to improved collection efforts.
Reportable Injury Frequency Rate (RIFR)[2]	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	1.63	1.95	Improved as a result of extensive safety campaign and strict implementation of HSES policies.

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

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

Summary of Selected Financial Data (in millions)

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of ASIAN TERMINALS, INC. AND A SUBSIDIARY (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

RASHED ALI HASSAN ABDULLA
Chairman of the Board

EUSEBIO H. TANCO
President

JOSE TRISTAN P. CARPIO
Chief Financial Officer

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying consolidated financial statements of Asian Terminals, Inc. and a Subsidiary, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2015, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Asian Terminals, Inc. and a Subsidiary as at December 31, 2015 and 2014, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2015, in accordance with Philippine Financial Reporting Standards.

R.G. MANABAT & CO.

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

February 24, 2016
Makati City, Metro Manila

ASIAN TERMINALS, INC. AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(AMOUNTS IN THOUSANDS)

		December 31	
	Note	**2015**	2014
ASSETS			
Current Assets			
Cash and cash equivalents	*6, 25*	**₱4,118,761**	₱3,606,926
Trade and other receivables - net	*7, 25*	**352,386**	478,795
Spare parts and supplies	*18*	**262,772**	194,263
Prepaid expenses	*8*	**503,676**	443,250
Total Current Assets		**5,237,595**	4,723,234
Noncurrent Assets			
Investment in an associate	*9*	**53,337**	59,374
Property and equipment - net	*10*	**491,030**	455,625
Intangible assets - net and goodwill	*11*	**14,934,326**	14,175,435
Deferred tax assets – net	*13*	**566,331**	386,883
Other noncurrent assets	*12*	**59,145**	70,179
Total Noncurrent Assets		**16,104,169**	15,147,496
		₱21,341,764	₱19,870,730
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*14, 20*	**₱1,414,259**	₱1,861,686
Provisions for claims	*15*	**53,539**	50,750
Port concession rights payable - current portion	*25*	**194,696**	134,029
Income and other taxes payable		**195,030**	209,567
Total Current Liabilities		**1,857,524**	2,256,032
Noncurrent Liabilities			
Port concession rights payable - net of current portion	*25*	**8,546,021**	7,495,409
Pension liability	*21*	**190,593**	121,829
Total Noncurrent Liabilities		**8,736,614**	7,617,238
		10,594,138	9,873,270
Equity			
Equity Attributable to Equity Holders of the Parent Company	*16*		
Capital stock		**₱2,000,000**	₱2,000,000
Additional paid-in capital		**264,300**	264,300
Retained earnings		**8,770,700**	7,841,267
Hedging reserve		**(286,578)**	(106,838)
Fair value reserve		**(5,820)**	(5,820)
		10,742,602	9,992,909
Non-controlling Interest		**5,024**	4,551
Total Equity		**10,747,626**	9,997,460
		₱21,341,764	₱19,870,730

See Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

(IN THOUSANDS, EXCEPT PER SHARE DATA)

			Years Ended December 31	
	Note	**2015**	2014	2013
REVENUES FROM OPERATIONS	*2*	**₱8,146,497**	₱8,241,095	₱6,573,492
GOVERNMENT SHARE IN REVENUES	*17*	**(1,409,195)**	(1,655,234)	(1,115,635)
		6,737,302	6,585,861	5,457,857
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	*18, 20, 21*	**(3,736,118)**	(3,598,186)	(2,955,283)
OTHER INCOME AND EXPENSES				
Finance income	*19*	**51,489**	32,217	53,408
Finance cost	*19*	**(548,784)**	(540,493)	(470,845)
Others – net	*19*	**(71,947)**	181,270	(426,847)
		(569,242)	(327,006)	(844,284)
CONSTRUCTION REVENUES	*11*	**664,250**	853,046	1,614,984
CONSTRUCTION COSTS	*11*	**(664,250)**	(853,046)	(1,614,984)
		-	-	-
INCOME BEFORE INCOME TAX		**2,431,942**	2,660,669	1,658,290
INCOME TAX EXPENSE	*13*			
Current		**760,851**	789,823	645,878
Deferred		**(96,105)**	(30,475)	(193,109)
		664,746	759,348	452,769
NET INCOME		**₱1,767,196**	₱1,901,321	₱1,205,521
Income Attributable to				
Equity Holders of the Parent Company		**₱1,764,167**	₱1,899,055	₱1,203,539
Non-controlling interest		**3,029**	2,266	1,982
		₱1,767,196	₱1,901,321	₱1,205,521
Basic/Diluted Earnings per Share Attributable to Equity Holders of the Parent Company	*22*	**₱0.88**	₱0.95	₱0.60

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(AMOUNTS IN THOUSANDS)

		Years Ended December 31		
	Note	**2015**	2014	2013
NET INCOME FOR THE YEAR		**₱1,767,196**	₱1,901,321	₱1,205,521
OTHER COMPREHENSIVE INCOME				
Item that will never be reclassified to profit or loss				
Actuarial gains (losses) on pension liability	*21*	**(21,037)**	(16,466)	101,848
Tax on item taken directly to equity	*13*	**6,311**	4,940	(30,554)
		(14,726)	(11,526)	71,294
Items that are or may be reclassified to profit or loss				
Cash flow hedge - effective portion		**(346,583)**	(167,881)	-
Cash flow hedge - reclassified to profit or loss		**89,811**	15,256	-
Tax on items taken directly to equity		**77,032**	45,787	-
	16	**(179,741)**	(106,838)	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR				
- Net of tax		**(194,467)**	(118,364)	71,294
TOTAL COMPREHENSIVE INCOME		**₱1,572,729**	₱1,782,957	₱1,276,815
Total Comprehensive Income Attributable to				
Equity Holders of the Parent Company		**₱1,569,692**	₱1,780,680	₱1,274,787
Non-controlling interest		**3,037**	2,277	2,028
		₱1,572,729	₱1,782,957	₱1,276,815

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(IN THOUSANDS, EXCEPT PER SHARE DATA)

		Years Ended December 31								
		Attributable to Equity Holders of the Parent Company								
				Retained Earnings						
	Note	**Capital Stock**	**Additional Paid-in Capital**	**Appropriated for Port Development**	**Unappropriated**	**Hedging Reserve**	**Fair Value Reserve**	**Total**	**Non-controlling Interest**	**Total Equity**
Balance at January 1, 2015		**₱2,000,000**	**₱264,300**	**₱4,700,000**	**₱3,141,267**	**(₱106,838)**	**(₱5,820)**	**₱9,992,909**	**₱4,551**	**₱9,997,460**
Cash dividends - P0.41 a share for ATI	*16*	**-**	**-**	**-**	**(820,000)**	**-**	**-**	**(820,000)**	**(830)**	**(820,830)**
Purchase of shares of subsidiary	*2*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,734)**	**(1,734)**
Reversal of appropriation of retained earnings	*16*	**-**	**-**	**(2,600,000)**	**2,600,000**					
Appropriations during the year	*16*	**-**	**-**	**4,000,000**	**(4,000,000)**	**-**	**-**	**-**	**-**	**-**
Net income for the year		**-**	**-**	**-**	**1,764,167**	**-**	**-**	**1,764,167**	**3,029**	**1,767,196**
Other comprehensive income:										
Actuarial loss - net of tax		**-**	**-**	**-**	**(14,734)**	**-**	**-**	**(14,734)**	**8**	**(14,726)**
Cash flow hedge - effective portion - net of tax	*16*	**-**	**-**	**-**	**-**	**(242,608)**	**-**	**(242,608)**	**-**	**(242,608)**
Cash flow hedge - reclassified to profit or loss - net of tax	*16*	**-**	**-**	**-**	**-**	**62,868**	**-**	**62,868**	**-**	**62,868**
Balance at December 31, 2015		**₱2,000,000**	**₱264,300**	**₱6,100,000**	**₱2,670,700**	**(₱286,578)**	**(₱5.820)**	**₱10,742,602**	**₱5,024**	**₱10,747,626**
Balance at January 1, 2014		₱2,000,000	₱264,300	₱4,700,000	₱1,953,749	P -	(₱5,820)	₱8,912,229	₱3,104	₱8,915,333
Cash dividends - ₱0.35 a share for ATI	*16*	-	-	-	(700,000)	-	-	(700,000)	(830)	(700,830)
Appropriations during the year	*16*	-	-	-	-	-	-	-	-	-
Net income for the year		-	-	-	1,899,055	-	-	1,899,055	2,266	1,901,321
Other comprehensive income:										
Actuarial loss - net of tax		-	-	-	(11,537)	-	-	(11,537)	11	(11,526)
Cash flow hedge - effective portion - net of tax	*16*	-	-	-	-	(117,517)	-	(117,517)	-	(117,517)
Cash flow hedge - reclassified to profit or loss - net of tax	*16*	-	-	-	-	10,679	-	10,679	-	10,679
Balance at December 31, 2014		₱2,000,000	₱264,300	₱4,700,000	₱3,141,267	(₱106,838)	(₱5,820)	₱9,992,909	₱4,551	₱9,997,460

		Years Ended December 31								
		Attributable to Equity Holders of the Parent Company								
				Retained Earnings						
	Note	Capital Stock	Additional Paid-in Capital	Appropriated for Port Development	Unappropriated	Hedging Reserve	Fair Value Reserve	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2013		₱2,000,000	₱264,300	₱1,000,000	₱5,093,143	₱ -	(₱5,820)	₱8,351,623	₱1,906	₱8,353,529
Prior period adjustments		-	-	-	(14,181)	-	-	(14,181)	-	(14,181)
Cash dividends - P0.35 a share for ATI	*16*	-	-	-	(700,000)	-	-	(700,000)	(830)	(700,830)
Appropriations during the year	*16*	-	-	3,700,000	(3,700,000)	-	-	-	-	-
Net income for the year		-	-	-	1,203,539	-	-	1,203,539	1,982	1,205,521
Other comprehensive income:										
Actuarial gain - net of tax		-	-	-	71,248	-	-	71,248	46	71,294
Balance at December 31, 2013		₱2,000,000	₱264,300	₱4,700,000	₱1,953,749	₱ -	(₱5,820)	₱8,912,229	₱3,104	₱8,915,333

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(AMOUNTS IN THOUSANDS)

	Note	2015	2014	2013
			Years Ended December 31	
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱2,431,942**	₱2,660,669	₱1,658,290
Adjustments for:				
Depreciation and amortization	*10, 11*	**944,926**	861,976	776,926
Finance cost	*19*	**548,784**	540,493	470,845
Net unrealized foreign exchange (gains) losses		**98,833**	(117,726)	523,061
Finance income	*19*	**(51,489)**	(32,217)	(53,408)
Contributions to retirement funds	*21*	**-**	-	(28,036)
Equity in net earnings of an associate	*9*	**(38,741)**	(34,618)	(29,333)
Loss (gain) on disposals of:				
Property and equipment		**(718)**	(2,279)	(7,288)
Intangible assets		**1,031**	(1,588)	-
Loss on retirement of:				
Property and equipment		**448**	-	-
Intangible assets		**-**	17,273	-
Amortization of noncurrent prepaid rental		**984**	984	984
Provisions for inventory obsolescence		**-**	10,434	-
Operating income before working capital changes		**3,936,000**	3,903,401	3,312,041
Decrease (increase) in:				
Trade and other receivables	*7*	**128,799**	(111,788)	(81,931)
Spare parts and supplies		**(68,509)**	(16,542)	4,476
Prepaid expenses	*8*	**(60,426)**	(41,098)	(178,577)
Increase (decrease) in:				
Trade and other payables	*14*	**(416,741)**	150,568	498,396
Provisions for claims	*15*	**2,789**	(1,310)	(29,808)
Income and other taxes payable		**10,452**	(3,778)	(8,359)
Cash generated from operations		**3,532,364**	3,879,453	3,516,238
Finance income received		**47,767**	29,053	53,664
Finance cost paid		**(154)**	(382)	(14,045)
Income tax paid		**(785,841)**	(745,558)	(644,001)
Net cash provided by operating activities		**2,794,136**	3,162,566	2,911,856
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	*10*	**(141,534)**	(163,471)	(82,619)
Intangible assets	*11*	**(664,250)**	(853,046)	(1,896,984)
Decrease in other noncurrent assets		**10,062**	20,457	12,801
Proceeds from disposals of:				
Property and equipment		**718**	2,332	27,334
Intangible assets		**2,507**	2,694	-
Decrease (increase) in deposits		**1,320**	(4,933)	(835)
Dividends received		**44,778**	32,957	37,614
Net cash used in investing activities		**(746,399)**	(963,010)	(1,902,689)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	*16*	**(820,000)**	(700,000)	(700,000)
Cash dividends to non-controlling interest		**(830)**	(830)	(830)
Purchase of shares of subsidiary		**(1,734)**	-	-
Port concession rights payable		**(714,008)**	(637,801)	(579,275)
Net cash used in financing activities		**(1,536,572)**	(1,338,631)	(1,280,105)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**511,165**	860,925	(270,938)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**670**	(4,115)	1,864
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*6*	**3,606,926**	2,750,116	3,019,190
CASH AND CASH EQUIVALENTS AT END OF YEAR	*6*	**₱4,118,761**	₱3,606,926	₱2,750,116

See Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

1. REPORTING ENTITY

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

P & O Management Services Phils., Inc. (POMS) manages ATI by virtue of a management agreement (see Note 20). Forty percent of the outstanding capital stock of POMS is owned by DP World Australia (POAL) Limited. POAL directly owns 17.32% of the total outstanding capital stock of ATI.

2. OPERATING CONTRACTS

Following are the Group's operating contracts:

a. South Harbor, Port of Manila

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

b. Port of Batangas

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

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

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

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

3. BASIS OF PREPARATION

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

The accompanying consolidated financial statements were authorized for issue by the Board of Directors (BOD) on February 24, 2016.

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

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

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

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of ATI and ATIB. ATIB is a 98.82% owned subsidiary. On August 4, 2015, ATI purchased 714 shares of ATIB, increasing its ownership to ATIB to 99.17% as at December 31, 2015. The financial statements of ATIB are prepared for the same financial reporting year as ATI, using uniform accounting policies for like transactions and other events in similar circumstances.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

The Group has adopted amendments to standards and interpretations, including any consequential amendments to other standards, with date of initial application of January 1, 2015.

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

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

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

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

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

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

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

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

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

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

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

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

  - Information should not be obscured by aggregating or by providing immaterial information.
  - Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.
  - The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.
  - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

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

Effective January 1, 2018

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

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

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

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

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

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

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

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

Effective January 1, 2019

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

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

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

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

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

<u>Financial Assets and Financial Liabilities</u>

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

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

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

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

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

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

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

The Group's cash and cash equivalents, trade and other receivables and deposits are included in this category (see Notes 6, 7, 12 and 25).

The combined carrying amounts of financial assets under this category amounted to ₱4.5 billion and ₱4.1 billion as at December 31, 2015 and 2014, respectively (see Note 25).

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

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

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

The carrying amount of financial assets under this category amounted to ₱2.7 million as at December 31, 2015 and 2014 (see Note 25).

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

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

The combined carrying amounts of financial liabilities under this category amounted to ₱10.2 billion and ₱9.5 billion as at December 31, 2015 and 2014, respectively (see Note 24).

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

<u>Derecognition of Financial Assets and Liabilities</u>
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.

<u>Impairment of Financial Assets</u>
The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

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

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

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

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

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

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

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

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

Offsetting Financial Instruments

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

Spare Parts and Supplies

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

Investment in a Subsidiary

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

Non-controlling Interest

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

Loss of Control

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

Investment in an Associate

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

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

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

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

Property and Equipment

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

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

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

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

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

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

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

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

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

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

Intangible Assets

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

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

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

Port concession rights consist of:

a. Upfront fees payments on the concession contracts;

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

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

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

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

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

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

<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 profit or loss in those expense categories consistent with the function of the impaired asset.

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

<u>Provisions</u>
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.

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

Additional Paid-in Capital
The amount of contribution in excess of par value is accounted for as "Additional paid-in capital." Additional paid-in capital also arises from additional capital contributions from the shareholders.

<u>Retained Earnings and Dividend Distribution</u>
Retained earnings include current and prior years' results, net of transactions with shareholders and dividends declared, if any.

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

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

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

- Revenues from cargo handling operations are recognized when services are rendered.

- Passenger terminal fees are recognized upon sale of terminal tickets.

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

- Other income is recognized when earned.

Construction Revenues and Costs
The Group recognizes revenue related to construction and upgrade of services under service concession arrangement based on the stage of completion of work performed in accordance with PAS 11, *Construction*

Contracts. The fair value of the construction and upgrade services provided is equal to the recorded cost of the intangible asset built up from day one until the construction activity ceases.

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

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

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

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

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

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

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

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

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

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

Employee Benefits

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Earnings Per Share (EPS)</u>
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.

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

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

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

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

<u>Contingencies</u>
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.

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

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

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

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

Rent expense charged to consolidated statements of income amounted to ₱150.3 million, ₱171.0 million and ₱92.4 million in 2015, 2014 and 2013, respectively (see Note 18).

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

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

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

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

The allowance for impairment losses amounted to ₱23.6 million as at December 31, 2015 and 2014. The carrying amounts of trade and other receivables amounted to ₱352.4 million and ₱478.8 million as at December 31, 2015 and 2014, respectively (see Note 7).

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

The carrying amounts of the provisions for claims amounted to ₱53.5 million and ₱50.8 million as at December 31, 2015 and 2014, respectively (see Note 15).

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

The carrying amount of property and equipment amounted to ₱491.0 million and ₱455.6 million as at December 31, 2015 and 2014, respectively (see Note 10). The carrying amount of intangible assets with definite useful lives amounted to ₱14.9 billion and ₱14.2 billion as at December 31, 2015 and 2014, respectively (see Note 11).

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

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

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

The carrying amount of investment in an associate amounted to ₱53.3 million and ₱59.4 million as at December 31, 2015 and 2014, respectively (see Note 9). There were no accumulated impairment losses as at December 31, 2015 and 2014 (see Notes 9, 10 and 11).

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

The carrying amount of goodwill amounted to ₱42.1 million as at December 31, 2015 and 2014 (see Note 11). There were no accumulated impairment losses as at December 31, 2015 and 2014.

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

There was no unrecognized deferred tax asset as at December 31, 2015 and 2014. The carrying amounts of deferred tax assets amounted to ₱594.8 million and ₱417.2 million as at December 31, 2015 and 2014, respectively (see Note 13).

Pension Cost. The determination of the obligation and cost for pension benefits is dependent on the selection of certain assumptions used by the Group and its actuary in calculating such amounts. Those assumptions are described in Note 21 to the consolidated financial statements and included among others, discount rate, expected rate of return on plan assets and salary increase rate. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's pension obligations.

Pension liability recognized by ATI as at December 31, 2015 and 2014 amounted to ₱179.6 million and ₱112.6 million, respectively. Pension liability recognized by ATIB as at December 31, 2015 and 2014 amounted to ₱11.0 million and ₱9.2 million, respectively (see Note 21).

Net Realizable Value of Inventories (NRV). In determining the NRV of inventories, the Group considers inventory obsolescence and other factors based on specific identification and as determined by management for inventories estimated to be unsaleable in the future. The Group adjusts the cost of inventories to its NRV at a level considered adequate to reflect any market decline in the value of the recorded inventories. The Group reviews, on a continuous basis, the product movements to identify inventories which are to be written-down to NRV. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in inventory obsolescence and market decline would increase recorded operating expenses and decrease current assets. As at December 31, 2015 and 2014, inventories amounted to ₱262.8 million and ₱194.3 million respectively. The carrying amount of inventories approximate its NRV as at December 31, 2015 and 2014.

6. CASH AND CASH EQUIVALENTS

	2015	2014
	(In Thousands)	
Cash on hand and in banks	**₱272,885**	₱293,522
Short-term investments	**3,845,876**	3,313,404
	₱4,118,761	₱3,606,926

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

7. TRADE AND OTHER RECEIVABLES

	Note	**2015**	2014
		(In Thousands)	
Trade receivables		**₱292,358**	₱361,309
Advances to officers and employees		**27,781**	27,140
Due from related parties	*20*	**16,760**	8,793
Receivable from escrow fund		**13,174**	13,174
Receivable from insurance		**6,012**	73,697
Interest receivable		**5,342**	2,952
Other receivables		**14,561**	15,332
		375,988	502,397
Allowance for impairment losses		**(23,602)**	(23,602)
		₱352,386	₱478,795

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

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

	Individually Impaired	Collectively Impaired	Total
		(In Thousands)	
Balance at January 1, 2014	₱2,958	₱20,644	₱23,602
Provisions during the year	6,297	-	6,297
Reversals during the year	-	(6,297)	(6,297)
Balance at December 31, 2014	**9,255**	**14,347**	**23,602**
Provisions during the year	8,206	-	8,206
Reversals during the year	-	(8,206)	(8,206)
Balance at December 31, 2015	**₱17,461**	**₱6,141**	**₱23,602**

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

2015

	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	**₱292,358**	**₱278,646**	**₱7,308**	**₱-**	**₱-**	**₱-**	**₱6,404**
Other receivables	**83,630**	**11,588**	**1,021**	**2,519**	**5,145**	**46,159**	**17,198**
	₱375,988	**₱290,234**	**₱8,329**	**₱2,519**	**₱5,145**	**₱46,159**	**₱23,602**

2014

	Total	Neither Past Due nor Impaired	Past Due but Not Impaired <30 Days	30-60 Days	61-90 Days	Over 90 Days	Past Due and Impaired
				(In Thousands)			
Trade receivables	₱361,309	₱331,912	₱14,769	₱-	₱-	₱-	₱14,628
Other receivables	141,088	13,086	11,495	72,361	3,625	31,547	8,974
	₱502,397	₱344,998	₱26,264	₱72,361	₱3,625	₱31,547	₱23,602

8. PREPAID EXPENSES

	Note	**2015**	2014
		(In Thousands)	
Taxes		**₱392,400**	₱312,198
Rental	*12*	**43,375**	83,631
Insurance		**45,549**	35,986
Advances to contractors		**14,344**	2,718
Advances to government agencies		**101**	2,690
Others		**7,907**	6,027
		₱503,676	₱443,250

9. INVESTMENT IN AN ASSOCIATE

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

	Note	**2015**	2014
		(In Thousands)	
Acquisition cost		**₱11,222**	₱11,222
Accumulated equity in net earnings:			
Balance at beginning of year		**48,152**	46,491
Equity in net earnings for the year	*19*	**38,741**	34,618
Dividends received during the year		**(44,778)**	(32,957)
		42,115	48,152
		₱53,337	₱59,374

The following table shows the summarized financial information of SCIPSI:

	2015*	2014*
	(In Thousands)	
Current assets	**₱117,882**	₱140,336
Noncurrent assets	**41,631**	23,098
Total assets	**₱159,513**	₱163,434
Current liabilities	**₱31,783**	₱16,520
Noncurrent liabilities	**3,842**	3,650
Total liabilities	**₱35,625**	₱20,170
Revenues	**₱273,706**	₱259,399
Expenses	**165,216**	162,455
Net income	**₱108,490**	₱96,944

** Based on unaudited financial statements*

Dividend income of ₱17.9 million, ₱9.0 million and ₱17.9 million was received in March 2015, June 2015, and December 2015, respectively. Dividend income of ₱16.1 million, ₱7.2 million, and ₱9.7 million was received in March 2014, June 2014, and September 2014, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. PROPERTY AND EQUIPMENT

The movements in this account are as follows:

2015

	Port Facilities and Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction In-progress	Total
			(In Thousands)			
Cost						
Balance at beginning of year	**₱58,529**	**₱534,887**	**₱344,782**	**₱145,305**	**₱65,054**	**₱1,148,557**
Additions	**15,201**	**19,889**	**53,356**	**21,354**	**31,734**	**141,534**
Disposals	**-**	**-**	**(13,875)**	**(8,949)**	**-**	**(22,824)**
Reclassifications	**301**	**-**	**20,046**	**1,401**	**(61,643)**	**(39,895)**
Retirements	**-**	**-**	**(22,280)**	**(700)**	**-**	**(22,980)**
Balance at end of year	**74,031**	**554,776**	**382,029**	**158,411**	**35,145**	**1,204,392**
Accumulated Depreciation and Amortization						
Balance at beginning of year	**47,655**	**326,426**	**231,639**	**87,212**	**-**	**692,932**
Additions	**5,313**	**14,410**	**29,917**	**18,482**	**-**	**68,122**
Disposals	**-**	**-**	**(13,875)**	**(8,949)**	**-**	**(22,824)**
Reclassifications	**-**	**-**	**(2,338)**	**-**	**-**	**(2,338)**
Retirements	**-**	**-**	**(22,208)**	**(322)**	**-**	**(22,530)**
Balance at end of year	**52,968**	**340,836**	**223,135**	**96,423**	**-**	**713,362**
Carrying amount	**₱21,063**	**₱213,940**	**₱158,894**	**₱61,988**	**₱35,145**	**₱491,030**

2014

	Port Facilities and Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction In-progress	Total
			(In Thousands)			
Cost						
Balance at beginning of year	₱55,416	₱521,032	₱287,381	₱117,454	₱12,551	₱993,834
Additions	2,818	13,855	54,371	33,991	58,436	163,471
Disposals	-	-	(2,537)	(6,211)	-	(8,748)
Reclassifications	295	-	5,567	71	(5,933)	-
Balance at end of year	58,529	534,887	344,782	145,305	65,054	1,148,557
Accumulated Depreciation and Amortization						
Balance at beginning of year	44,303	313,952	212,769	81,092	-	652,116
Additions	3,352	12,474	21,354	12,331	-	49,511
Disposals	-	-	(2,484)	(6,211)	-	(8,695)
Balance at end of year	47,655	326,426	231,639	87,212	-	692,932
Carrying amount	₱10,874	₱208,461	₱113,143	₱58,093	₱65,054	₱455,625

In 2015, the Group modified classification of some items of property and equipment that were identified as part of the concession arrangements with the Grantor. Accordingly, these items with a cost of ₱39.9 million were reclassified to intangible assets (see Note 11).

11. INTANGIBLE ASSETS AND GOODWILL

The movements in this account are as follows:

2015

	Port Concession Rights					
	Upfront Fees	Fixed Government Share	Port Infrastructure	Subtotal	Goodwill	Total
			(In Thousands)			
Cost						
Balance at beginning of year	**₱282,000**	**₱8,342,270**	**₱11,833,032**	**₱20,457,302**	**₱42,060**	**₱20,499,362**
Additions	**-**	**937,424**	**664,250**	**1,601,674**	**-**	**1,601,674**
Disposals	**-**	**-**	**(140,666)**	**(140,666)**	**-**	**(140,666)**
Reclassifications	**-**	**-**	**39,897**	**39,897**	**-**	**39,897**
Retirements	**-**	**-**	**(178)**	**(178)**	**-**	**(178)**
Balance at end of year	**282,000**	**9,279,694**	**12,396,335**	**21,958,029**	**42,060**	**22,000,089**
Accumulated Depreciation and Amortization						
Balance at beginning of year	**18,254**	**1,696,697**	**4,608,976**	**6,323,927**	**-**	**6,323,927**
Additions	**11,280**	**316,290**	**549,234**	**876,804**	**-**	**876,804**
Disposals	**-**	**-**	**(137,128)**	**(137,128)**	**-**	**(137,128)**
Reclassifications	**-**	**-**	**2,338**	**2,338**	**-**	**2,338**
Retirements	**-**	**-**	**(178)**	**(178)**	**-**	**(178)**
Balance at end of year	**29,534**	**2,012,987**	**5,023,242**	**7,065,763**	**-**	**7,065,763**
Carrying amount	**₱252,466**	**₱7,266,707**	**₱7,373,093**	**₱14,892,266**	**₱42,060**	**₱14,934,326**

2014

	Port Concession Rights					
	Upfront Fees	Fixed Government Share	Port Infrastructure	Subtotal	Goodwill	Total
			(In Thousands)			
Cost						
Balance at beginning of year	₱282,000	₱8,342,270	₱11,091,944	₱19,716,214	₱42,060	₱19,758,274
Additions	-	-	853,046	853,046	-	853,046
Disposals	-	-	(62,268)	(62,268)	-	(62,268)
Retirements	-	-	(49,690)	(49,690)	-	(49,690)
Balance at end of year	282,000	8,342,270	11,833,032	20,457,302	42,060	20,499,362
Accumulated Depreciation and Amortization						
Balance at beginning of year	6,974	1,403,844	4,194,223	5,605,041	-	5,605,041
Additions	11,280	292,853	508,332	812,465	-	812,465
Disposals	-	-	(61,162)	(61,162)	-	(61,162)
Retirements	-	-	(32,417)	(32,417)	-	(32,417)
Balance at end of year	18,254	1,696,697	4,608,976	6,323,927	-	6,323,927
Carrying amount	₱263,746	₱6,645,573	₱7,224,056	₱14,133,375	₱42,060	₱14,175,435

No borrowing costs were capitalized in 2015 and 2014. The unamortized capitalized borrowing costs as at December 31, 2015 and 2014 amounted to ₱88.2 million and ₱93.3 million, respectively.

Goodwill

Key Assumptions

In testing impairment of goodwill, the recoverable amount of ATIB is the value in use, which has been determined by calculating the present value of cash flow projections from the operations of ATIB. The average revenue growth rate assumption used was 5%. The discount rate applied to cash flow projections is 5.00% in 2015 and 5.52% in 2014 based on the industry's weighted average cost of capital (WACC).

Sensitivity to Changes in Assumptions

The estimated recoverable amount of ATIB exceeds its carrying amount by approximately ₱2.4 billion and ₱719.5 million in 2015 and 2014, respectively. Management has identified that earnings before interest and tax and discount rates are the key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount.

12. OTHER NONCURRENT ASSETS

	Note	2015	2014
		(In Thousands)	
Deposits	*25*	**₱32,886**	₱32,874
Taxes		**19,341**	29,402
Rental		**4,266**	5,251
AFS financial assets	*25*	**2,652**	2,652
		₱59,145	₱70,179

Taxes pertain to noncurrent portion of the value-added input tax on capital goods exceeding ₱1 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 ₱9.3 million and ₱7.9 million as at December 31, 2015 and 2014, respectively. The difference between the original amount of noninterest-bearing rental deposits and their present values at "Day 1" qualified for recognition as prepaid rental. The prepaid rental (included in current and noncurrent prepayment) amounted to ₱5.2 million and ₱6.2 million as at December 31, 2015 and 2014, respectively.

The current portion of such prepaid rental, presented under "Prepaid expenses - rental" amounted to ₱1.0 million as at December 31, 2015 and 2014, respectively (see Note 8).

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

13. INCOME TAX

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

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

The movements in deferred tax balances are as follows:

2015	Note	Net Balance at January 1	Recognized in Profit or Loss	Recognized in OCI	December 31 Deferred Tax Assets	Deferred Tax Liabilities	Net
Port concession rights payable related to fixed government share	*25*	**₱223,407**	**₱52,079**	**₱-**	**₱275,486**	**₱-**	**₱275,486**
Cash flow hedge		**45,787**	**-**	**77,032**	**122,819**	**-**	**122,819**
Unrealized foreign exchange loss - net		**67,831**	**28,414**	**-**	**96,245**	**-**	**96,245**
Pension liability	*21*	**38,939**	**13,045**	**6,311**	**58,295**	**-**	**58,295**
Provisions for claims		**15,225**	**837**	**-**	**16,062**	**-**	**16,062**
Excess of cost over net realizable value of spare parts and supplies		**11,469**	**-**	**-**	**11,469**	**-**	**11,469**
Impairment losses on receivables	*7*	**6,798**	**-**	**-**	**6,798**	**-**	**6,798**
Accrued operating lease		**5,645**	**(28)**	**-**	**5,617**	**-**	**5,617**
Rental deposit	*8, 12*	**2,110**	**(104)**	**-**	**2,006**	**-**	**2,006**
Unamortized capitalized borrowing costs and custom duties		**(30,328)**	**1,862**	**-**	**-**	**(28,466)**	**(28,466)**
Net tax assets (liabilities)		**₱386,883**	**₱96,105**	**₱83,343**	**₱594,797**	**(₱28,466)**	**₱566,331**

2014	Note	Net Balance at January 1	Recognized in Profit or Loss	Recognized in OCI	December 31 Deferred Tax Assets	Deferred Tax Liabilities	Net
Port concession rights payable related to fixed government share	25	₱171,557	₱51,850	₱-	₱223,407	-	₱223,407
Cash flow hedge		-	-	45,787	45,787	-	45,787
Unrealized foreign exchange loss - net		96,631	(28,800)	-	67,831	-	67,831
Pension liability	21	30,205	3,794	4,940	38,939	-	38,939
Provisions for claims		15,618	(393)	-	15,225	-	15,225
Excess of cost over net realizable value of spare parts and supplies		8,339	3,130	-	11,469	-	11,469
Impairment losses on receivables	7	6,798	-	-	6,798	-	6,798
Accrued operating lease		6,631	(986)	-	5,645	-	5,645
Rental deposit	8, 12	2,157	(47)	-	2,110	-	2,110
Unamortized capitalized borrowing costs and custom duties		(32,255)	1,927	-	-	(30,328)	(30,328)
Net tax assets (liabilities)		₱305,681	₱30,475	₱50,727	₱417,211	(₱30,328)	₱386,883

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

14. TRADE AND OTHER PAYABLES

	Note	2015	2014
		(In Thousands)	
Trade		**₱121,876**	₱115,591
Accrued expenses:			
Personnel costs		**154,467**	166,479
Finance costs		**147,357**	135,806
Marketing, commercial and promotion		**54,033**	67,958
Repairs and maintenance		**41,919**	33,350
Rental	23	**38,795**	72,845
Corporate social responsibility		**30,036**	27,052
Security expenses		**19,686**	24,931
Professional fees		**13,773**	13,043
Utilities		**9,832**	14,416
Professional fees		**13,773**	13,043
Safety and environment		**1,294**	4,677
Miscellaneous accurred expenses		**72,216**	83,182
Due to government agencies	23	**388,471**	510,585
Equipment acquisitions		**157,739**	458,555
Shippers' and brokers' deposits		**76,411**	75,189
Due to related parties	20	**8,676**	8,943
Other Payables		**77,678**	49,084
		₱1,414,259	₱1,861,686

Following are the terms and conditions of the above liabilities:

- Trade payables are non interest-bearing and are normally settled on 30 to 60-day terms.
- Accrued finance costs are normally settled quarterly and semi-annually throughout the financial year.
- Other payables are non interest-bearing and are normally settled within twelve months from inception date.

15. PROVISIONS FOR CLAIMS

	2015	2014
	(In Thousands)	
Balance at beginning of year	**₱50,750**	₱52,060
Provisions during the year	**7,402**	8,485
Payments during the year	**(4,613)**	(9,795)
Balance at end of year	**₱53,539**	₱50,750

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

16. EQUITY

Pursuant to the registration statement rendered effective by the SEC and permit to sell issued by the SEC both dated April 7, 1995, 1 billion common shares of the Parent Company were registered and may be offered for sale at an offer price of ₱5.10 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 ₱1.00 per common share. As at December 31, 2015, the Parent Company has a total of 2 billion issued and outstanding common shares and 853 stockholders.

Capital Stock - ₱1 Par Value
The Parent Company has 2 billion issued and fully paid capital stock, from its 4 billion authorized common shares, as at December 31, 2015 and 2014, respectively.

Retained Earnings
The balance of the Group's retained earnings includes a subsidiary and an associate's undistributed net earnings of ₱94.6 million and ₱63.9 million as at December 31, 2015 and 2014, respectively, which are available for distribution only upon declaration of dividends by such subsidiary and associate to the Parent Company. Cash dividends are distributed yearly since 2000.

On April 23, 2015, the BOD approved the declaration of cash dividends amounting to ₱820 million or ₱0.41 per share payable on June 10, 2015 to common shareholders of record as at May 15, 2015.

On April 24, 2014, the BOD approved the declaration of cash dividends amounting to ₱700 million or ₱0.35 per share payable on June 6, 2014 to common shareholders of record as at May 13, 2014.

On December 18, 2015, the Group's BOD approved the reversal to the unappropriated retained earnings of the amount of ₱2.6 billion out of the already approved appropriation of ₱4.7 billion, for capital expenditure for 2014 and 2015. Furthermore, the Group's BOD approved an appropriation of the retained earnings amounting to ₱4.0 billion for capital expenditures which include yard and berth development as well as equipment acquisition over the next 2 years. The Groups' BOD also approved on the same date a budget amounting to ₱9.4 billion for capital expenditures which include yard and berth development as well as construction of new facilities and equipment acquisition over the next 3 years. The capital expenditure will strengthen the Company's operations and capability to handle growth. The three-year capital expenditures will be sourced from internal funds.

Fair Value Reserve
Fair value reserve amounting to ₱5.8 million as at December 31, 2015 and 2014, respectively, represents unrealized loss on AFS financial assets.

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

As at December 31, 2015 and 2014, the effective fair value changes of the Group's cash flow hedge that was recognized in other comprehensive income amounted to ₱286.6 million and ₱106.8 million, respectively, net of tax.

17. GOVERNMENT SHARE IN REVENUES

This account consist of port authorities' share in revenues of the Group as stipulated in agreements, with port authorities where the Group operates (Note 2). Port authorities share in gross revenues includes variable government share amounting to ₱1.4 billion and ₱1.7 billion in 2015 and 2014 respectively (see Notes 18 and 23).

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

18. COST AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUE

This account consists of:

	Note	2015	2014	2013
			(In Thousands)	
Labor costs	*20, 21*	**₱1,091,422**	₱978,932	₱869,073
Depreciation and amortization	*10, 11*	**944,926**	861,976	776,926
Equipment running		**482,841**	541,581	480,051
Taxes and licenses		**279,253**	215,561	168,980
Facilities-related expenses		**161,622**	159,847	141,467
Security, health, environment and safety		**160,190**	152,429	97,035
Rental	*23*	**150,295**	171,012	92,413
Management fees	*20*	**105,230**	115,949	85,225
Insurance		**64,393**	74,944	78,490
Professional fees		**47,746**	52,438	27,134
General transport		**21,532**	41,778	44,337
Entertainment, amusement and recreation		**4,730**	3,998	4,134
Others		**221,938**	227,741	90,018
		₱3,736,118	₱3,598,186	₱2,955,283

Labor costs include salaries, benefits and pension expense.

Spare parts and supplies used and included under equipment running amounted to ₱141.9 million, ₱169.0 million, and ₱149.9 million in 2015, 2014 and 2013, respectively.

19. OTHER INCOME AND EXPENSES

Finance cost is broken down as follows:

	Note	2015	2014	2013
			(In Thousands)	
Interest on port concession rights payable	*4*	**₱543,141**	₱537,638	₱463,856
Interest component of pension expense	*21*	**5,490**	2,473	6,429
Interest on bank loans/credit facilities		**153**	382	560
		₱548,784	₱540,493	₱470,845

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

Finance income is broken down as follows:

	Note	2015	2014	2013
			(In Thousands)	
Interest on cash in banks and short-term investments	*6*	**₱50,140**	₱30,964	₱52,195
Accretion of rental deposits	*23*	**1,349**	1,253	1,213
		₱51,489	₱32,217	₱53,408

Others consist of the following:

	Note	2015	2014	2013
			(In Thousands)	
Equity in net earnings of an associate	*9*	**₱38,741**	₱34,618	₱29,333
Lease and other income - net		**9,718**	5,485	38,718
Management income	*20*	**7,260**	6,999	6,418
Foreign exchange gains - others		**6,872**	463	11,066
Income from insurance claims		**354**	54,878	4,761
Foreign exchange gains (losses) - port concession rights payable		**(35,391)**	98,684	(517,143)
Foreign exchange losses - cash flow hedge		**(99,501)**	(19,857)	-
		(₱71,947)	₱181,270	(₱426,847)

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

20. RELATED PARTY TRANSACTIONS

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

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

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

B. The Parent Company and its subsidiary have separate, noncontributory, defined benefit retirement plans covering all its regular employees, in the form of a trust being maintained by a trustee bank. The benefits are based on the employee's years of service and final plan salary. No contributions were made in 2015 and 2014 (see Note 21).

C. The Parent Company's management agreement with POMS was renewed on September 1, 2010 for another five years until August 31, 2015. The terms of the agreement provide for the payment of a monthly management fee equivalent to 5% of ATI's consolidated income before income tax of the immediately preceding month. On August 20, 2015, the Parent Company's management decided to renew its contract with POMS for another five years until August 31, 2020.

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

Category/ Transaction	Ref	Year	Amount of the Transaction	Outstanding Balance Due from Related Parties	Outstanding Balance Due to Related Parties	Terms	Conditions
			(In Thousands)				
Associate							
▪ Management income	A	**2015**	**₱7,260**	**₱984**	**₱-**	**Payable on demand**	**Unsecured; no impairment**
		2014	6,999	693	-	Payable on demand	Unsecured; no impairment
Post Employment Benefit Plan							
▪ Retirement fund	B	**2015**	**34,736**	**15,434**	**-**	**Payable on demand**	**Unsecured; no impairment**
		2014	30,336	7,798	-	Payable on demand	Unsecured; no impairment
Others							
▪ Management fees	C	**2015**	**105,230**	**-**	**8,676**	**Payable within ten (10) days of the following month**	**Unsecured**
		2014	115,949	-	8,943	Payable within ten (10) days of the following month	Unsecured
▪ Advances	D	**2015**	**2,389**	**342**	**-**	**Payable on demand**	**Unsecured; no impairment**
		2014	3,045	302	-	Payable on demand	Unsecured; no impairment
TOTAL		**2015**		**₱16,760**	**₱8,676**		
TOTAL		2014		₱8,793	₱8,943		

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

	2015	2014
	(In Thousands)	
Short-term employee benefits	**₱172,066**	₱156,501
Post-employment benefits	**10,570**	8,335
	₱182,636	₱164,836

21. PENSIONS

The Group's latest actuarial valuation reports are dated December 31, 2015. Valuations are obtained on a periodic basis. The following tables summarize the components of pension expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated statements of financial position for the plans of ATI and ATIB:

Pension Expense

	ATI 2015	ATI 2014	ATI 2013	ATIB 2015	ATIB 2014	ATIB 20123
			(In Thousands)			
Current service cost	**₱39,501**	₱34,873	₱37,768	**₱2,736**	₱2,043	₱2,138
Interest cost on defined benefit obligation	**26,022**	24,781	29,761	**1,765**	1,857	2,170
Interest income on plan assets	**(20,909)**	(22,710)	(23,954)	**(1,388)**	(1,455)	(1,548)
Net pension expense	**₱44,614**	₱36,944	₱43,575	**₱3,113**	₱2,445	₱2,760

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

Pension Liability as at December 31

	ATI 2015	ATI 2014	ATIB 2015	ATIB 2014
		(In Thousands)		
Present value of pension obligations	**(₱603,253)**	(₱573,183)	**(₱40,609)**	(₱39,247)
Fair value of plan assets	**423,663**	460,559	**29,606**	30,042
Pension liability	**(₱179,590)**	(₱112,624)	**(₱11,003)**	(₱9,205)

Changes in the Present Value of Pension Obligations

	ATI 2015	ATI 2014	ATIB 2015	ATIB 2014
		(In Thousands)		
Present value of pension obligations at beginning of year	**₱573,183**	₱534,656	**₱39,247**	₱38,652
Current service cost	**39,501**	34,873	**2,736**	2,043
Interest cost	**26,022**	24,781	**1,765**	1,857
Benefits paid	**(30,226)**	(29,340)	**(56)**	(1,870)
Actuarial (gain) loss	**(5,227)**	8,213	**(3,083)**	(1,435)
Present value of pension obligations at end of year	**₱603,253**	₱573,183	**₱40,609**	₱39,247

Changes in the Fair Value of Plan Assets

	ATI		ATIB	
	2015	2014	**2015**	2014
		(In Thousands)		
Fair value of plan assets at beginning of year	**₱460,559**	₱476,814	**₱30,042**	₱30,520
Actual return on plan assets:				
Interest income	**20,909**	22,710	**1,388**	1,455
Remeasurement loss on plan assets	**(27,579)**	(9,625)	**(1,768)**	(63)
Benefits paid	**(30,226)**	(29,340)	**(56)**	(1,870)
Fair value of plan assets at end of year	**₱423,663**	₱460,559	**₱29,606**	₱30,042

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

	ATI		ATIB	
	2015	2014	**2015**	2014
		(In Thousands)		
Actuarial gain (loss) due to increase in pension obligations	**P5,227**	(₱8,213)	**₱3,083**	₱1,435
Remeasurement gain (loss) on plan assets	**(27,579)**	(9,625)	**(1,768)**	(63)
	(₱22,352)	(₱17,838)	**₱1,315**	₱1,372

The cumulative amount of actuarial losses recognized in the consolidated statements of changes in equity is P66.2 million and P45.2 million as at December 31, 2015 and 2014, respectively.

Plan Assets

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

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

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

The Group's plan assets consist of the following:

	ATI		ATIB	
	2015	2014	**2015**	2014
		(In Thousands)		
Cash and cash equivalents	**₱77,318**	₱28,073	**₱8,590**	₱584
Investment in UITF	**5,343**	19,848	**408**	3,788
Equity instruments	**62,384**	55,405	**4,363**	3,561
Investment in government securities	**273,587**	336,785	**15,654**	20,472
Debt instruments	**2,294**	2,252	**363**	338
Other receivables	**2,737**	18,196	**228**	1,299
	₱423,663	₱460,559	**₱29,606**	₱30,042

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

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

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

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

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

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

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

Maturity analysis of the benefit payments:

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

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

Sensitivity Analysis

As at December 31, 2015, the reasonably possible changes to the relevant actuarial assumptions holding other assumptions constant, would have affected the defined benefit obligation by the amounts below:

	ATI		**ATIB**	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	₱551,142	₱663,841	₱36,122	₱45,932
Salary increase rate	659,794	553,503	45,613	36,290

The Group expects to pay ₱60.7 million in contributions to defined benefit plans in 2016.

22. EARNINGS PER SHARE (EPS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

Basic EPS is computed as follows:

	2015	2014	2013
(a) Net income attributable to Equity Holders of the Parent Company (in thousands)	**₱1,764,167**	₱1,899,055	₱1,203,539
(b) Weighted average number of common shares outstanding (in thousands)	**2,000,000**	2,000,000	2,000,000
Basic/diluted EPS attributable to Equity Holders of the Parent Company (a/b)	**₱0.88**	₱0.95	₱0.60

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

23. COMMITMENTS AND CONTINGENCIES

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

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

i. In accordance with the Investment Plan which was revised in December 2014 pursuant to the Third Supplement to the Cargo Handling Contract, the Parent Company has committed to invest US$385.7 million from 2010 to 2028, for the rehabilitation, development and expansion of the South Harbor facilities. The commitment is dependent on container volume. The Investment Plan is subject to joint review every two (2) years, or as often as necessary as mutually agreed, to ensure that the same conforms to actual growth levels, taking into account introduction of new technologies and allowing the Parent Company the opportunity of a fair return on investment.

ii. Government Share

- For storage operations, the Parent Company shall pay an annual fixed government share of ₱55 million payable quarterly and a government share of 30% of its annual gross storage revenue in excess of ₱273 million.

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

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

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

b. The Parent Company is authorized by the PPA to render cargo handling services at the Container Terminal "A-1," Phase 2 at the Port of Batangas for 25 years starting July 1, 2010. For arrastre operations, the Parent Company shall pay an annual fixed 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 remit annual variable government share based on committed yearly percentage share multiplied by whichever is higher of the projected gross income in the bid proposal or actual gross income.

c. ATI and ATIB are authorized by the PPA to render cargo handling and passenger services, supply base operations, porterage services, berth management, parking services, passenger terminal retail outlets, weighbridge or weighing operations, water supply services, vehicle booking system, security services, and leasing/sub-leasing of areas and facilities in the Port of Batangas Phase 1 from October 1, 2015 until September 30, 2025. For these operations, ATI and ATIB shall pay a fixed fee amount of ₱112.7 million for the first 3 years, which shall escalate by 5% and 4% on the 4th and 5th years and 3% for the remaining 5 years. In addition, ATI and ATIB shall remit annual volume-triggered government share of 10% and 20% for domestic cargoes and passenger terminal fees and for foreign cargoes, respectively, once defined threshold volumes are met.

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

d. ATIB is authorized by the PPA to render arrastre, stevedoring, storage, related cargo handling services and passenger terminal services at the Port of Batangas Phase 1 from October 20, 2005 until October 19, 2015. For domestic cargo operations, ATIB shall remit government share of 10% of its domestic cargo revenues. For foreign cargo operations, ATIB shall remit government share of 20% of its foreign cargo revenues. For the Fast Craft Passenger Terminal (Passenger Terminal Building 3) operation, ATIB shall pay a monthly fixed government share of ₱0.4 million, subject to a yearly escalation of 5%.

e. The Parent Company has a 5-year lease agreement with PPA effective April 3, 2012 covering a land adjacent to the CFS area of the Container Terminal "A-1" with a monthly lease rental of ₱0.4 million, subject to a yearly escalation of 5%.

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

	2015	2014
	(In Thousands)	
Within one year	**₱5,766**	₱5,491
After one year but not more than five years	**1,459**	7,225
	₱7,225	₱12,716

f. The Parent Company has a 25-year lease agreement until April 2021 covering the land in Calamba, Laguna to be used exclusively as an Inland Container Depot for which the Parent Company pays an annual rental of ₱10.7 million, subject to an escalation of 7% once every two years. The future minimum rentals payable under operating leases as at December 31 are as follows:

	2015	2014
	(In Thousands)	
Within one year	**₱13,330**	₱12,342
After one year but not more than five years	**57,670**	55,452
After more than five years	**15,548**	31,096
	₱86,548	₱98,890

g. The Parent Company has a 5-year lease contract commencing on February 1, 2011 over two parcels of land located in Sta. Mesa, City of Manila with a monthly lease rental of ₱0.4 million, subject to an escalation of 7% once every two years. This land is being exclusively used as an off-dock container depot.

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

	₱015	2014
	(In Thousands)	
Within one year	**₱458**	₱5,286
After one year but not more than five years	**-**	458
	₱458	₱5,744

h. ATIB has a lease agreement with PPA until October 19, 2015 covering the Passenger Terminal Building 1 and an adjacent open area at the Port of Batangas Phase 1 to be used for the purpose of operating a supply base for companies engaged in oil and gas exploration, and for which ATIB pays an annual rental of ₱9.4 million.

As at December 31, 2015 and 2014, the Company has outstanding commitments for future minimum lease payments under the above operating lease, which fall due as follows:

	2015	2014
	(In Thousands)	
Within one year	**₱-**	₱7,845
After one year but not more than five years	**-**	-
	₱-	₱7,845

i. ATIB has 6-year agreement with PPA until October 20, 2015 for the management and operation of specified areas at the Port of Batangas Phase 1 which includes the Passenger Terminal Building 2 (PTB2), for which ATIB pays an annual fixed fee of ₱4 million, subject to a yearly escalation of 5%, and remits 10% of the terminal fees collected from PTB2 passengers.

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

	2015	2014
	(In Thousands)	
Within one year	**₱-**	₱10,710
After one year but not more than five years	**-**	-
	₱-	₱10,710

j. The Parent Company has a 2.5-year lease agreement until December 31, 2016, covering the land in Lawa, Calamba, to be used exclusively for warehousing and logistics purposes with a monthly lease rental of ₱2.75 million.

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

	2015	2014
	(In Thousands)	
Within one year	**₱33,000**	₱33,000
After one year but not more than five years	**16,500**	49,500
	₱49,500	₱82,500

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

24. FINANCIAL RISK AND CAPITAL MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest Rate Risk

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

As at December 31, 2015 and 2014, the interest rate profile of the Group's interest bearing financial instrument is as follows:

	2015	2014
	(In Thousands)	
Fixed Rate Instruments		
Cash and cash equivalents	**₱4,116,282**	₱3,600,303

Fair Value Sensitivity Analysis for Fixed Rate Instruments

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

Liquidity Risk

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

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

As at				**Contractual Cash Flows**			
December 31, 2015	**Carrying Amount**	**On Demand**	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**> 5 Years**	**Total**
				(In Thousands)			
Trade and other payables	**₱1,414,259**	**₱827,114**	**₱239,675**	**₱347,470**	**₱-**	**₱-**	**₱1,414,259**
Port concession rights payable	**8,740,717**	**-**	**192,590**	**577,769**	**3,937,768**	**10,786,919**	**15,495,046**
Total	**₱10,154,976**	**₱827,114**	**₱432,265**	**₱925,239**	**₱3,937,768**	**₱10,786,919**	**₱16,909,305**

As at				Contractual Cash Flows			
December 31, 2014	Carrying Amount	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
				(In Thousands)			
Trade and other payables	₱1,861,686	₱1,129,022	₱269,713	₱462,951	₱-	₱-	₱1,861,686
Port concession rights payable	7,629,438	-	164,415	493,244	3,339,738	10,379,669	14,377,066
Total	₱9,491,124	₱1,129,022	₱434,128	₱956,195	₱3,339,738	₱10,379,669	₱16,238,752

Credit Risk

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

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

Financial information on the Group's maximum exposure to credit risk as at December 31, 2015 and 2014, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	Note	**2015**	2014
			(In Thousands)
Cash and cash equivalents	*6*	**₱4,116,282**	₱3,600,303
Trade and other receivables – net	*7*	**352,386**	478,795
Deposits	*12*	**32,886**	32,874
AFS financial assets	*12*	**2,652**	2,652
		₱4,504,206	₱4,114,624

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

Foreign Currency Risk

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

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

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

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

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

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

	2015	2014
		(In Thousands)
Assets		
Cash and cash equivalents	**US$1,790**	US$2,347
Trade and other receivables	**142**	416
	1,932	2,763
Liabilities		
Trade and other payables	**2,219**	4,775
Port concession rights payable	**152,203**	154,882
	154,422	159,657
Net foreign currency-denominated liabilities	**(US$152,490)**	(US$156,894)
Peso equivalent	**(₱7,176,179)**	(₱7,016,300)

The exchange rates applicable for US dollar as at December 31, 2015 and 2014 are ₱47.06 and ₱44.72, respectively.

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

Increase/Decrease in U.S. dollar Exchange Rate		Effect on Income Before Income Tax	Effect on Equity
		(In Thousands, Except Percentages)	
2015			
	+5%	**(₱358,809)**	**(₱251,166)**
	-5%	**358,809**	**251,166**
2014			
	+5%	(350,815)	(245,570)
	-5%	350,815	245,570

Capital Management

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

The Group considers capital to include capital stock, additional paid-in capital, retained earnings, fair value reserve and hedging reserve. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes from prior year.

The Group is not subject to externally imposed capital requirements.

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

	Note	2015	2014
		(In Thousands)	
Capital stock		**₱2,000,000**	₱2,000,000
Additional paid-in capital		**264,300**	264,300
Retained earnings		**8,770,700**	7,841,267
Hedging reserve	16	**(286,578)**	(106,838)
Fair value reserve		**(5,820)**	(5,820)
Total		**₱10,742,602**	₱9,992,909

25. FINANCIAL INSTRUMENTS

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

		2015		2014	
	Note	**Carrying Amount**	**Fair Values**	Carrying Amount	Fair Values
			(In Thousands)		
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	6	**₱4,118,761**	**₱4,118,761**	₱3,606,926	₱3,606,926
Trade and other receivables - net	7	**352,386**	**352,386**	478,795	478,795
Deposits	12	**32,886**	**40,679**	32,875	41,368
		4,504,033	**4,511,826**	4,118,596	4,127,089
AFS financial assets	12	**2,652**	**2,652**	2,652	2,652
		₱4,506,685	**₱4,514,478**	₱4,121,248	₱4,129,741
Financial Liabilities					
Other financial liabilities					
Trade and other payables	14	**₱1,414,259**	**₱1,414,259**	₱1,861,686	₱1,861,686
Port concession rights payable		**8,740,717**	**10,416,690**	7,629,438	9,067,037
		₱10,154,976	**₱11,830,949**	₱9,491,124	₱10,928,723

Fair Value of Financial Instruments
The fair values of cash and cash equivalents, trade and other receivables, trade and other payables port concession rights payable are approximately equal to their carrying amounts due to their relatively short-term nature.

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

For noninterest-bearing deposits, the fair value is estimated as the present value of all future cash flows discounted using the prevailing market rate on interest for a similar instrument. The discount rates used are 4.1% in 2015 and 4.0% in 2014.

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

Fair Value Hierarchy
The table below presents the fair value heirarchy of the Group's financial instruments:

As at December 31, 2015	***Note***	**Level 1**	**Level 2**	**Level 3**
			(In Thousands)	
AFS financial assets	12	**₱933**	**₱-**	**₱1,719**
Port concession rights payable		**-**	**10,416,690**	**-**
		₱933	**₱10,416,690**	**₱1,719**

As at December 31, 2014	*Note*	Level 1	Level 2	Level 3
			(In Thousands)	
AFS financial assets	12	₱933	₱-	₱1,719
Port concession rights payable		-	9,067,037	-
		₱933	₱9,067,037	₱1,719

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

BOARD OF DIRECTORS

RASHED ALI HASSAN ABDULLA
Chairman

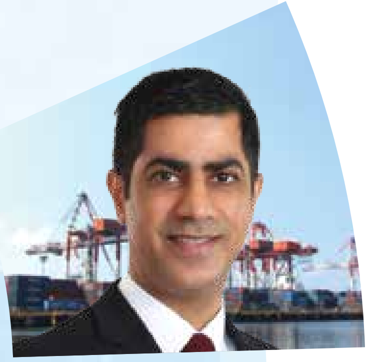
EUSEBIO H. TANCO
President/Director

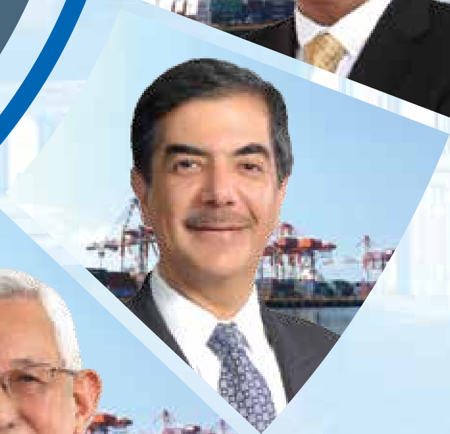
SUHAIL AL BANNA
Director

MONICO V. JACOB
Director

FELINO A. PALAFOX, JR.
Director

ARSENIO N. TANCO
Director











KWOK LEUNG LAW
Director

SARA FALAKNAZ
Director

ARTEMIO V. PANGANIBAN
Independent Director

TEODORO L. LOCSIN JR.
Independent Director

WASHINGTON Z. SYCIP
Senior Adviser to the Board of Directors

BOARD OF DIRECTORS' PROFILE

RASHED ALI HASSAN ABDULLA
Chairman

Senior Vice President & Managing Director
• DP World Asia Pacific

EUSEBIO H. TANCO
Director/President

Chairman
• STI Education Systems Holdings, Inc.
• STI West Negros University
• Mactan Electric Company
• DLS-STI College
• Mar-Bay Homes Inc.
• Capital Managers and Advisors, Inc.
• Maestro Holdings, Inc.
• Cement Center, Inc.
• First Optima Realty Corporation
• GROW Vite
• Venture Securities, Inc.

Executive Committee Chairman
• STI Education Services Group, Inc. (since 2003).

President
• Philippines First Insurance Co.
• Prime Power Holdings
• Global Resource for Outsourced Workers, Inc.
• Bloom with Looms Logistics, Inc.
• Total Consolidated Asset Management Inc.
• Eujo Philippines, Inc.
• Classic Finance, Inc.
• Insurance Builders Inc.
• Biolim Holdings and Management Corp.

Director
• iACADEMY
• Philhealthcare Inc.
• Philippine Life Financial Assurance
• United Coconut Chemicals, Inc.
• M.B. Paseo
• Philippine Racing Club
• Leisure & Resorts World Corporation
• Philippine Stock Exchange

SUHAIL AL BANNA
Director

Senior Vice President and Managing Director
• DP World Middle East and Africa Chairman and Director of various companies of DP World Middle East & Africa

MONICO V. JACOB
Director

President and CEO
• STI Education Services Group
• STI Education Systems Holdings Inc.

Chairman
• PhilPlans Inc.
• Philippine Life Financial Assurance, Inc.
• Global Resource for Outsourced Workers, Inc.
• Total Consolidated Asset Management Inc.
• GROW-Vite

Director
• iACADEMY
• PhilCare

Independent Director
• Jollibee Foods, Inc.
• Phoenix Petroleum Philippines
• Century Properties Group, Inc.

Member
• Integrated Bar of Philippines
• Management Association of the Philippines

FELINO A. PALAFOX, JR.
Director

Founder
• Principal Architect-Urban Planner & Managing Partner Palafox Associates

President
• FIABCI Philippines (International Real Estate Federation)

Affiliations
• American Institute of Architects, International Associate Member
• Council of Tall Buildings and Urban Habitat, Country Leader

Member
• US Green Building
• US Urban Land Institute
• US Congress of New Urbanism
• American Planning Association
• US International Council of Shopping Centers

ARSENIO N. TANCO
Director

President and Executive Chairman
• Coats Manila Bay, Inc.
• Manila Bay Spinning Mills, Inc.

Director
• Philippines First Insurance Co., Inc.
• Philippine Belt Manufacturing Corporation
• Manila Bay Hosiery Mills, Inc.
• Federation of Philippine Industries, Inc.
• Total Consolidated Asset Management Inc.
• Philippine Employer-Labor Social Partners, Inc.

KWOK LEUNG LAW
Director

Finance Director
• DP World Asia Pacific

Affiliation
• Chartered Association of Certified Accountants, Fellow
• Hong Kong Institute of Certified Public Accountants, Associate Member

ARTEMIO V. PANGANIBAN
Independent Director

Supreme Court of the Philippines
• Former Chief Justice (2005 to 2006)
• Former Associate Justice from 1995 to 2005.

Independent director
• GMA Network, Inc.
• First Philippine Holdings Corp.
• Metro Pacific Investments Corp.
• Manila Electric Company
• Robinsons Land Corp.
• GMA Holdings, Inc.
• Bank of the Philippine Islands
• Petron Corporation
• PLDT Inc.

Non-executive Director
• Jollibee Foods Corporation (2012- present),

Senior Adviser
• Metrobank

SARA FALAKNAZ
Director

Vice President for Innovation
• DP World

Chief Financial Advisor
• Falaknaz General Enterprises.

Founder and Partner
• Innovation Machine

TEODORO L. LOCSIN, JR.
Independent Director

Independent Director
• The Medical City (2005 to present)

Member
• iAcademy Board of Governors
• Integrated Bar of the Philippines

WASHINGTON Z. SYCIP
Senior Adviser to the Board of Directors

Founder
• Sycip, Gorres, Velayo & Co.
• Asian Institute of Management

Member
• Board of Trustees of Eisenhower Exchange Fellowships
• Harvard University Asia Center Advisory Committee
• Board of Overseers of Columbia University Graduate School of Business (New York)
• International Advisory of the American International Group & Council of Foreign Relations
• Board Member of major companies in the Philippines

LIST OF OFFICERS

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Executive Vice President

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AVP for Asset Management

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Internal Audit Manager

DB Rose C. Mejia
Exec. Assistant to the President and EVP

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Application Development & Support Manager

Marlon P. Sorsongon
Planning, Architecture & Security Manager

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Vice President for Group Operations

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Resource & Labor Support Manager

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Labor Support Head

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Equipment Resource Head

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AVP for Accounting & Financial Planning

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Payroll Manager

Marissa R. Pinca
Accounting & Financial Planning Manager

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Marita M. Franco
Asst. Manager for Billing

Maybel M. Lomeda
Asst. Manager for Treasury

Rommel M. Sevilla
Asst. Manager for Collection

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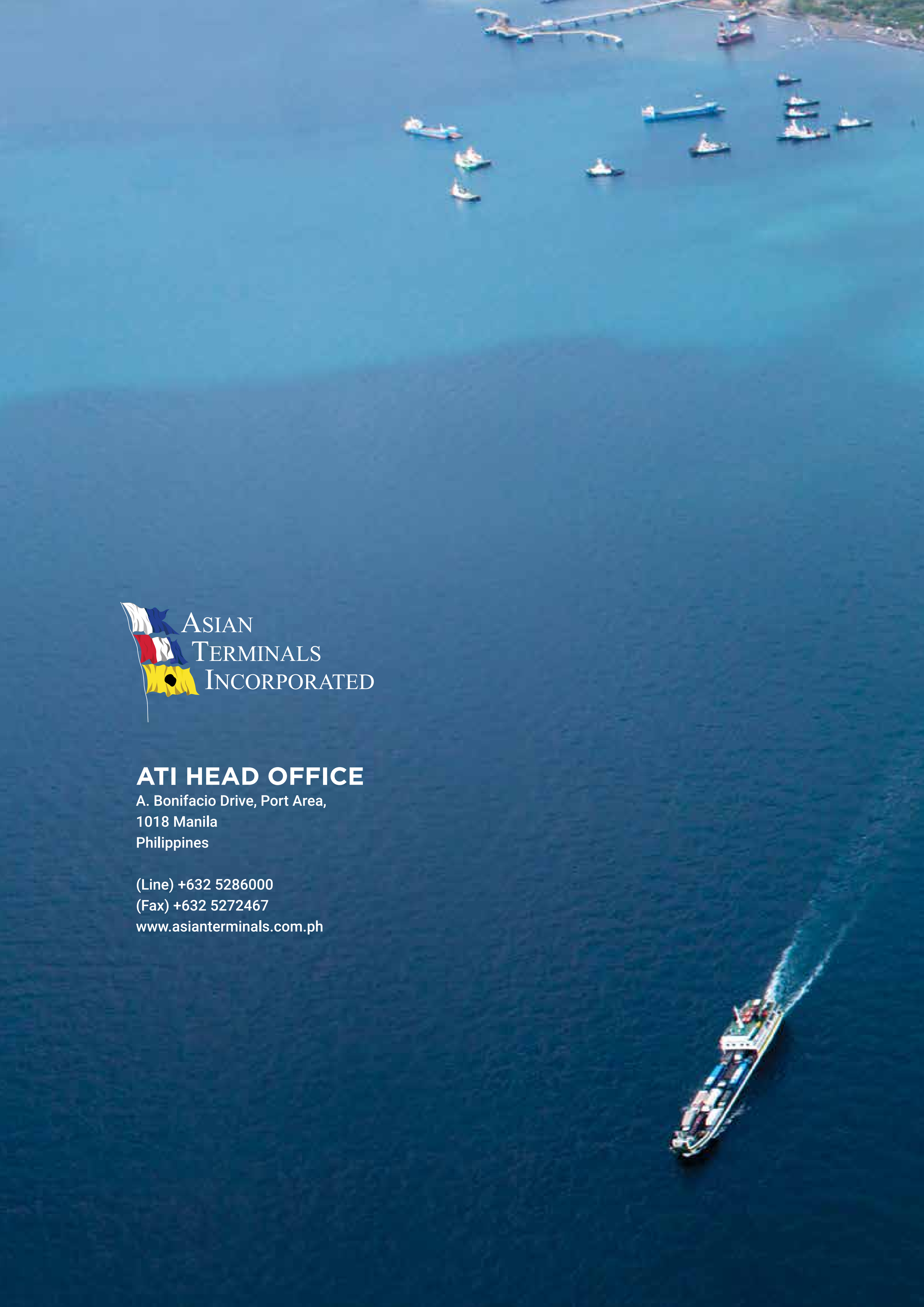
INDEPENDENT PUBLIC ACCOUNTANTS:
R.G. Manabat & Co.

CONCEPT AND DESIGN:
Perez Numedia, Inc.

PHOTOGRAPHY:
Dojo Palines



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