www.asianterminals.com.ph

ASIAN TERMINALS INCORPORATED

Asian Terminals, Inc. (ATI) Head Office Bldg.
A. Bonifacio Drive, Port Area, 1018 Manila, Philippines
(L) +632 85286000 | (F) +632 85272467

March 28, 2023

SECURITIES AND EXCHANGE COMMISSION
Markets & Securities Regulation Department
7907 Makati Avenue, Barangay Bel-air,
Makati City

Attention : **Dir. Vicente Graciano P. Felizmenio, Jr.**

Re : **2023 Definitive Information Statement with Management Report and Audited Financial Statements**

Sir:

We respectfully submit ATI's Definitive Information Statement (DIS) with Management Report and Audited Financial Statements and other attachments, in connection with the Company's forthcoming Annual Stockholders' Meeting on April 27, 2023.

We have accordingly revised the DIS and Management Report to comply with the advice received by email from the SEC-MSRD on March 22, 2023, as follows:

Definitive Information Statement:

a) *Reply to Comment 1*- The copy of the downloadable DIS shall be posted on the website of ATI and the link to the website and PSE EDGE shall be immediately sent to msrd_covid19@sec.gov.ph as soon as we have SEC's advice that the DIS is in order.

b) *Reply to Comment 2*- marked-up copy sent separately to the SEC

c) *Reply to Comment 3*- proof of publication of Notice shall be separately submitted to the SEC immediately upon receipt of affidavit of publication.

d) *Reply to Comment 4*- Changed "Preliminary" to "Definitive" Information Statement in the note below the table in Security of Ownership, in page 4

Management Report

a) *Reply to Comment 5*- "Plans for 2022" was removed. Please refer below for the Actual Results and Consolidated Financial Condition.

Year	Actual results (page no.)	Consolidated Financial Condition (page no)
December 31, 2022	1	4
December 31, 2021	11	14
December 31, 2020	21	24

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b) *Reply to Comments 6 and 7*- on where the amount of planned capital expenditures were invested, the details are provided in first paragraph of page 4.

c) *Reply to Comment 8*- "Key Variable and Other Qualitative and Quantitative Factors" for
i) 2022- pages 2 and 3
ii) 2021-pages 12 and 13
iii 2020-pages 22 and 23

d) *Reply to Comment 9*- Please refer to the column on "% Change" in the "Actual Results" in the pages mentioned in Reply to Comment 5 or Item (a) hereof.

In view of the above, we respectfully request that the Honorable Commission to consider and approve the Definitive Information Statement and Management Report and the attachments.

Thank you.

Truly yours,

RODOLFO G. CORVITE, JR.
Corporate Secretary

COVER SHEET

1	3	3	6	5	3

S.E.C. Registration Number

ASIAN TERMINALS INC.

(Company's Full Name)

ATI HEAD OFFICE A. BONIFACIO DRIVE PORT AREA MANILA 1018

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

ATTY. RODOLFO G. CORVITE,JR.

Contact Person

(02) 8528-6000

Company Telephone Number

0	3		2	8

Month *Day*

SEC 20 - IS

Definitive Info. Statement 2023

0	4		2	7

Month *Day*

2023 Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

8	2	0

As of Feb 28, 2023

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

SEC No. 133653
File Number: ______

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

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

632-85286000
(Telephone Number)

December 31
Calendar Year Ending
(Month & Day)

Definitive Information Statement (IS-20)
Form Type

Not applicable
Amendment Designation (if applicable)

March 28, 2023
Period Ended Date

____
(Secondary License Type and File Number)

ASIAN TERMINALS, INC.
ATI Head Office, A. Bonifacio Drive, Port Area, Manila
Tel. No. 8528-6000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of Asian Terminals, Inc.:

The Board of Directors on February 23, 2023, resolved to hold the annual meeting virtually, pursuant to applicable SEC regulations. The annual meeting will be virtually conducted and may be accessed on the link https://bit.ly/ATI_2023ASM on **April 27, 2023, 2:00 p.m.**, to consider and take action upon the following matters:

1. **Call to Order**. This officially commences the meeting.
2. **Proof of Notice and Quorum.** The Corporate Secretary will certify that the notice of meeting had been sent to stockholders as of record date and that there is a quorum.
3. **Approval of the Minutes of the Annual Stockholders' Meeting held on April 28, 2022.** The Minutes record the proceedings of the 2022 annual meeting. The minutes were included in the Information Statement and may be accessed in the Company Website https://www.asianterminals.com.ph/ati_disclosures_minutesofmeeting.aspx
4. **Chairman's Address**. The Chairman will address the stockholders and present the highlights of the business operation and performance of the Company in 2022.
5. **Election of Directors.** The nominees are named in Item 5 of the Information Statement, together with their qualifications and profiles for the election of the stockholders. Pursuant to the by-laws, the directors (including the independent directors) shall be elected annually and shall hold office until the next annual meeting and until his successor shall have been elected and qualified. Pursuant to the Company's Corporate Governance Manual and applicable regulations of the SEC, an independent director who has served more than nine (9) consecutive years reckoned from 2012, can serve as such based on meritorious justifications and with the stockholders' approval. Chief Justice Artemio V. Panganiban has been the Company's independent director since 2010 and the Board resolved to retain him as independent director based on meritorious justification, subject to the approval of the stockholders. *(Please refer to Item 5 (a) (1) of the Information Statement)* The stockholder's vote in his favor is deemed an approval of the justification, otherwise he may choose to abstain.
6. **Approval of the Audited Financial Statements for the Year Ended December 31, 2022.** The stockholders are asked to approve the 2022 Audited Financial Statements, a copy of which is attached to the Information Statement.
7. **Appointment of Independent Auditors.** The appointment of R.G. Manabat & Co. as the independent auditors for 2023. Approval of the stockholders is sought.
8. **Approval and Ratification of the Acts of the Board and the Management during the year 2022**. The acts of the Board and Management in 2022 were summarized in Item 15 of the Information Statement. Approval and ratification of the stockholders is sought.

9. **Other Matters.** Any other relevant matter to the meeting may be raised by the stockholders.

10. **Adjournment.** This is to officially end the meeting.

All stockholders of record at the close of business on March 29, 2023 are entitled to notice and to vote at the annual meeting and at any adjournment thereof. The stock and transfer books of the Company will be closed from March 29 up to April 27, 2023.

If unable to attend the meeting, stockholders may appoint either the Chairman of the ATI Board or the President as proxy with voting instructions and submitted via the Registration Portal. Proxies should be submitted **on or before 7pm of April 17, 2023.** Please refer to Annex "A" for the procedure. Proxies will be validated **on April 21, 2023** at the Office of the Corporate Secretary., ATI Head Office, A. Bonifacio Drive, Port Area, Manila, 1018.

The Information Statement and its attachments is accessible at the PSE EDGE website and ATI Website at https://www.asianterminals.com.ph .

The detailed procedure of the registration and voting process are stated in **Appendix "A"** hereof.

Manila, Philippines, March 10, 2023.

RODOLFO G. CORVITE, JR.
Corporate Secretary

APPENDIX "A"

Procedure for the Registration, Participation and Voting in the 2023 Annual Stockholders' Meeting

To ensure the safety of attendees, the Board of Directors on February 23, 2023, resolved to hold the annual meeting by remote communication and voting will be in absentia, pursuant to applicable SEC regulations.

All stockholders of record at the close of business on March 29, 2023 are entitled to notice and to vote at the annual meeting and at any adjournment thereof.

A) REGISTRATION: Stockholders may register to participate in the virtual meeting at the Registration Portal ("Registration Portal") at: **https://bit.ly/34lNqR7**

Registration will be from **9:00 am of April 5, 2023, until 7:00 pm of April 17, 2023**.Stockholders are advised to register as early as possible. To proceed with the registration, personal information will be required. For identification, the Company shall only accept a scanned back-to-back copy of one valid government-issued ID bearing photo and signature which will be uploaded in the Registration Portal. Consent to process the personal information is included in the Registration Portal.

1. *Individual stockholder with shares recorded in their name*: name, valid email address[1], active contact number and upload a valid government-issued ID.

   For stockholders with joint accounts, only the authorized stockholder will register and in addition to the above, shall upload scanned copy of a notarized authorization letter signed by the other stockholders, indicating who among them would be authorized to participate and/or vote and upload their valid government-issued IDs.

   Individual Stockholder under a broker/ PCD: in addition to the name, valid email address, active contact number and a valid government-issued ID, the stockholder needs to coordinate with his broker and secure a duly signed Broker's Certification stating the full account name, number of shares, and account or reference number which shall be uploaded in the Registration Portal.

2. *Corporate stockholder:* the duly authorized representative of the corporate stockholder shall register and provide his name, valid email address, active contact number, valid government-issued ID and the scanned copy of the notarized Secretary's Certificate and signed proxy appointing either the ATI Chairman or President.

   A proxy given by a broker in respect of shares of stock held by such broker for the account of the beneficial owner must be accompanied by a certification under oath stating the number of shareholdings and a that the broker has obtained the written consent or authorization of the account holder.

   The Company reserves the right to require additional documents as may be necessary or relevant.

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[1] Only the email used for registration may be admitted to the actual online meeting.

B) VALIDATION: A notification by email from **ATISHMeeting@asianterminals.com.ph** shall be received by the stockholder together with a unique passcode which shall be used to access the ATI Voting Portal or other instructions. For queries, assistance or any technical difficulties, the stockholders may communicate with the Company through the above-mentioned email address or call 8528-6000.

Stockholders may appoint either the ATI Chairman or the President as proxy. Proxies should be submitted **on or before 7pm of April 17, 2023.** The duly accomplished scanned copy of the proxy (and other attachments, as applicable) may be uploaded by the stockholder upon registration or hard copies may be sent to the address below. Proxies will be validated **on April 21, 2023** at the said address.

Office of the Corporate Secretary
Asian Terminals, Inc.
ATI Head Office, A. Bonifacio Drive
Port Area, Manila, 1018

C) VOTING: All the agenda items indicated in the Notice will be set out in the ATI Voting Portal ("Voting Portal"). Voting shall be online and may be accessed using the unique passcode sent to the registered email. The Voting Portal shall be open from **9:00 am of April 17, 2023 up to 7:00 pm of April 25, 2023**, in the link below:

https://bit.ly/3q69lcl

1. *Individual stockholder with shares recorded in their name*: they may access the Voting Portal by providing the valid email address they used in the registration and the sent unique passcode.

   For stockholders with joint accounts, only the stockholder who registered and was authorized by the joint stockholders shall vote by providing the valid email address they used in the registration and the unique passcode.

   Individual Stockholder under a broker/ PCD: they may access the Voting Portal by providing the valid email address they used in the registration and the unique passcode.

2. *Corporate stockholder or broker.* Either the ATI Chairman or the President may vote, as may be provided in the proxy.

The Office of the Corporate Secretary shall tabulate all votes received and the results shall be validated by R.G. Manabat and Co.

Access to the Registration and Voting Portals shall be limited to the Office of Corporate Secretary, ATI IT Support Team, authorized representative of the stock and transfer agent and the R.G. Manabat and Co.

D. QUORUM: The following stockholders shall be deemed present for purposes of quorum:

a) whose registrations are validated.
b) who sent their accomplished proxies and validated
c) who voted from **9:00 am of April 17, 2023 up to 7:00 pm of April 25, 2023.**

E. PROCEEDINGS: The meeting will be held virtually on April 27, 2023 at 2pm, on the link https://bit.ly/ATI_2023ASM[2] Only stockholders whose registration were validated may access the meeting. Every item in the agenda for approval of the stockholders will be shown on the screen

[2] QR Code to access the meeting is provided in the next page.

during the meeting as the same is taken up. During the meeting, the Secretary shall report the votes received and inform the stockholders if the particular item is carried or disapproved. The total number of votes cast for each item for approval under the agenda will be shown on the screen. The meeting shall be recorded and the recording will be made available to the stockholders upon request sent to **ATISHMeeting@asianterminals.com.ph**. For queries, assistance or any technical difficulties, the stockholders may communicate with the Company through the above-mentioned email address or call at 8528-6000.

F.QUESTIONS: Relevant questions on the items in the Agenda may be sent by stockholders during the meeting (in the Q&A chatbox) or in advance to **ATISHMeeting@asianterminals.com.ph** on or before **7pm of April 25, 2023** with the subject heading **"ASM 2023 Question"** and the identity of the sender must be stated after the question. Replies may be given during the meeting and any unanswered will be replied to by email.

QR CODE FOR LINK TO THE MEETING

(Scan the QR Code using any capable device with internet connection. Open link and join the meeting. You will be admitted to the meeting after verification of your email).

Information Statement Pursuant to Section 20 of the Securities Regulation Code

1. Check the appropriate box:

[] Preliminary Information Statement
[X] Definitive Information Statement

2.	Name of Registrant as Specified in its Charter	:	ASIAN TERMINALS, INC.
3.	Province, Country or other jurisdiction of Incorporation or organization	:	Manila, Philippines
4.	SEC Identification Number	:	133653
5.	BIR Tax Identification Code	:	000-132-413
6.	Address of Principal Office	:	A. Bonifacio Drive Port Area, Manila 1018
7.	Registrant's telephone number	:	(632) 8528-6000
8.	Date, time and place of the meeting of security holders	:	April 27, 2023, 2pm (MS Teams)
9.	Approximate date on which the Information Statement is first to be sent or given to security holders	:	March 29, 2023

10. Securities registered pursuant to Section 8 and 12 of the Code or Sections 4 and 8 of the RSA:

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

11. Are any or all of registrant's securities listed on a stock exchange?

Yes [X] No [ ]

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange, Inc.; common shares

ATI IS NOT SOLICITING PROXIES FOR THIS MEETING.

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

a)	Date of Meeting Time of Meeting	April 27, 2023 2pm
	Place of Meeting	Online (MS Teams)
	Registrant's Mailing Address	ATI Head Office A. Bonifacio Drive, Port Area Manila, Philippines 1018
b)	Approximate date on which the Information Statement is first to be sent or given to security holders.	March 29, 2023

Item 2. Dissenter's Right of Appraisal

There are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided in Title X of the Revised Corporation Code.[1]

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

a) The incumbent Directors, the nominees for Directors and Executive Officers and their associates have no substantial interest in any matter to be acted upon other than election to the office.

b) No Director has informed the Company in writing that he intends to oppose any action to be taken by the registrant at the annual meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

a) As of February 28, 2023, the Company has 2,000,000,000 issued and outstanding common and unclassified shares, where 1,259,490,598 shares or 62.97% are locally owned and 740,509,402 shares or 37.03% are foreign-owned. All these 2 billion shares are entitled to vote at one vote per share.

b) Only stockholders of record at the close of business on March 29, 2023 are entitled to notice and to vote at the Annual Stockholders' Meeting.

c) Cumulative voting is allowed for election of members of the board in a stock corporation. Every stockholder entitled to vote shall have the right to vote in person or by proxy the

[1] The right of appraisal means the right of a dissenting stockholder to demand payment of the fair market value of his shares, in the instances provided under the Corporation Code. In such instances, the right may be exercised by any stockholder who shall have voted against the proposed action by making a written demand to the Corporation within 30 days after the date on which the vote was taken for payment of the fair market value of his shares. Failure to make the demand shall be deemed a waiver of such right.

number of shares of stock standing in his own name on the stock transfer books of the Company. Each stockholder may vote such number of shares for as many persons as there are directors to be elected; or he may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal; or he may distribute these shares on the same principle among as many candidates as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the total number of directors to be elected.

d) Security Ownership of Certain Record and Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

As of February 28, 2023, the Company knows of no one who owns in excess of 5% of its common stock except as set forth in the table below:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Amount of Record Ownership	% of Class
Common	DP World Australia (POAL) Pty. Limited Level 21 400 George St., Sydney NSW 2000, GPO Box 4084, Sydney NSW 2001 Australia (Stockholder)	DP World Australia (POAL) Pty. Limited	Australian	346,466,600	17.32%
Common	ATI Holdings, Inc. 3rd Floor SSHG Law Centre, 105 Paseo de Roxas Makati City (Stockholder)	ATI Holdings, Inc.	Australian	291,371,229	14.57%
Common	Pecard Group Holdings, Inc. 3rd Floor SSHG Law Centre, 105 Paseo de Roxas Makati City (Stockholder)	Pecard Group Holdings, Inc.	Filipino	198,203,968	9.91%
Common	Philippine Seaport, Inc. 3rd Floor SSHG Law Centre, 105 Paseo de Roxas Makati City (Stockholder)	Philippine Seaport, Inc.	Filipino	196,911,524	9.85%
Common	PCD Nominee Corp. (Filipino.)* G/F MKSE Bldg. 6767 Ayala Ave., Makati City	(Beneficial Owners unknown to Issuer)	Filipino	157,870,074	7.89%
Common	Daven Holdings 7th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City (Stockholder)	Daven Holdings	Filipino	155,906,071	7.80%

Common	SG Holdings Inc. 7th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City (Stockholder)	SG Holdings, Inc	Filipino	130,000,000	6.50%
Common	Kayak Holdings, Inc. 3/F HRC Center, 104 Rada St., Legaspi Village, Makati City	Kayak Holdings, Inc.	Filipino	109,500,000	5.48%
Common	PCD Nominee Corp. (Non-Filipino.)* G/F MKSE Bldg. 6767 Ayala Ave., Makati City	(Beneficial Owners unknown to Issuer)	Non-Filipino	101,775,429	5.09%
Common	Morray Holdings, Inc. 7th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City (Stockholder)	Morray Holdings, Inc.	Filipino	100,000,000	5.00%

**As of the filing of the Definitive Information Statement, the Company has no knowledge of the name of the beneficial owners and their respective representatives.*

The Board of Directors generally has the power to vote on behalf of their respective corporations. A proxy is usually designated to cast the vote for each corporation.[2] The corporate proxies are executed in accordance with the Corporation Code and accompanied by secretary's certificate.

2. Security Ownership of Management

Owners of record of ATI shares among Management as of February 28, 2023, are as follows:

Title of Class	Name of Beneficial/Record Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Class
common	Felino A. Palafox, Jr.	15,300/direct 395,115,492/indirect	Filipino	19.76%
common	Monico V. Jacob	1/direct	Filipino	.00%
common	William Wassaf Khoury Abreu	1/direct	Dominican	.00%
common	Glen C. Hilton	1/direct	Australian	.00%
common	Zissis Jason Varsamidis	1/direct	Australian	.00%
common	Eusebio H. Tanco	15,257,663/ direct 624,591,246/indirect	Filipino	31.99%
common	Artemio V. Panganiban (independent director)	1/direct	Filipino	.00%
common	Teodoro L. Locsin, Jr. (independent director)	1/direct	Filipino	.00%
common	Rodolfo G. Corvite, Jr.	222,398/direct	Filipino	.01%
	TOTAL	1,035,202,105		51.76%

To the best knowledge of the Company, the above list of share ownership includes the shares beneficially owned by the foregoing officers and directors.

3. There are no voting trusts or similar agreements with respect to any portion of the outstanding shares, nor any agreement which may result in a change in control of the Company.

[2] As of the filing of the Definitive Information Statement, the Company has no knowledge on who will represent the corporations.

4. There was no change in control of the registrant since the beginning of the last fiscal year.

Item 5. Directors and Executive Officers

a) 1. The following persons are the incumbent Directors[3], Executive Officers and key personnel of the Company (brief description of their respective business experience for the past five (5) years included):

Glen Christopher Hilton, 53, Australian, was a former director of ATI from 2008 to 2013 and was elected again in August 2019. He is the current Chairman of the Board since November 2020 and the current CEO and Managing Director of DP World Asia Pacific & Australasia Region. He was the former CEO of Port of Tanjung Pelepas, Malaysia (2013 to 2016) and VP and Managing Director of DP World South East Asia (2008- 2013), Executive Director of DP World Caucedo (2006- 2008) and the General Manager of DP World Adelaide (2001 to 2006).

Eusebio H. Tanco, 74, Filipino, is the President of the Company from 1995 to 2001 and 2007 to present. He is the Chairman of STI Education Systems Holdings, Inc. (formerly JTH Davies Holdings, Inc., since 2010), Leisure Resorts World Corporation (since 2019, as director since 2011), Fibertex (since 2012) Mactan Electric Company (since 1988), DLS-STI College (since 2003), Eximious Holdings, Inc. (formerly Capital Managers and Advisors, Inc.,since 1995), GROW Vite (since 2014), Venture Securities, Inc.(since 1980),First Optima Realty Corporation (since 1980); iACADEMY (since 2002), and the chairman emeritus of STI Education Services Group, Inc. (since 2022) and director (since 2003). He is Chairman and President of Prime Power Holdings (since 1999), Prudent Resources, Inc. (since 1999), Philippines First Insurance Co. (since 1973), and CEO of Classic Finance, Inc. (since 2004) and director (since 1978). He is also the president of, Bloom with Looms Logistics, Inc. (formerly STMI Logistics, Inc., since 1988), Total Consolidated Asset Management Inc. (TCAMI) (since 2006), Eujo Philippines, Inc. (since 1986), Tantivy Holdings, Inc (formerly Insurance Builders Inc.,since 1979) Mar-Bay Homes Inc. (since 1980) , Cement Center, Inc. (since 1983), Biolim Holdings and Management Corp. (formerly Rescom Developers, Inc ,since 1979). In addition, he is a Director of Philhealthcare Inc. (since 2009), Philplans First, Inc. (since 2017), Philippine Life Financial Assurance (formerly Asian Life Financial Assurance, since 2000), STI West Negros University (since 2013), United Coconut Chemicals, Inc. (since 1995), M.B. Paseo (since 1980, Maestro Holdings, Inc. (formerly STI Investments, since 2007), Philippine Racing Club (since 2011)and Philippine Stock Exchange (from 2007 to 2021). His professional associations include the Philippines-Thailand Business Council, Philippines-UAE Business Council, and the Philippine Chamber of Commerce and Industry. He obtained his Master of Science in Economics from the London School of Economics and Political Science. He has been a member of the ATI Board since 1993.

William Wassaf Khoury Abreu, 44**,** a national of Dominican Republic. Mr. Khoury was elected by the Board in the regular Board Meeting held last November 25, 2021, replacing Mr. Andrew R. Hoad, who resigned effective on same date. He was the Executive Vice President of ATI from March 2018 up to November 2021, the former Director of PT Terminal Petikemas Surabaya (TPS) Indonesia (from 2014 to 2018), the CEO of DP World-Saigon Premier Container Terminal from 2010 to 2014, the

[3] The Directors are elected annually, and each Director holds office until the next annual meeting held after his election and until his successor has been elected and has qualified, or until his death or until he resigns or has been removed. (Sec. 2, Article IV, By-laws)

Operations Director of DP World Korea from 2009 to 2010 and held various management positions at DP World Caucedo, Dominican Republic from 2003 to 2009 and CSX World Terminals (Caucedo) from 2001 to 2003. He obtained a degree in Industrial Engineering from Universidad Nacional Pedro Henriquez Ureña in 2000, Post Graduate Diploma in Port Management from IMTA-STC in Rotterdam in 2001 and has undertaken executive management programs at Michigan Ross School of Business, London Business School and Case Western Reserve University.

Monico Jacob, 77**,** Filipino, is currently the President of STI Education Systems Holdings, Inc. (2011), Chairman of STI West Negros University (since 2019) and the CEO and Vice-Chairman of the STI Education Services Group (since 2016). He is the Chairman of Rosehills Memorial Management, Inc. (since 2014), Philippine Life Financial Assurance, Inc. (PhilLife, since 2016), Global Resource for Outsourced Workers, Inc. (GROW, Inc., since 2000), Total Consolidated Asset Management Inc. (since 2006), GROW-Vite (since 2014), and TechZone Philippines, Inc. (since 2021). He is currently a director of iACADEMY, (since 2010) and PhilCare, (since 2012). Prior to his current engagements, he was the General Manager of the National Housing Authority (NHA) (from 1989 to 1991); Chairman and CEO of Petron Corporation from 1991 to 1998 and Philippine National Oil Company (PNOC) and all of its subsidiaries from 1991 to 1994; and CEO of the Home Development Mutual Fund (PAG-IBIG Fund) from 1988 to 1989. Mr. Jacob also served as an Associate Commissioner for the Securities and Exchange Commission in 1986. He is a member of the Integrated Bar of the Philippines and the Management Association of the Philippines (MAP) and served as its President in 1998. Mr. Jacob finished his Bachelor of Arts degree with a Major in Liberal Arts from the Ateneo de Naga University in 1966 and his Bachelor of Laws degree from the Ateneo de Manila University in 1971. He joined the Board in 2009.

Felino A. Palafox, Jr., 73, Filipino**,** has more than 45 years of experience in the field of architecture and planning. He is the Principal Architect-Urban Planner and Founder of Palafox Associates which was founded in 1989. For more than 25 years, he led and managed his firm in carrying out the planning of more than 28 billion square meters of land area and the architecture of more than 15 million square meters of building floor area in 40 countries. He is the President of FIABCI (International Real Estate Federation) Philippines for 2015. He is also an international associate of the American Institute of Architects, country leader of the Council on Tall Buildings and Urban Habitat, member of the U.S. Green Building, Urban Land Institute, Congress for the New Urbanism, American Planning Association, and the International Council of Shopping Centers, all U.S.-based. He was formerly the Chairman of National Real Estate Association (NREA). He was the past President of the Philippine Institute of Environmental Planners and the Management Association of the Philippines. He is a Fellow of the United Architects of the Philippines (UAP). He finished his Bachelor of Science in Architecture in 1972 from the University of Santo Tomas, Manila, and his Master in Environmental Planning from the University of the Philippines as a scholar of the United Nations Development Program (UNDP), in 1974. He took up Advanced Management Development Program for Real Estate in 2003, and 7 other continuing education courses, from the Harvard University. Architect Palafox is a registered APEC Architect and a recipient of several local and international awards. He joined the Board in 2009.

Artemio V. Panganiban, 86, Filipino. He served as Chief Justice of the Philippines from 2005 to 2006 and as Associate Justice from 1995 to 2005. Prior to his appointment to the Supreme Court, he was a senior partner at Panganiban Benitez Parlade Africa and Barinaga Law Offices from 1963 to 1995. He is a recipient of over 250 prestigious awards and recognitions from various associations and groups for his role as a jurist, lawyer, civic leader, Catholic lay worker, entrepreneur and youth leader. Among such awards is the "Renaissance Jurist of the 21st Century" given by the Supreme Court of the Philippines upon his retirement in 2006. Chief Justice Panganiban holds a Bachelor's Degree in Law from the Far Eastern University where he graduated *cum laude*. He was a 6th placer in the 1960 Bar Examinations. He was also conferred Doctor of Laws (*Honoris Causa)* by several universities. At present, he writes a column for the Philippine Daily

Inquirer. He sits as an independent director in the following companies aside from Asian Terminals, Inc.; GMA Network, Inc. (2007-present), First Philippine Holdings Corp. (2007-present), Metro Pacific Investments Corp. (2007-present), Manila Electric Company (2008-present), Robinsons Land Corp. (2008-present), GMA Holdings, Inc. (2009-present), Petron Corporation (2010-present), Philippine Long Distance Telephone Company (2013-present). He is also a non-executive Director at Jollibee Foods Corporation (2012-present), Senior Adviser, Metrobank (2007 to present), Member of the Advisory Council, Bank of the Philippine Islands (2016-present) and Adviser, DoubleDragon Properties Corp. (2014-present). He is the Chairman of Corporate Governance Committee and a member of the Company's Compensation Committee and Nomination Committee. He has been an independent director of Asian Terminals, Inc. since April 22, 2010.

Teodoro L. Locsin Jr., 74, Filipino, was the former independent director of ATI from 2010 to 2018 when he stepped down to assume a position in the government as the Secretary of Foreign Affairs. Prior to this, in 2017, he was appointed and took his oath as Philippine Representative to the United Nations based in New York, USA. He also served as member of the House of Representatives from 2001 to 2010. Atty. Locsin Jr. obtained his Bachelor of Law from the Ateneo de Manila University and Master of Laws from Harvard University. He is the Chairman of Audit Committee and a member of the Corporate Governance Committee and Executive Committee.

Zissis Jason Varsamidis, 47, Australian, is the Chief Financial Officer (CFO) of DP World Asia Pacific & Australasia. Prior to this, Mr. Varsamidis was the CFO of DP World Australia from 2013 to March 2021 and held various positions in the company prior to that appointment. He has a degree in Commerce from the University of Wollongong, holds a Diploma in Terminals Operations Management from US Merchant Marine Academy and Masters in Applied Finance & Investment from the Securities Institute of Australia. He is also a Certified Public Accountant (CPA). Mr. Varsamidis was elected in the special board meeting held on June 30, 2021, replacing Mr. Ahmad Yousef Ahmad Alhassan Al Simreen, who resigned effective on same date.

Sean James L. Perez, 57, Filipino, is the Senior Vice-President for Commercial and Outports since November 2017. He was the Vice-President for Marketing and Commercial from October 2008 to October 2017, Vice President for Domestic and Outports from January 2007 to September 2008, Vice-President for Domestic/Marketing and Commercial Services (2004-2006). He has held various positions in the Company from the position of being the Terminal Manager of Batangas, Container Division and General Stevedoring Division for South Harbor to Vice-President for Operations, Marketing and Outports. He obtained his degree in Bachelor of Arts, Major in Economics from the University of Santo Tomas. He has been with the Company since 1996**.**

Jose Tristan P. Carpio, 54, Filipino, is the Vice-President for Finance and Chief Financial Officer (CFO) of the Company since July 2012. He joined ATI in 2000 as Assistant Vice President for Treasury and Special Projects. Prior to joining ATI, he was the Assistant Vice President for Capital Markets of All Asia Capital & Trust Corporation from 1997 to 2000. Mr. Carpio obtained his degree in B.S. Management Engineering from Ateneo de Manila University.

Rodolfo G. Corvite, Jr., 63**,** Filipino, is the Corporate Secretary and Compliance Officer since 1997, the Vice President for Business Support Services and Data Protection Officer (since 2017). He has held various positions in the Company handling Administration, Legal, Human Resources, Procurement, Industrial Relations, HSES, Insurance and Claims, Risk Management and Corporate Communications. He was a Law Partner of Diaz, Corvite and Associates. He is a member of the Integrated Bar of the Philippines. He obtained his Bachelor of Laws from the Ateneo de Manila University. He has been with the Company since 1989.

Note: The Securities Regulation Code requires any corporation with a class of equity shares listed for trading in an Exchange to have at least two (2) independent directors.

The nomination, pre-screening and election of the Independent Directors were made in accordance with SRC Rule 38 (as amended), Article IV, Section 3 of the By-laws of the Corporation (as amended), the Nomination Committee Charter and the Company's Revised Nominating Committee Guidelines.[4] The nominated Independent Directors have signified their acceptance of the nominations. The Independent Directors are nominated by a stockholder. The Company's Nomination Committee passes upon the qualifications of the nominees and ascertains that they do not possess any of the disqualifications.

Chief Justice Panganiban has been an independent director of ATI since 2010 and year 2023 to 2024 will be his 12th year reckoned from 2012. Notwithstanding the term limits provided by the SEC regulations and the Company's Corporate Governance Manual, an independent director who has served for more than 9 years may continue to be elected as such provided there are meritorious justifications and shareholders' approval is secured. The Board, resolved as justification, that being a former Chief Justice of the Supreme Court, his integrity, probity and expertise, and independent insights and expert opinion given particularly on good governance, greatly contributed to ATIs sustained growth and development over the past several years of his tenure. Further, the Nomination Committee convened on February 28, 2023 and resolved to consider this as substantial justification for his nomination and re-election as independent director for the ensuing year, subject to the shareholders' approval in the annual meeting. Chief Justice Panganiban's business experience is mentioned in pages 6 and 7 of the Information Statement. Attached as **Annex "1"** is Chief Justice Panganiban's Certification as Independent Director.

Amb. Teodoro L. Locsin Jr. had been an independent director of ATI from 2010 to 2018. He stepped down in 2018 to assume a position in the government as the Secretary of Foreign Affairs. When Atty. Roberto Lim resigned in August 2022, Amb. Locsin was nominated and elected again as independent director to serve for the unexpired term of Atty. Lim. Attached as **Annex "2" is** Amb. Locsin's Certification as Independent Director and the written permission from the Department of Foreign Affairs.

The Company's Nomination Committee resolved that the following are the qualified nominees for election to the Board of Directors[5] at the forthcoming Annual Stockholders' Meeting:

Name	Age	Citizenship
Glen C. Hilton	53	Australian
Eusebio H. Tanco	74	Filipino
William Wassaf Khoury Abreu	44	Dominican
Monico V. Jacob	77	Filipino
Teodoro L. Locsin Jr.[6]	74	Filipino
Felino A. Palafox, Jr.	72	Filipino
Artemio V. Panganiban[7]	86	Filipino
Zissis Jason Varsamidis	47	Australian

[4] The composition of the current Nomination Committee is as follows: Eusebio H. Tanco (Chairman), Glen C. Hilton, Felino A. Palafox, Jr., William Wassaf Khoury Abreu and Artemio V. Panganiban (Members).

[5] The first six (6) nominees for regular director receiving the highest number of votes and the first two (2) nominees for independent director receiving the highest number of votes shall be deemed elected.

[6] Stockholders Marissa R. Pinca and Demie Bulalas nominated Amb. Teodoro L. Locsin Jr. Amb. Locsin is not related to the stockholders who nominated him.

[7] Stockholders Demie Bulalas and ATI Holdings, Inc. nominated Chief Justice Artemio Panganiban (retired). Chief Justice Panganiban is not related to the stockholders who nominated him.

Attached as **Annex "3"** is the Certification executed by the Compliance Officer on directors, nominees or officers connected with the government.

2. Significant Employees

All employees are expected to make reasonable contribution to the success of the business of the Company. There is no "significant employee" as defined in Part IV (A) (2) of Annex C to SRC Rule 12 (i.e., a person who is not an executive officer of the registrant but who is expected to make a significant contribution to the business).

3. Family Relationships

There are no family relationships within the fourth degree of consanguinity or affinity known to the Company, among the Directors, Executive Directors or nominees.

4. Pending Legal Proceedings

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

5. Material Pending Legal Proceedings

The Company is a party to legal proceedings which arose from normal business activities. However, Management believes that the ultimate liability, if any, resulting therefrom, has no material effect on the Company's financial position.

6. Certain Relationships and Related Transactions

a) 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.

Note 20 of the attached Audited Consolidated Financial Statements for the period ended 2021 and 2022 indicate related party transactions in the normal course of business.

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

Category/ Transaction	*Note*	Year	Amount of the Transaction	Outstanding Balance: Due from Related Parties	Outstanding Balance: Due to Related Parties	Outstanding Balance: Lease Liability	Terms	Conditions
Associate								
▪ Management income	*20A*	**2022**	**P7,557**	**P491**	**P -**	**P -**	**Payable on demand**	**Unsecured; no impairment**
		2021	8,588	861	-	-	Payable on demand	Unsecured; no impairment
▪ Dividend income	*9*	**2022**	**35,465**	**-**	**-**	**-**	**Payable on demand**	**Unsecured; no impairment**
		2021	31,524	-	-	-	Payable on demand	Unsecured; no impairment
Post-Employment Benefit Plan								
▪ Retirement fund	*20B*	**2022**	**35,018**	**13,902**	**-**	**-**	**Payable on demand**	**Unsecured; no impairment**
		2021	56,113	44,647	-	-	Payable on demand	Unsecured; no impairment
Others								
▪ Management fees	*20C*	**2022**	**173,445**	**-**	**19,215**	**-**	**Payable within ten (10 days) of the following month**	**Unsecured**
		2021	133,598	-	12,434	-	Payable within ten (10) days of the following month	Unsecured
▪ Advances	*20D*	**2022**	**112,682**	**5,338**	**3,997**	**-**	**Payable on demand**	**Unsecured; no impairment**
		2021	81,014	-	1,724	-	Payable on demand	Unsecured; no impairment
▪ Lease	*20E*	**2022**	**40,993**	**-**	**-**	**396,948**	**Payable within five (5 days) of the following month**	**Unsecured**
		2021	45,860	-	-	66,285		
TOTAL		**2022**		**P19,731**	**P23,212**	**P396,948**		
TOTAL		2021		P45,508	P14,158	P66,285		

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

B. The Parent Company and ATIB have separate, noncontributory, defined benefit retirement plans covering all its regular employees, in the form of a trust being maintained by a trustee bank. Certain payments to retired employees were paid directly by the Group to be subsequently paid by the retirement fund.

C. P & O Management Services Phils., Inc. (POMS), is a related party which is 40% owned by POAL. POMS engages in advisory services which it provides to the Parent Company by virtue of a 5-year contract. The Parent Company's contract with POMS was further renewed on August 27, 2020 for another five years until August 31, 2025. The terms of the contract provide for the payment of a monthly fee equivalent to 5% of ATI's consolidated income before income tax of the immediately preceding month (see Note 18).

D. Advances include amounts owed to or by DP World Asia Holdings Limited-Regional Operating Headquarters, DP World Philippines Logistics, Inc., and DP World Holdings Philippines, Inc., which are related parties under common control, pertaining to reimbursements for expenses paid by or for the Group. The balance also includes amounts owed to companies controlled by the Group's director for expenses incurred by the Group for manpower, healthcare and insurance services. As of December 31, 2022 and 2021, related amounts are recorded as Other Payables under Trade and other payables (see Note 14).

E. The Parent Company has entered into a 5-year lease contract with a company controlled by the Group's director commencing on May 1, 2019 for a parcel of land located at Barangay Lawa, Calamba, Laguna, with a monthly lease rental of P40 per square meter, subject to an escalation of 8% beginning May 1, 2021 and every 2 years thereafter. The contract terms are based on market rates for this type of arrangement and amounts are payable on a monthly basis for the duration of the contract. The leased premises shall be used for its off-dock container yard and cargo support requirements, including but not limited to warehousing and logistics (see Note 23).

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

	2022	2021
Short-term employee benefits	**P229,274**	P200,486
Post-employment benefits	**11,114**	10,485
	P240,388	P210,971

The outstanding related party balances are expected to be settled in cash.

b) There is no Director who has declined to stand for re-election to the Board of Directors since the date of the last annual meeting of stockholders because of disagreement with the Company on matters relating to operations, policies and practices.

Item 6. Compensation of Directors and Executive Officers

1) The total annual compensation of the Company's President and the most highly compensated officers amounted to P59 million in 2022 and P69 million in 2021. The projected annual compensation in 2023 is P60 million.

   The total annual compensation of all other officers and directors in 2022 amounted to P128 million and in 2021 amounted to P126 million. The projected annual compensation in 2023 is P135 million.

		(in millions of pesos)			
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**	**Total**
Eusebio H. Tanco President/CEO					
Sean James L. Perez Senior Vice President for Commercial and Outports					
Rodolfo G. Corvite, Jr. Vice President for Business Support Services					
Jose Tristan P. Carpio Vice President for Finance and CFO					
Edward Adrian Baking Vice President for Business Development and Legal					
CEO and 4 most highly compensated officers	2023 (Projected)	50	10	0	60
All other officers* and directors as a group unnamed	2023 (Projected)	109	26	0	135

**Managers and above*

		(in millions of pesos)			
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**	**Total**
Eusebio H. Tanco President					
Sean James L. Perez Senior Vice President for Commercial and Outports					
Rodolfo G. Corvite, Jr. Vice President for Business Support Services					
Jose Tristan P. Carpio Vice President for Finance and CFO					
Edward Adrian Baking AVP for Business Development and Legal					
CEO and most highly compensated officers	2022 (Actual)	47	12	0	59
All other officers* and directors as a group unnamed	2022 (Actual)	97	31	0	128

**Managers and above*

		(in millions of pesos)			
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**	**Total**
Eusebio H. Tanco President					
Sean James L. Perez Senior Vice President for Commercial and Outports					
Christopher Joe Styles Vice President for Engineering					
Rodrigo Leopoldo Sanchez-Gil Vice President for Operations					
Rodolfo G. Corvite, Jr. Vice President for Business Support Services					
CEO and most highly compensated officers	2021 (Actual)	54	15	0	69
All other officers* and directors as a group unnamed	2021 (Actual)	103	23	0	126

**Managers and above*

2) The Directors do not receive compensation for services provided as a director other than reasonable per diems[8] for attendance at meetings of the Board and the Board Committees. This is in accordance with Article IV, Section 14 of the Company's By-Laws which states that "Except for reasonable per diems, directors, as such shall be entitled to receive only such compensation as may be granted to them by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock at a regular or a special meeting of the stockholders. In no case shall the total yearly compensation of the directors, as such, exceed ten percent (10%) of the net income before income tax of the Company during the preceding year.

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

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

Item 7. Independent Public Accountants

The accounting firm R. G. Manabat & Co. served as the Company's external auditors for the last fiscal year. There was no change in or disagreement with the external auditors on accounting and financial disclosures.

The Company's Manual on Corporate Governance and SRC Rule 68, provide that the Company's external auditor shall either be rotated or the handling partner be changed every five (5) years or earlier, subject to the provisions of SRC Rule 68 paragraph 3 (b) (ix) on the two-year cooling off period. In April 2018, Ms. Emerald Anne Bagnes was appointed as signing partner of ATI, but was replaced in November 2018 by Ms. Alicia S. Columbres when the former assumed the role of Head of Audit at R.G. Manabat & Co.

In accordance with the Company's Manual on Corporate Governance, the Audit Committee recommends the appointment of external auditors. The Audit Committee is composed of Amb. Teodoro L.Locsin Jr. (independent director) as Chairman, Atty. Monico V. Jacob and Mr. William Wassaf Khoury Abreu as members. The Board approved the Audit Committee's recommendation for the appointment of R.G. Manabat & Co. as external auditors and resolved to submit the approval of the appointment to the stockholders during the annual stockholders' meeting.

Representatives of R.G. Manabat & Co. will be present during the scheduled stockholders' meeting and will be given the opportunity to make a statement if they desire to do so. It is also expected that the attending representatives will be able to respond to appropriate questions.

Items 8 to 14
Not Applicable

[8] Directors' per diem amounted to Php3,050,000 (for 2022) and Php2,345,000 (for 2021). The Chairman receives Php60,000.00 per diem, for every board meeting attended, while members of the Board receive Php50,000.00.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

a) The approval of the minutes of the annual stockholders' meeting held on April 28, 2022 will be taken up during the meeting. No matters arising from the said minutes of meetings will be taken up.

The matters taken up during the April 28, 2022, annual stockholders' meeting were as follows:

1. Call to Order
2. Proof of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on April 22, 2021
4. Chairman's Address
5. Election of Directors
6. Approval of the Audited Financial Statements for the Year Ended December 31, 2021
7. Appointment of Independent Auditors
8. Approval and Ratification of the Acts of the Board and the Management during the year 2021
9. Other Matters
10. Adjournment

Copy of the minutes of the 2022 Stockholders' Meeting may be accessed on ATI website at https://www.asianterminals.com.ph/ati_disclosures_minutesofmeeting.aspx

SUMMARY OF THE MINUTES OF THE 27th ANNUAL STOCKHOLDERS' MEETING OF ASIAN TERMINALS, INC.
(April 28, 2022, 2:00pm)
Online (MS Teams)

At the request of the Board, the Company President, Mr. Eusebio H. Tanco presided and called the meeting to order at 2:00 p.m. Mr. Tanco clarified that the meeting will be conducted via remote communication or online due to the COVID 19 situation, in compliance with guidelines issued by the SEC.

Atty. Rodolfo Corvite, Jr., the Corporate Secretary certified that notices were sent to all stockholders of record as of March 31, 2022 through the mediums compliant with the regulations of the PSE and SEC, namely publication for two consecutive days in the Manila Standard and Philippine Star (print and online formats), posting in the company website and disclosure to the PSE.

The Corporate Secretary further certified that there was a quorum with stockholders representing 1,796,436,974 shares or 89.82% of the outstanding capital stock of the company having registered to participate and voted.

The procedure for the conduct of the meeting was briefly discussed by the Corporate Secretary. All the tabulation results for the meeting were subjected to validation by R.G. Manabat and Company. Stockholders were also informed to send their questions by email to ATISHMeeting@asianterminals.com.ph. The questions were collated and selected questions were answered in the latter part of the meeting while those unanswered would be replied to by email.

The Chairman, Mr. Glen C. Hilton, delivered his message via livestream.

Mr. Hilton reported that 2021 ushered another challenging period for international trade as industries, continued to operate against a backdrop largely influenced by the COVID-19 pandemic. The second straight year had community lockdowns, mobility restrictions, sluggish market conditions, among other external factors impacting the overall flow of cargoes and people – a trend which cut across geographies and demographics.

Under this overarching theme, the Philippine economy again displayed its resilience posting a 5.7% growth from a 9.6% contraction the year prior despite struggling with pandemic spikes and natural calamities. The economy rallied behind strong household consumption, record-high remittances, and public-sector spending under the administration's signature Build-Build-Build infrastructure platform.

The nationwide inoculation drive and government's COVID-19 response, which ATI and other industry stakeholders fully supported in numerous ways, also contributed to easing restrictions, positively stimulating economic activities by year-end and hinting towards new normalcy.

Year 2021 highlighted the robustness of Asian Terminals as it continued to fulfill its vital role as economic gateway and trade enabler in this part of the world. The strength and resilience of ATI's ports and logistics business were fitting attributes as it proudly marked its milestone 35th anniversary as a pioneer in the Philippine port industry.

By following international and government-mandated protocols on health and safety, implementing innovative technologies, and actively engaging with the stakeholders, ATI's trade infrastructure remained bullish, responsive to market requirements, and supportive of the country's road to recovery.

As the year ended, the gateway terminals in Manila and Batangas handled 1.37 million teus (twenty-foot equivalent units) in consolidated international container volumes. This reflected a 3.7% volume growth mirroring industry trends and signs of revitalized trade.

In the non-containerized cargo segment, ATI's facilities in Batangas handled over 136,000 units of imported vehicles and nearly 360,000 domestic roll-on/roll-off traffic, rebounding from last year's downtrend, while passenger flow remained modest at over 800,000. ATI supported major industries in efforts to boost food security, energy sufficiency, and other vital infrastructure projects, by handling their unique cargo requirements.

The Chairman reported that ATI business delivered strong financial results for 2021 with revenues that stood at Php11.16 billion, up by 1.8% from P10.96 billion in 2020 on account of higher container volumes.

The net income reached P2.24 billion, declining 24.3% from Php2.95 billion in the previous year due to volume-driven expenses, rising fuel prices, our sustained Covid-19 resiliency measures, and unfavorable foreign exchange rate impact. Although a step-back from earlier expectations, the bottom-line reflected robust results given these extreme market conditions.

With ATI's solid business fundamentals, prudent cost management and institutional safety nets, ATI is in a solid position to operate efficiently, sustain its growth trajectory, explore new business opportunities, and provide sustainable returns to its investors and communities.

Driven by last year's performance, the Chairman announced that the ATI Board of Directors approved the release of cash dividends of 80.80 centavos per share. This total Php1.616 billion to stockholders as of May 25, 2022, with the payout scheduled on June 17, 2022.

In 2021, ATI continuously invested in port infrastructure, equipment, and technologies to prepare for the future. More rubber-tired gantry cranes were deployed in Manila South Harbor to support the expanded yard operations. The modern Batangas Passenger Terminal is living up to expectations as the country's premier interisland transport hub. It has partially operated to handle the passenger surge during the summer and will be ready for full operation by 2023. The terminal systems were upgraded to cover both container and non-container segments of the operations and the digital platforms also leveled up to deliver greater customer convenience.

As ATI expands its business perspectives, capital build-up on its port-centric logistics framework continues in 2022 as a minimum of Php5.0 billion was allocated for the market-responsive port infrastructure, ongoing trade facilitation projects, and ATI growth strategy in line with its long-term commitment with the port authority.

Marking ATI's 35th year in the industry in the middle of a pandemic was especially significant as this highlighted its ability to operate sustainably through market uncertainties.

This also gave ATI the opportunity to revisit its rich corporate history and take pride in its noteworthy contributions that have kept Philippine trade buoyant and vibrant through the years.

ATI's appreciation of the past and its clear vision of the future serve as its compass to greater things ahead as it continues to evolve and transform the business in a broader, smarter, and faster scale. This is integral to ATI's efforts to provide comprehensive end-to-end logistics channels to the customers leveraged on the strength of its port business.

The Chairman thanked the Board of Directors, shareholders, customers, and the port authorities for their valuable contributions and expressed gratitude to the ATI management team and employees for operating and managing the business competently, efficiently, and safely all throughout the very challenging period.

After the Chairman's Message, the meeting proceeded with the election of the eight (8) nominees to the Board. Those elected were, Messrs. Glen C. Hilton, Eusebio H. Tanco, William Wassaf Khoury Abreu, Monico V. Jacob, Zissis Jason Varsamidis and Felino A. Palafox Jr. Messrs. Roberto C.O. Lim and Artemio V. Panganiban were elected as independent directors.

The following were also taken up during the meeting: a) approval of the audited financial statements for the year ended December 31, 2021; b) appointment of R.G. Manabat & Co. as the Company's independent auditors; c) approval and ratification of the acts of the Board and the Management for 2021.

b) The approval of the audited financial statements and supplementary schedules to such financial statements will also be taken up during the meeting.

c) The Management seeks the approval and ratification by the stockholders of all the acts of the Board and the Management during the year 2022. These are reflected in the minutes of the meetings of the Board of Directors, in the reports to the Philippines Stock Exchange and the Securities and Exchange Commission. The affirmative vote of a majority of the stockholders is necessary for the ratification of all acts of the Board and the Management, which are as follows:

March 1, 2022

Approval of the minutes of the previous regular and special meetings; Approval of 2021 audited financial statements; Re-appointment of R.G.Manabat & Co. as independent auditors for 2022; to hold the 2022 Annual Stockholders' Meeting virtually through MS Teams and the registration, participation and voting shall also be done online in accordance with the guidelines or procedures set forth by Management setting of the date, time, venue and agenda of the 2022 Annual Stockholders' Meeting and record date, closing of stock and transfer book and last day of validation of proxies and the publication of the Notice of Meeting in two (2) newspapers of general circulation on two (2) consecutive days; Approval of capital expenditures; audit committee updates; approval to retain Chief Justice Artemio Panganiban to serve as an independent director subject to the election of shareholders in the 2022 annual meeting considering his probity, integrity as well as in recognition of his independent insights and expert opinions particularly on good governance;

April 28, 2022

Approval of the minutes of the previous meeting; approval of the 2021 self-assessment; Approval of capital expenditures; cash dividend declaration, record date and payment date; approval of the Executive Committee Charter and the amendment to Audit, Nomination, Corporate Governance and Compensation committee charters.

June 16, 2022

Approval of the amendments to the ATI By-Laws.

August 25,2022

Approval of the minutes of the previous special and regular meetings; election of Amb. Teodoro L. Locsin Jr. as independent director replacing Atty. Roberto C.O. Lim; capital expenditures; audit committee updates; Authorities : a) for the Company to apply for a credit line or facility with hotels and resorts, in connection with the legitimate business and transactions of the Company and designating officers to represent the Company and to transact, sign, execute and deliver agreements and/or other documents necessary for the purpose for and on behalf of the Company; b) 2. Appointment of corporate nominee for The Palms Country Club; c) Appointment of Metropolitan Bank and Trust Company-Trust Banking Group (MBTC-TBG) as Escrow Agent and authorized and empowered officers to give effect to and enforce the authorities herein granted to sign, execute and/or deliver any and all documents in favor of any of the mentioned banks including but not limited to the Escrow Agreement, its guidelines, or other instructions pertinent to the transaction; d) Appointment of officers (i) to represent ATI in relation to the application for business permit, clearances and other related permits, for the operation of its office in Makati City, (ii) to execute the necessary special powers of attorney to authorize, designate and/or appoint persons to sign, transact, submit and file application forms and other documents as may be required in the application for business permit (iii) to do and cause to be done all other acts and things necessary, proper, and convenient to give effect to the foregoing resolution; e)Approval of the retirement or cessation of operations of a dockyard/container yard operated by Asian Terminals, Inc. (ATI), effective upon the expiration of the lease contract between ATI and Philippine Foremost Milling Corporation (PFMC) on November 28, 2022 and designated officers to represent the company for the purpose; f) Approval and ratification of the endorsement and transfer of the operations of Batangas Supply Base (BSB) located at Port of Batangas, Sta Clara, Batangas City from Asian Terminals, Inc. (ATI) to ATI Batangas, Inc. (ATIB), and further authorized the application for the cancellation of the business permit under ATI's name and authorized officers to give effect to the transaction.

September 15, 2022

Appointment of Amb. Teodoro L. Locsin Jr. as Chairman of Audit Committee and as member of Corporate Governance and Executive Committees, to fill up the vacancy due to the resignation of Atty. Roberto Lim.

December 7, 2022

Approval of the minutes of the previous regular and special meetings; approval of the results of the 2022 self-assessment; Approval of capital expenditures and the recommendation of the Compensation Committee; Audit committee updates; approval of related party transactions;

approval of the ATI-ATIB management contract; the 2023 meeting dates; Designation of officer to represent and act as contact person to accomplish, sign, submit or receive, either in electronic or printed form, for and on behalf of the Company, any document, orders, notices, letters, papers, instruments, forms and any other correspondences, as may be required or sent by the Bureau of Internal Revenue (BIR) and designate the email address to receive or send correspondences from the BIR.

December 29, 2022

Review and approval of the 2023 Budget and appropriation of retained earnings.

Requirements under Section 49 of the Revised Corporation Code of the Philippines

a) During the Annual Meeting held on April 28, 2022 via https://bit.ly/ATI_ASM2022 only stockholders of record were entitled to notice and to vote at the meeting. Registration was made by registering in the ATI Registration Portal at https://BIT-LY/34inQr7 from 9am of April 8, 2022 until 7:00 pm of April 18, 2022. After validation, a notification was sent to the stockholder by email from ATISHMeeting@asianterminals.com.ph together with a unique passcode which they used to access the ATI Voting Portal at https://bit.ly/3q69lcl and cast their votes from 9am of April 19, 2022 until 7:00 pm of April 26, 2022.

   Stockholders also voted by sending their proxies and appointing the Chairman of the Board or the President. Proxies were validated on April 18, 2022 by the Office of the Corporate Secretary and assisted by Professional Stock Transfer Inc. (PSTI), the company's stock transfer agent. Items in the agenda were decided by the majority vote of the stockholders who registered and voted in the Voting Portal or by proxy.

   Each stockholder shall have one vote for each share of stock entitled to vote and recorded in his name in the books of the Company. The votes were tabulated by the Office of the Corporate Secretary and validated R.G. Manabat and Co.

b) The stockholders were given the opportunity to ask questions. To maintain order, attendees and stockholders were instructed to send in advance their questions to ATISHMeeting@asianterminals.com.ph. Prior to the adjournment of the meeting, the President answered 3 questions received by email.

   First: What opportunities are seen by ATI now that the pandemic restrictions have eased, and economic activities gradually resumed?

   Reply: The President responded that ATI continuously leverage on the strength of its competitive gateways in Manila and Batangas. ATI's significant investment in these facilities through the years, in line with its commitment with PPA, prepared the Company for the future. The Company's enhanced capacity and capabilities enabled it to handle the expected volume surge and further contribute to post-pandemic economic recovery.

   Second: What are the major expansion plans of ATI over the next five years? By how much does it plan to increase capacity for the South Harbor and Batangas ports?

   Reply: The President replied that ongoing infrastructure projects were underway in the South Harbor. New examination areas were added and more container spaces were continuously developed to support growth. The extension of Pier 3 commenced. Five new yard cranes arrived last year to be followed by two ship-to-shore cranes. This will enable ATI to handle more cargoes and bigger vessels, with an annual capacity of nearly 2.0 million teus (twenty-foot equivalent units) from 1.5 million teus at present.

Over in Batangas, the modern passenger terminal has taken shape. Phase 1 began serving customers during the peak season, with the full complex expected to be finished by next year.

Third: Due to the pandemic, most business processes have shifted to electronic or digital system. What measures were taken by ATI in its operations, to adapt to the digitalization of business processes.

Reply: The President replied that ATI is a pioneer in digital infrastructure. Its robust IT platforms have long been established even before the pandemic. This provided ATI and its customers with reliable online channels for the uninterrupted flow of trade during this pandemic. ATI continues to optimize these platforms to deliver quality and convenient port services.

c) The matters discussed and resolutions reached during the 2022 Annual Stockholders' Meeting:

1. Approval of the Minutes of the 2021 Annual Stockholders' Meeting held on April 22, 2021
2. Approval of the re-appointment of R.G. Manabat and Co. as independent auditors for 2022
3. Approval of the Audited Financial Statements for the year ended December 31, 2021
4. Approval and ratification of the acts of the Board and Management in 2021

d) The voting results for each agenda item were:

Agenda Item	**Voting Results**		
	Approving/ For	**Dissenting/ Against**	**Abstaining**
Approval of the Minutes of the 2022 Annual Stockholders' Meeting Held on April 22, 2021	1,796,436,974	0	0
Approval of the re-appointment of R. G. Manabat and Co. as independent auditors for 2021	1,796,436,974	0	0
Approval of the Audited Financial Statements for the year ended December 31, 2020	1,796,436,974	0	0
Approval and ratification of the acts of the Board and Management in 2021	1,796,436,974	0	0

e) Stockholders holding **1,796,436,974** shares are present in person or by proxy for the Annual Stockholders' Meeting on conducted virtually via https://bit.ly/ATI_ASM2022

Directors and Key Officers who attended were:

Glen C. Hilton	-Chairman
Eusebio H. Tanco	-Director/President
Monico V. Jacob	-Director
Felino A. Palafox, Jr.	-Director
Zissis Jason Varsamidis	-Director
William Wassaf Khoury Abreu	-Director
Artemio V. Panganiban	-Independent Director
Roberto C.O. Lim	-Independent Director
Sean James L. Perez	-Senior Vice President for Commercial And Outports
Rodolfo G. Corvite, Jr.	-Vice President for Business Support Services/ Corporate Secretary and Compliance Officer
Jose Tristan P. Carpio	-Vice President for Finance, CFO and Treasurer

Attending stockholders were:

1. Glen C. Hilton
2. Eusebio H. Tanco
3. William Wassaf Khoury Abreu
4. Felino A. Palafox, Jr.
5. Artemio V. Panganiban
6. Roberto C. O. Lim
7. Zissis Jason Varsamidis
8. Monico V. Jacob
9. Rodolfo G. Corvite, Jr.
10. Mitos R. Lara
11. Jude Jawod
12. Demie Bulalas
13. Enrique Gomez Jr.
14. Marcelino San Juan
15. Marita Franco
16. Wilfredo B. Estaňol
17. Amabel N. Sangalang
18. Nimfa Ayala Masculino
19. Victor Luis Cusi III
20. Reison Dionisio
21. Martin Khu Tanco
22. Geraldine Khu Tanco
23. Joseph Augustin Luym Tanco
24. Patrick Tanco
25. Ronald Tanco
26. Joseph Luym Tanco
27. Biolim Holdings and Management Corp. (formerly Rescom Developers, Inc.)
28. Daven Holdings, Inc.
29. ATI Holdings, Inc.
30. Philippine Seaport Inc.
31. Pecard Group Holdings, Inc.
32. DP World Australia (POAL) Pty.Ltd.,
33. SG Holdings, Inc.
34. Aberlour Holding Company, Inc.
35. Morray Holdings, Inc,
36. Harbourside Holdings Inc.
37. Granite Realty Corporation
38. Standard Chartered Bank.
39. Venture Securities
40. Citibank (CITIMNIFOR)

f) Material information on the current stockholders and their rights were provided during the meeting. The Corporate Secretary reported during the meeting that notices were sent to all stockholders of record as of March 31, 2022, through the mediums compliant with the regulations of the PSE and SEC, namely publication for two consecutive days in the Manila Standard and Philippine Star (both for print and online formats), posting in the company website and disclosure to the PSE. The Corporate Secretary further reported that there was a quorum with stockholders representing 1,796,436,974 shares or 89.82% of the outstanding capital stock of the company having registered to participate and voted.

g) Appraisals and performance report for the board and the criteria and procedure for assessment. In November 2022, the Board, individual directors, Corporate Governance Committee, Audit Committee, Nomination Committee, Compensation Committee and the key officers have undergone self-assessment. The categories/ criteria procedure and rating are summarized below:

A) *Board*

<u>Categories/Criteria</u>: Board Profile, Disclosure and Transparency, Internal Control System and Enterprise Risk Management Framework, Cultivating a Synergistic Relationship with Stockholders, Duties to Stakeholders; Sustainability and Corporate Social Responsibility Knowledge About the Company,

<u>No.of questions</u>: 20, with highest assessment score for each question of 5 points (Strongly Agree) and lowest at 1 (Strongly Disagree).

B) Board Committees (except Audit Committee)

<u>Categories/Criteria</u>: Structure, Function and Reportorial Duty to the Board.

<u>No. of Questions</u>: 4, with highest assessment score for each question of 5 points (Strongly Agree) and lowest at 1 (Strongly Disagree).

C) *Audit Committee*

Categories/Criteria: Audit and Compliance, Risk Oversight and Related Party Transactions.

No. of Questions: 20, with highest assessment score for each question of 5 points (Strongly Agree) and lowest at 1 (Strongly Disagree).

The Audit Committee also separately conducted its self-assessment last August 10, 2022, pursuant to SEC Memorandum Circular No. 4 series of 2012 and the ATI Audit Committee Charter.

D) *Individual Performance as Directors*

Categories/Criteria: attendance, expectation as a director, familiarity with the business of the Company, confidentiality, commitment to corporate governance principles, reporting of share dealings or potential conflict of interest.

No. of Questions: 10, with highest assessment score for each question of 5 points (Strongly Agree) and lowest at 1 (Strongly Disagree).

E) Individual Performance of Key Officers

Categories/ Criteria: Board and Management's efficient interaction and timely communication and risk management.

No. of Questions: 4, with highest assessment score for each question of 5 points (Strongly Agree) and lowest at 1 (Strongly Disagree).

Each questionnaire also included a portion where the respondents may provide their comments and/ or suggestions.

The over-all results for all the assessments for 2022 yielded "excellent" scores and the Corporate Governance Committee took note of the same in its meeting on November 23, 2022. The Board took note of the results and approved the same in the board meeting on December 7, 2022.

h) Directors' disclosures on self-dealing and related party transactions. In accordance with the ATI Board Charter, A director is required to report to the Board within three (3) business days any dealings in the shares of stock of ATI and such matter is disclosed to the SEC and PSE in accordance with the disclosure rules of the PSE and the Securities and Regulation Code. Related party transactions are discussed in pages 10-11 of the Preliminary Information Statement and in Note 20 of the Audited Financial Statements.

Item 16

Not applicable.

Item 17. Amendment of Charter, Bylaws or Other Documents

Not applicable.

Item 18. Other Proposed Action

None

Item 19. Voting Procedures

a) Voting requirement for approval or election

Article III Section 7 of the By-Laws of the Company provides that, at all elections and all questions shall be decided by the majority vote of the stockholders present in person or by proxy through remote communication or in absentia, electronically or otherwise and entitled to vote thereat, a quorum being present, except in cases where other provisions is made by statute.

Each stockholder shall have one vote for each share of stock entitled to vote and recorded in his name in the books of the Company.

The Board unanimously approved on February 23, 2023, the holding of the annual stockholders meeting online and the procedure for online registration and voting through the use of a voting portal. Please refer to **Appendix "A"** of the Notice of Meeting for the 2023 Annual Stockholders' Meeting on the requirements and procedure for the registration, participation and voting online.

b) The method by which the votes will be counted.

The Board unanimously approved on February 23, 2023, the holding of annual meeting online, including the registration and voting through respective portals. Votes shall be counted in accordance with the procedure for online voting. Stockholders would need to register and have their registration and identification validated before they will be given an access code to the voting portal. Please refer to **Appendix "A"** of the Notice of Meeting for the 2023 Annual Stockholders' Meeting on the requirements and procedure for registration, participation and voting.

The auditors from R.G. Manabat & Co. will assist in the counting of votes. Only authorized persons from ATI, R.G. Manabat & Co. and the stock and transfer agent (Professional Stock Transfer Inc.) shall have access to the registration and voting portals.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information statement set forth in this report is true, complete and correct. This report is signed in the City of Manila on March 28, 2023.

RODOLFO G. CORVITE, JR.
Corporate Secretary and Compliance Officer

MANAGEMENT REPORT
(UNDER RULE 20.4, AMENDED IRR OF THE SRC)

Management's Discussion and Analysis

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

	Year Ended December 31			
	2022	2021	Change	% Change
REVENUES FROM OPERATIONS	**P13,622,704**	P11,162,744	P2,459,960	22.0%
GOVERNMENT SHARE IN REVENUES	**(2,468,762)**	(1,947,677)	(521,085)	26.8%
	11,153,942	9,215,067	1,938,875	21.0%
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	**(6,176,412)**	(5,426,240)	(750,172)	13.8%
OTHER INCOME AND EXPENSES				
Finance income	**45,496**	5,758	39,738	690.1%
Finance cost	**(505,572)**	(504,068)	(1,504)	0.3%
Others - net	**(529,694)**	(254,907)	(274,787)	107.8%
	(989,770)	(753,217)	(236,553)	31.4%
CONSTRUCTION REVENUES	**1,928,019**	546,474	1,381,545	252.8%
CONSTRUCTION COSTS	**(1,928,019)**	(546,474)	(1,381,545)	252.8%
	-	-	-	
INCOME BEFORE INCOME TAX	**3,987,760**	3,035,610	952,150	31.4%
INCOME TAX EXPENSE				
Current	**1,137,822**	716,918	420,904	58.7%
Deferred	**(178,218)**	80,963	(259,181)	-320.1%
	959,604	797,881	161,723	20.3%
NET INCOME	**P 3,028,156**	P 2,237,729	P 790,427	35.3%
Income Attributable to				
Equity Holders of the Parent Company	**P3,024,811**	P2,236,720	P788,091	35.2%
Non-controlling interest	**3,345**	1,009	2,336	231.5%
	P3,028,156	P2,237,729	P790,427	35.3%
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	**P1.51**	P1.12	P0.39	35.2%

Revenues for the year ended December 31, 2022, of P13,622.7 million went up by 22.0% from P11,162.7 million in 2021. Revenues from South Harbor (SH) international containerized cargo and Batangas Container Terminal (BCT) increased from last year by 19.2% and 12.7%, respectively, on account of higher container volume while revenues from ATI Batangas were higher than last year by 65.9% on account of higher RoRo volumes and higher number of passengers.

Port authorities' share in revenues in 2022 of P2,468.8 million increased by 26.8% from P1,947.7 million in 2021 as a result of higher revenues subject to port authorities' share.

Cost and expenses in 2022 amounted to P6,176.4 million, 13.8% higher than P5,426.2 million in 2021. Depreciation and amortization in 2022 increased by 3.2% to P1,908.8 million from P1,849.7 million in 2021. Labor costs in 2022 of P1,633.1 million were higher by 9.2% compared to P1,495.2 million in 2021 due to salary rate increases and higher volumes. Equipment running in 2022 went up by 23.9% to P824.5 million from P665.4 million in 2021 due to the following: i) higher usage of equipment spare parts and consumables; and ii) higher fuel costs related to higher volume and higher fuel price. Taxes and licenses in 2022 increased by 30.9% to P549.2 million from P419.7 million in 2021 due to higher real property taxes related to additional equipment and improvements in South Harbor and Batangas and higher business taxes. Facilities-related expenses in 2022 went up by 26.1% to P270.3 million from P214.4 million in 2021 due to higher repairs and maintenance costs for lightings and wharves related to safety as well as higher IT costs. Insurance of P213.4 million in 2022 increased by 7.6% compared to P198.4 million last year due to higher insurance premiums. General transport of P179.3 million in 2022 were higher by 53.8% than P116.5 million in 2021 on account of higher trucking costs. Management fees in 2022 increased by 29.8% to P173.4 million from P133.6 million in 2021 following higher earnings before tax. Security, health, environment and safety in 2022 of P167.5 million were higher by 9.8% compared to P152.5 million in due to higher security costs related to higher passenger volume. Rentals of P33.7 million in 2022 went up by 141.7% compared to P14.0 million in the same period last year due to rental of a generator set used in the new Passenger Terminal Building in Batangas. Professional fees in 2022 of P25.4 million went up by 97.0% from P12.9 million last year due to higher consultancy fees related to Business Development Projects. Marketing, commercial, and promotion in 2022 increased by 48.1% to P10.4 million from P7.0 million due to higher advertising costs. Entertainment, amusement and recreation in 2022 of P10.1 million went up by 191.5% from P3.5 million last year. Other expenses in 2022 totaled P176.4 million, went up by 29.5% from P136.2 million in 2021 due to higher general operations and higher brokerage and handling fees with corresponding revenues.

Finance income in 2022 of P45.5 million was higher by 690.1% than P5.8 million last year due to higher interest rates on money market placements and higher cash balance. Finance costs in 2022 of P505.6 million were higher by 0.3% against P504.1 million last year. Others-net was at negative P529.7 million in 2022 from negative P254.9 million in 2021 mainly due to higher unrealized foreign exchange losses on the fair value of concession liability and accrued interest following the depreciation of the Philippine Peso against the US Dollar.
Income before income tax in 2022 of P3,987.8 million was higher by 31.4% compared to P3,035.6 in 2021. Provision for income tax increased by 20.3% to P959.6 million in 2021 from P797.9 million in the same period last year due to higher results.

Net income for the year ended December 31, 2022 increased by 35.3% to P3,028.2 million from P2,237.7 million last year. Earnings per share increased to P1.51 in 2022 from P1.12 in 2021.

Key Variable and Other Qualitative and Quantitative Factors

(i) Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

- There had been no known trends, events or uncertainties that had or are reasonably expected to have a material favorable or unfavorable impact on the Company's, other than those discussed in this report.

(ii) Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

- There had been no event known to management that could trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration *of an obligation.*

(iii) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period

- There had been no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the period that would address the past and would have a material impact on future operations.

(iv) Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures

- This includes the completion of the Batangas Passenger Terminal Phase 1, expansion of existing port facilities, acquisition of additional modern equipment, implementation of smart IT systems as well as the construction of Cavite Barge Terminal which will be completed in 2023 using the Company's internal funds.

v) Any Known Trends, Events or Uncertainties (Material Impact on Sales)

- There had been no known trends, events or uncertainties that had or are reasonably expected to have a material favorable or unfavorable impact on the Company's revenues from continuing operations, other than those discussed in this report.

vi) Any Significant Elements of Income or Loss (from continuing operations)

- There had been no significant elements of income that did not arise from the Company's continuing operations.

(*vii) Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%) – refer to discussion on Results of Operations, Financial Condition and Cash Flows.*

(viii) Seasonal Aspects that has Material Effect on the FS

- There had been no seasonal factor that had a material effect on the financial condition and results of operations.

COVID-19 has impacted the business operations of the company and its offsite facilities. South Harbor volume was impacted by the surge in Covid-19 cases in China for the first half of 2022. In general, China port operations slowed down, and in some ports had to suspend operations for days. Business operations continue following existing government regulations and guidelines. The measures undertaken by the company and its offsites include the implementation of its Business Continuity Plan for COVID-19. The company also has a Prevention and Control Plan for COVID-19 and other communicable diseases in place as well as emergency response procedures for situations concerning public health and safety. This includes mandatory thermal scanning prior to entry into our gates and offices, regular sanitization of offices and facilities, social distancing, remote modes of communication such as teleconference and videocalls and sustained information campaign on COVID 19 and proper personal hygiene. Aligned with the government's COVID-19 vaccination efforts, ATI has attained 99.9% vaccination rate for its employees through its own corporate initiatives and in partnership with industry groups and local government units. A continuous campaign for booster administration is likewise being undertaken. The company also continuously maintains close coordination with relevant government entities.

Plans for 2023

As a smart trade enabler, Asian Terminals Inc. (ATI) delivers comprehensive, innovative, and sustainable ports and logistics products and services for a robust and resilient Philippine supply-chain.

Anchored on its port-centric and customer-focused business philosophy, ATI continuously enhances its gateway ports in Manila and Batangas for containerized cargo, non-containerized cargo, and passenger handling operations, upgrading their capacity, capabilities, and technologies to support customer growth, respond to future market demand, and sustain the country's post-pandemic recovery.

For 2023, ATI is investing an estimated Php 5.2 billion in step with its growth strategy and in line with its investment commitment with the Philippine Ports Authority. This will support the completion of the Batangas Passenger Terminal modernization project, expansion of existing port facilities, acquisition of additional modern equipment, implementation of smart IT systems and execution of integrated logistics solutions leveraged on ATI's port infrastructure.

In line with its long-term sustainability, ATI explores new business growth drivers, including developing smart cargo storage spaces within and outside port zones, offering ancillary services anchored on its core competencies and exploring new port operations locally or overseas, given the right opportunity.

Combining the best Filipino talent and the global leadership of its foreign equity shareholder, DP World, ATI is committed to optimizing its resources, management capabilities, and industry experience spanning 37 years to bring greater value to its shareholders, customers, and communities.

In 2022, ATI invested a total of Php 2.8 billion capital expenditures in line with its investment commitment with the Philippine Ports Authority. This includes the completion of the Batangas Passenger Terminal Phase 1, expansion of existing port facilities, acquisition of additional modern equipment, implementation of smart IT systems as well as the construction of Cavite Barge Terminal which will be completed in 2023. The decrease in actual investment in 2022 of Php 2.8 billion versus Plans for 2022 of P5.43 billion is mainly due to delay in expansion projects such as Pier 3 Berth Extension (due to change in design) and delay in acquisition of cargo handling equipment (due to delay in Pier 3 Berth Extension).

Consolidated Financial Condition

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

	December 31			
	2022	2021	Change	% Change
ASSETS				
Current Assets				
Cash and cash equivalents	**P4,600,267**	P3,954,166	P646,101	16.3%
Trade and other receivables - net	**905,985**	809,229	96,756	12.0%
Spare parts and supplies	**1,081,456**	935,478	145,978	15.6%
Prepaid expenses	**2,503,263**	2,149,009	354,254	16.5%
Total Current Assets	**9,090,971**	7,847,882	1,243,089	15.8%
Noncurrent Assets				
Investment in an associate	**55,282**	58,373	(3,091)	-5.3%
Property and equipment - net	**2,566,211**	1,890,714	675,497	35.7%
Intangible assets - net and goodwill	**21,080,924**	20,551,531	529,393	2.6%
Right of use asset - net	**775,248**	458,999	316,249	68.9%
Deferred tax assets - net	**975,876**	801,324	174,552	21.8%
Other noncurrent assets	**86,759**	102,037	(15,278)	-15.0%
Total Noncurrent Assets	**25,540,300**	23,862,978	1,677,322	7.0%
TOTAL ASSETS	**P34,631,271**	P31,710,860	P2,920,411	9.2%
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	**P3,292,607**	P2,379,928	912,679	38.3%
Provisions for claims	**61,044**	63,216	(2,172)	-3.4%
Port concession rights payable - current portion	**423,028**	368,778	54,250	14.7%
Income and other taxes payable	**210,629**	132,693	77,936	58.7%
Lease Liabilities - Current	**118,066**	85,028	33,038	38.9%
Total Current Liabilities	**4,105,374**	3,029,643	1,075,731	35.5%
Noncurrent Liabilities				
Port concession rights payable - net of current portion	**7,510,283**	7,333,393	176,890	2.4%
Pension liability	**207,409**	241,609	(34,200)	-14.2%
Lease liabilities - Non current	**647,026**	367,609	279,417	76.0%
Total Noncurrent Liabilities	**8,364,718**	7,942,611	422,107	5.3%
	12,470,092	10,972,254	1,497,838	13.7%
Equity				
Equity Attributable to Equity Holders of the Parent Company				
Capital stock	**2,000,000**	2,000,000	-	0.0%
Additional paid in capital	**264,300**	264,300	-	0.0%
Retained earnings	**19,887,619**	18,467,868	1,419,751	7.7%
Fair value reserve	**(5,820)**	(5,820)	-	0.0%
	22,146,099	20,726,348	1,419,751	6.8%
Non-controlling Interest	**15,080**	12,258	2,822	23.0%
Total Equity	**22,161,179**	20,738,606	1,422,573	6.9%
TOTAL LIABILITIES AND EQUITY	**P34,631,271**	P31,710,860	P2,920,411	9.2%

Total assets as of December 31, 2022 increased by 9.2% to P34,631.3 million from P31,710.9 million as of December 31, 2021. Total current assets as of December 31, 2022 up by 15.8% to P9,091.0 million from P7,847.9 million as of December 31, 2021. Cash and cash equivalents as of December 31, 2022 were higher by 16.3% to P4,600.3 million from P3,954.2 million as of December 31, 2021. Trade and other receivables - net as of December 31, 2022 up by 12.0% to P906.0 million from P809.2 million as of December 31, 2021. Spare parts and supplies - net as of December 31, 2022 of P1,081.4 million were higher by 15.6% compared to P935.5 million as of December 31, 2021 in support of operational requirements and equipment maintenance program. Prepaid expenses of P2,503.3 million as of December 31, 2022 went up by 16.5% from P2,149.0 million as of December 31, 2021 on account of higher input taxes on PPA fees and various purchases of capital expenditures.

Total non-current assets of P25,540.3 million as of December 31, 2022, were higher by 7.0% compared to P23,863.0 million as of December 31, 2021. Property and equipment-net increased by 35.7% to P2,566.2 million as of December 31, 2022 from P1,890.7 million as of December 31, 2021. Additions to property and equipment which were not subject to the service concession arrangement totaled P829.7 million in 2022. Intangible assets - net as of December 31, 2022 of P21,080.9 million were higher by 2.6% compared to P20,551.5 million as of December 31, 2021. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P1,986.9 million in 2022. Right-of-use assets – net was at P775.2 million as of December 31, 2022, was higher by 68.9% compared to P459.0 million as of December 31, 2021. Deferred tax assets - net as of December 31, 2022 of P975.9 million went up by 21.8% to P801.3 million as of December 31, 2021, pertaining to adjustment on deferred tax on unrealized foreign exchange loss on fair value of concession liability and accrued interest. Other noncurrent assets as of December 31, 2022 decreased by 15.0% to P86.8 million from P102.0 million as of December 31, 2021.

Total liabilities went up by 13.7% to P12,470.1 million as of December 31, 2022 from P10,972.3 million as of December 31, 2021. Trade and other payables as of December 31, 2022 of P2,379.9 million were higher by 38.3% than P2,379.9 million as of December 31, 2021. Trade and other payables are covered by agreed payment schedules. Provision for claims went down to P61.0 million as of December 31, 2022 from P63.2 million as of December 31, 2021. Income and other taxes payable increased by 58.7% to P210.6 million as of December 31, 2022 from P132.7 million as of December 31, 2021 due to higher income before tax. Port concession rights payable (current and noncurrent) as of December 31, 2022 totaled P7,933.3 million, 3.0% higher than P7,702.2 million as of December 31, 2021. Lease liabilities (current and noncurrent) were at P765.1 million as of December 31, 2022, increased by 69.0% from P452.6 million as of December 31, 2021 due to renewal of lease contracts. Pension liability as of December 31, 2022, of P207.4 million was lower by 14.2% compared to P241.6 million as of December 31, 2021.

Consolidated Cash Flows

Net cash provided by operating activities increased by 36.0% to P5,886.8 million in 2022 from P4,328.7 million in 2021 due to higher operating income and increase in trade and other payables.

Net cash used in investing activities in 2022 of P2,757.8 million were 9.3% higher than P2,523.1 million in 2021 due to higher acquisitions of intangible assets and property and equipment.

Cash used in financing activities in 2022 of P2,639.0 million was higher by 9.8% than the P2,403.5 million in 2021 due to higher payments of cash dividends and payments of lease liabilities.

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

The Group has adopted the following amendments to standards starting January 1, 2022 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

- *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to* PAS 16*, Property, Plant and Equipment).* The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.
  For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

  The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- *Onerous Contracts - Cost of Fulfilling a Contract (Amendment to* PAS 37, *Provisions, Contingent Liabilities and Contingent Assets).* The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprises both incremental costs and an allocation of other direct costs.

  The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- *Annual Improvements to PFRS Standards 2018-2020.* This cycle of improvements contains amendments to four standards, of which are applicable to the Group:

  - *Subsidiary as a First-time Adopter (Amendment to* PFRS 1*, First-time Adoption of Philippine Financial Reporting Standards).* The amendment simplifies the application of PFRS 1 for a subsidiary that becomes a first-time adopter of PFRS later than its parent. The subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to PFRS.

  - *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to* PFRS 9*, Financial Instruments).* The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. It applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  - *Lease Incentives (Amendment to Illustrative Examples accompanying* PFRS 16*, Leases).* The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

- *Reference to the Conceptual Framework (Amendment to PFRS 3 Business Combinations).* The amendments:

  - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework;

  - added a requirement that, for transactions and other events within the scope of PAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

  - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

Standards Issued but Not Yet Adopted
A number of amendments to standards are effective for annual periods beginning after January 1, 2022. However, the Group has not early adopted 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.

Effective January 1, 2023

- *Classification of Liabilities as Current or Non-current (Amendments to* PAS 1*, Presentation of Financial Statements).* To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

  - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

  In November 2021, the International Accounting Standards Board issued the Exposure Draft, *Non-Current Liabilities with Covenants* after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1 as follows:

  - Conditions which the entity must comply within twelve months after the reporting period will have no effect on the classification as current or non-current.

- Additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within twelve months.

- The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

- The 2022 amendments are not yet locally adopted as part of PFRS.

▪ *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)*. To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

▪ *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures.

  The amendments are effective from January 1, 2023. Earlier application is permitted.

▪ *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12 Income Taxes)*. The amendments clarify that that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Deferral of the local implementation of Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to* PFRS 10*, Consolidated Financial Statements and* PAS 28*, Investments in Associates and Joint Ventures)*. 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.

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 2022:

- ATIB's total assets were only 9.4% of the consolidated total assets.
- Income before other income and expense from ATIB was only 13.3% of consolidated income before other income and expense.[1]

Consolidated KPI	Manner of Calculation	2022	2021	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	16.3%	13.2%	Increased due to higher income before interest and taxes 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	14.1%	11.0%	Improved due to higher net income.
Current ratio	Ratio of current assets over current liabilities	2.21 : 1.00	2.59 : 1.00	Decreased due to higher current liabilities.
Asset to equity ratio	Ratio of total assets	1.56 : 1.00	1.53 : 1.00	Increased due to

[1] Income before interest and tax excludes also net unrealized foreign exchange losses and others.

	over equity attributable to equity holders of the parent			increase in total assets.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.56 : 1.00	0.53 : 1.00	Increased due to increase in liabilities
Day Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	11 days	9 days	Increase due to higher revenues.
Net Income Margin	Net income over revenues less government share in revenues	27.1%	24.3%	Increased due to higher net income growth.
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.	0.52	0.56	Improved as a result of extensive safety campaign and strict implementation of HSES policies.

Summary of Selected Financial Data (in millions)

Description	*Year ended December 31, 2022*	*Year ended December 31, 2021*
Revenues	*P13,622.7*	*P11,162.7*
Net income	*3,028.2*	*2,237.7*
Total assets	*34,631.3*	*31,710.9*
Total liabilities	*12,470.1*	*10,972.2*

[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 Fatalities incidents.

Years ended December 31, 2021 and 2020

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

	Year Ended December 31			
	2021	2020	Change	% Change
REVENUES FROM OPERATIONS	**P11,162,744**	P10,960,959	P201,785	1.8%
GOVERNMENT SHARE IN REVENUES	**(1,947,677)**	(1,805,558)	(142,119)	7.9%
	9,215,067	9,155,401	59,666	0.7%
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	**(5,426,240)**	(5,062,192)	(364,048)	7.2%
OTHER INCOME AND EXPENSES				
Finance income	**5,758**	28,554	(22,796)	-79.8%
Finance cost	**(504,068)**	(544,101)	40,033	-7.4%
Others - net	**(254,907)**	599,339	(854,246)	-142.5%
	(753,217)	83,792	(837,009)	-998.9%
CONSTRUCTION REVENUES	**546,474**	1,595,105	(1,048,631)	-65.7%
CONSTRUCTION COSTS	**(546,474)**	(1,595,105)	1,048,631	-65.7%
	-	-	-	
INCOME BEFORE INCOME TAX	**3,035,610**	4,177,001	(1,141,391)	-27.3%
INCOME TAX EXPENSE				
Current	**716,918**	1,102,599	(385,681)	-35.0%
Deferred	**80,963**	118,366	(37,403)	-31.6%
	797,881	1,220,965	(423,084)	-34.7%
NET INCOME	**P 2,237,729**	P 2,956,036	P (718,307)	-24.3%
Income Attributable to				
Equity Holders of the Parent Company	**P2,236,720**	P2,954,904	P (718,184)	-24.3%
Non-controlling interest	**1,009**	1,132	(123)	-10.9%
	P2,237,729	P2,956,036	P (718,307)	-24.3%
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	**P1.12**	P1.48	P (0.36)	-24.3%

Revenues for the year ended December 31, 2021 of P11,162.7 million went up by 1.8% from P10,961.0 million in 2020. Revenues from international containerized cargo operations in South Harbor (SH) and Batangas Container Terminal (BCT) increased from last year by 2.8% on account of higher container volumes. Container volumes at SH and BCT increased by 3.9% and 3.8% respectively.

Port authorities' share in revenues in 2021 of P1,947.7 million increased by 7.9% from P1,805.6 million in 2020 as a result of higher revenues subject to port authorities' share.

Cost and expenses in 2021 amounted to P5,426.2 million, 7.2% higher than P5,062.2 million in 2020. Depreciation and amortization in 2021 increased by 6.7% to P1,849.7 million from P1,733.7 million in 2020. Equipment running in 2021 went up by 21.4% to P665.4 million from P548.3 million in 2020 due to the following: i) higher usage of equipment spare parts and consumables; and ii) higher fuel costs related to higher volume and higher fuel price. Facilities-related expenses in 2021 went up by 37.8% to P214.4 million from P155.6 million in 2020 due to higher repairs and maintenance costs for building, surface/pavement, lightings and wharves related to safety as well as higher IT costs. Insurance of P198.4 million in 2021 increased by 37.6% compared to P144.2 million last year due to higher insurance premiums. Labor costs in 2021 of P1,495.2 million were higher by 3.3% compared to P1,447.0 million in 2020 due to salary rate increases. Taxes and licenses in 2021 increased by 1.8% to P419.7 million from P412.4 million in 2020 due to higher real property taxes and business taxes. General transport of P116.5 million in 2021 were higher by 6.7% than P109.2 million in 2020 on account of higher trucking costs. Provision for claims of P7.2 million in 2021 increased by

208.2% compared to P2.3 million last year due to higher provision for claims. Entertainment, amusement and recreation in 2021 of P3.5 million went up by 49.7% from P2.3 million last year. Other expenses in 2021 totaled P136.2 million, went up by 22.8% from P111.0 million in 2020 due to higher general operations.

Meanwhile, management fees in 2021 decreased by 27.5% to P133.6 million from P184.4 million in 2020 following lower earnings before tax. Security, health, environment and safety in 2021 of P152.5 million were lower by 8.7% compared to P167.0 million in due to lower security costs related to lower passenger volume and continued cost savings initiatives. Professional fees in 2021 of P12.9 million went down by 7.6% from P14.0 million last year due to lower consultancy fees related to Business Development Projects. Marketing, commercial, and promotion in 2021 decreased by 27.7% to P7.0 million from P9.7 million due to lower advertising costs. Rentals of P14.0 million in 2021 declined by 33.9% compared to P21.1 million in the same period last year due to lower rental costs of generator sets and shuttles to services to employees during pandemic

Finance income amounted to P5.8 million in 2021, 79.8% down from P28.6 million in 2020 due to lower interest rates for money market placements and lower cash balance. Finance costs in 2021 of P504.1 million were lower by 7.4% compared to P544.1 million in 2020. Others-net was lower was negative P254.9 million in 2021 from P599.4 million in 2020 mainly due to unrealized foreign exchange losses on fair value of concession liability and accrued interest following the depreciation of the Philippine Peso against the US Dollar.

Income before income tax in 2021 of P3,035.6 million was lower by 27.3% compared to P4,177.0 in 2020. Provision for income tax decreased by 34.7% to P797.9 million in 2021 from P1,221.0 million in the same period last year due to lower results and decrease in income tax rate to 25% due to the implementation of CREATE LAW

Net income for the year ended December 31, 2021 decreased by 24.3% to P2,237.7 million from P2,956.0 million last year. Earnings per share was down to P1.12 in 2021 from P1.48 in 2020.

Key Variable and Other Qualitative and Quantitative Factors

(i) Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

- There had been no known trends, events or uncertainties that had or are reasonably expected to have a material favorable or unfavorable impact on the Company's, other than those discussed in this report.

(ii) Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

- There had been no event known to management that could trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

(iii) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period

- There had been no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the period that would address the past and would have a material impact on future operations.

(iv) Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures

- This includes the construction of the Batangas Passenger Terminal Phase 1, expansion of existing port facilities, acquisition of additional modern equipment, implementation of smart IT systems as well as the construction of Cavite Barge Terminal using the Company's internal funds.

(v) Any Known Trends, Events or Uncertainties (Material Impact on Sales)

- There had been no known trends, events or uncertainties that had or are reasonably expected to have a material favorable or unfavorable impact on the Company's revenues from continuing operations, other than those discussed in this report.

(vi) Any Significant Elements of Income or Loss (from continuing operations)

- There had been no significant elements of income that did not arise from the Company's continuing operations.

(vii) Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%) – refer to discussion on Results of Operations, Financial Condition and Cash Flows.

(viii) Seasonal Aspects that has Material Effect on the FS

- There had been no seasonal factor that had a material effect on the financial condition and results of operations.

- COVID-19 has impacted the business operations of the company and its offsite facilities. Business operations continue following existing government regulations and guidelines. The measures undertaken by the company and its offsites include the implementation of its Business Continuity Plan for COVID-19. The company also has a Prevention and Control Plan for COVID-19 and other communicable diseases in place as well as emergency response procedures for situations concerning public health and safety. This includes: mandatory thermal scanning prior to entry into our gates and offices, thermal imaging equipment deployed in areas where there is a heavy volume of people, issuance of personal protective equipment, work from home and four-day work week, regular sanitization of offices and facilities, social distancing, remote modes of communication such as teleconference and videocalls and sustained information campaign on COVID 19 and proper personal hygiene. The company also continuously maintains close coordination with relevant government entities.

Consolidated Financial Condition

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

	December 31			
	2021	2020	Change	% Change
ASSETS				
Current Assets				
Cash and cash equivalents	**P3,954,166**	P4,437,874	P (483,708)	-10.9%
Trade and other receivables - net	**809,229**	624,516	184,713	29.6%
Spare parts and supplies	**935,478**	890,289	45,189	5.1%
Prepaid expenses	**2,149,009**	1,731,317	417,692	24.1%
Total Current Assets	**7,847,882**	7,683,996	163,886	2.1%
Noncurrent Assets				
Investment in an associate	**58,373**	45,115	13,258	29.4%
Property and equipment - net	**1,890,714**	1,198,815	691,899	57.7%
Intangible assets - net and goodwill	**20,551,531**	20,226,591	324,940	1.6%
Right of use asset - net	**458,999**	615,510	(156,511)	-25.4%
Deferred tax assets - net	**801,324**	880,505	(79,181)	-9.0%
Other noncurrent assets	**102,037**	173,875	(71,838)	-41.3%
Total Noncurrent Assets	**23,862,978**	23,140,411	722,567	3.1%
TOTAL ASSETS	**P31,710,860**	P30,824,407	P886,453	2.9%
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	**P2,379,928**	P2,114,850	265,078	12.5%
Provisions for claims	**63,216**	58,024	5,192	8.9%
Port concession rights payable - current portion	**368,778**	327,521	41,257	12.6%
Income and other taxes payable	**132,693**	311,097	(178,404)	-57.3%
Lease Liabilities - Current	**85,028**	134,452	(49,424)	-36.8%
Total Current Liabilities	**3,029,643**	2,945,944	83,699	2.8%
Noncurrent Liabilities				
Port concession rights payable - net of current portion	**7,333,393**	7,312,248	21,145	0.3%
Pension liability	**241,609**	188,090	53,519	28.5%
Lease liabilities - Non current	**367,609**	465,323	(97,714)	-21.0%
Total Noncurrent Liabilities	**7,942,611**	7,965,661	(23,050)	-0.3%
	10,972,254	10,911,605	60,649	0.6%
Equity				
Equity Attributable to Equity Holders of the Parent Company				
Capital stock	**2,000,000**	2,000,000	-	0.0%
Additional paid in capital	**264,300**	264,300	-	0.0%
Retained earnings	**18,467,868**	17,642,548	825,320	4.7%
Fair value reserve	**(5,820)**	(5,820)	-	0.0%
	20,726,348	19,901,028	825,320	4.1%
Non-controlling Interest	**12,258**	11,774	484	4.1%
Total Equity	**20,738,606**	19,912,802	825,804	4.1%
TOTAL LIABILITIES AND EQUITY	**P31,710,860**	P30,824,407	P886,453	2.9%

Total assets as of December 31, 2021 increased by 2.9% to P31,710.9 million from P30,824.4 million as of December 31, 2020. Total current assets as of December 31, 2021 up by 2.1% to P7,847.9 million from P7,684.0 million as of December 31, 2020. Cash and cash equivalents as of December 31, 2021 were lower by 10.9% to P3,954.2 million from P4,437.9 million as of December 31, 2020. Trade and other receivables - net as of December 31, 2021 up by 29.6% to P809.2 million from P624.5 million as of December 31, 2020. Spare parts and supplies - net as of December 31, 2021 of P935.5 million were higher by 5.1% compared to P890.3 million as of December 31, 2020 in support of operational requirements and equipment maintenance program. Prepaid expenses of P2,149.0 million as of December 31, 2021 went up by 24.1% from P1,731.3 million as of December 31, 2020 on account of higher input taxes on PPA fees and various purchases and advance payment on real property taxes for 2021 for South Harbor.

Total non-current assets of P23,863.0 million as of December 31, 2021, were higher by 3.1% compared to P23,140.4 million as of December 31, 2020. Property and equipment-net increased by 57.7% to P1,890.7 million as of December 31, 2021 from P1,198.8 million as of December 31, 2020. Additions to property and equipment which were not subject of the service concession arrangement totaled P897.1 million in 2021. Intangible assets - net as of December 31, 2021 of P20,551.5 million were higher by 1.6% compared to P20,226.6 million as of December 31, 2020. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P1,730.6 million in 2021. Right-of-use assets – net was at P459.0 million as of December 31, 2021, was lower by 25.4% compared to P615.5 million as of December 31, 2020. Deferred tax assets - net as of December 31, 2021 of P801.3 million went down by 9.0% to P880.5 million as of December 31, 2020, pertaining to adjustment on deferred tax on unrealized foreign exchange loss on fair value of concession liability and accrued interest. Other noncurrent assets as of December 31, 2021 decreased by 41.3% to P102.0 million from P173.9 million as of December 31, 2020.

Total liabilities went up by 0.6% to P10,972.3 million as of December 31, 2021 from P10,911.6 million as of December 31, 2020. Trade and other payables as of December 31, 2021 of P2,379.9 million were higher by 12.5% than P2,114.9 million as of December 31, 2020. Trade and other payables are covered by agreed payment schedules. Provision for claims went up to P63.2 million as of December 31, 2021 from P58.0 million as of December 31, 2020. Income and other taxes payable decreased by 57.3% to P132.7 million as of December 31, 2021 from P311.1 million as of December 31, 2020 due to lower income tax rate from 30% to 25%. Port concession rights payable (current and noncurrent) as of December 31, 2021 totaled P7,702.2 million, 8.1% higher than P7,639.8 million as of December 31, 2020 due to payments of government share in 2020. Lease liabilities (current and noncurrent) were at P452.6 million as of December 31, 2021, decreased by 32.5% from P599.8 million as of December 31, 2020. Pension liability as of December 31, 2021, of P241.6 million was higher by 28.5% compared to P188.1 million as of December 31, 2020.

Consolidated Cash Flows

Net cash provided by operating activities increased by 38.9% to P4,328.7 million in 2021 from P3,116.1 million in 2020 despite lower operating income due to increase in trade and other payables and lower income taxes paid.

Net cash used in investing activities in 2021 of P2,522.6 million was 36.6% higher than P1,847.3 million in 2020 due to higher acquisitions of intangible assets and property and equipment.

Cash used in financing activities in 2021 of P2,403.5 million was higher by 3.5% than the P2,322.7 million in 2020 due to higher payments of port concession and payments of lease liabilities.

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

The Group has adopted the following amendments to standards starting January 1, 2021 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group’s consolidated financial statements.

- *COVID-19-Related Rent Concessions (Amendment to* PFRS 16*, Leases)***.** The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient applies if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before June 30, 2021; and
- no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2021. However, the Group has not early adopted 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.

Effective April 1, 2021

- *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to* PFRS 16*, Leases)****.*** The amendment extends the practical expedient introduced in the 2020 amendment which simplified how a lessee accounts for rent concessions that are a direct consequence of COVID-19, permitting lessees to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The adoption is mandatory for lessees that chose to apply the practical expedient introduced by the 2020 amendments and may result in reversal of lease modifications that was ineligible for the practical expedient under the 2020 amendments, but becomes eligible as a result of the extension.

Effective January 1, 2022

- *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to* PAS 16*, Property, Plant and Equipment).* The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

  For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- *Onerous Contracts - Cost of Fulfilling a Contract (Amendment to* PAS 37, *Provisions, Contingent Liabilities and Contingent Assets).* The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e., it comprises both incremental costs and an allocation of other direct costs.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

  - *Annual Improvements to PFRS Standards 2018-2020.* This cycle of improvements contains amendments to three standards:

    - *Subsidiary as a First-time Adopter (Amendment to* PFRS 1*, First-time Adoption of Philippine Financial Reporting Standards).* The amendment simplifies the application of PFRS 1 for a subsidiary that becomes a first-time adopter of PFRS later than its parent. The subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to PFRS.

    - *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to* PFRS 9*, Financial Instruments).* The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

    - *Lease Incentives (Amendment to Illustrative Examples accompanying* PFRS 16*, Leases).* The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

  - *Reference to the Conceptual Framework (Amendment to PFRS 3 Business Combinations).* The amendments:

    - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework.

    - added a requirement that, for transactions and other events within the scope of PAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

    - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations occurring in reporting periods starting on or after January 1, 2022. Earlier application is permitted.

Effective January 1, 2023

- *Classification of Liabilities as Current or Non-current (Amendments to* PAS 1*, Presentation of Financial Statements).* To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

    - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period.
    - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and
    - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

- *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)*. To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies.
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures.

  The amendments are effective from January 1, 2023. Earlier application is permitted.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12 Income Taxes). The amendments clarify that that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Deferral of the local implementation of Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures). 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.

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 2021:

- ATIB's total assets were only 9.1% of the consolidated total assets.
- Income before other income and expense from ATIB was only 5.9% of consolidated income before other income and expense.[3]

Consolidated KPI	Manner of Calculation	2021	2020	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	13.2%	16.0%	Decreased due to lower income before interest and taxes during the period and higher capital employed.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of	11.5%	15.5%	Decreased due to lower net income.

[3] Income before interest and tax excludes also net unrealized foreign exchange losses and others.

	the parent			
Current ratio	Ratio of current assets over current liabilities	2.59 : 1.00	2.61 : 1.00	Decreased due to higher current liabilities.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.53 : 1.00	1.55 : 1.00	Decreased due to increase in retained earnings.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.53 : 1.00	0.55 : 1.00	Improved due to increase in retained earnings.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	9 days	6 days	Increased due to higher trade receivables.
Net Income Margin	Net income over revenues less government share in revenues	24.3%	32.3%	Decreased due to lower net income
Reportable Injury Frequency Rate (RIFR)[4]	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	0.56	0.59	Decreased due to lower number of injuries.

Summary of Selected Financial Data (in millions)

Description	*Year ended December 31, 2021*	*Year ended December 31, 2020*
Revenues	*P11,162.7*	*P10,961.0*
Net income	*2,237.7*	*2,956.0*
Total assets	*31,710.9*	*30,824.4*
Total liabilities	*10,972.2*	*10,911.6*

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

Years ended December 31, 2020 and 2019

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

	Year Ended December 31			
	2020	2019	Change	% Change
REVENUES FROM OPERATIONS	**P10,960,959**	P13,329,441	P (2,368,482)	-17.8%
GOVERNMENT SHARE IN REVENUES	**(1,805,558)**	(2,329,105)	523,547	-22.5%
	9,155,401	11,000,336	(1,844,935)	-16.8%
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	**(5,062,192)**	(5,606,428)	544,236	-9.7%
OTHER INCOME AND EXPENSES				
Finance income	**28,554**	157,296	(128,742)	-81.8%
Finance cost	**(544,101)**	(558,881)	14,780	-2.6%
Others - net	**599,339**	216,736	382,603	176.5%
	83,792	(184,849)	268,641	-145.3%
CONSTRUCTION REVENUES	**1,595,105**	2,747,425	(1,152,320)	-41.9%
CONSTRUCTION COSTS	**(1,595,105)**	(2,747,425)	1,152,320	-41.9%
	-	-	-	
INCOME BEFORE INCOME TAX	**4,177,001**	5,209,059	(1,032,058)	-19.8%
INCOME TAX EXPENSE				
Current	**1,102,599**	1,511,488	(408,889)	-27.1%
Deferred	**118,366**	(18,032)	136,398	-756.4%
	1,220,965	1,493,456	(272,491)	-18.2%
NET INCOME	**P 2,956,036**	P 3,715,603	P (759,567)	-20.4%
Income Attributable to				
Equity Holders of the Parent Company	**P2,954,904**	P3,714,060	P (759,156)	-20.4%
Non-controlling interest	**1,132**	1,543	(411)	-26.6%
	P2,956,036	P3,715,603	P (759,567)	-20.4%
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	**P1.48**	P1.86	P (0.38)	-20.4%

Revenues for the year ended December 31, 2020 of P10,961.0 million went down by 17.8% from P13,329.4 million in 2019. Revenues from South Harbor (SH) international containerized cargo operations and Batangas Container Terminal (BCT) decreased from last year by 16.9% and 20.2%, respectively, on account of lower container volumes resulting from the negative economic impact of COVID-19. Container volumes at SH and BCT declined by 20.4% and 19.7%, respectively.

Port authorities' share in revenues in 2020 of P1,805.6 million decreased by 22.5% from P2,329.1 million in 2019 as a result of lower revenues subject to port authorities' share.

Cost and expenses in 2020 amounted to P5,062.2 million, 9.7% lower than P5,606.4 million in 2019. Labor costs in 2020 of P1,447.0 million were lower by 6.8% compared to P1,551.9 million in 2019 due to lower deployment and overtime related to lower volume as well as the implementation of cost savings measures. Equipment running in 2020 went down by 32.5% to P548.3 million from P812.3 million in 2019 due to lower usage of equipment spare parts and tyres, lower electricity and lower fuel costs resulting from lower consumption and lower fuel price. Management fees in 2020 decreased by 19.8% to P184.4 million from P229.8 million in 2019 following lower earnings before tax. Security, health, environment and safety in 2020 of P167.0 million were lower by 21.5% compared to P212.7 million in 2019 due to cost saving initiatives. Facilities-related expenses in 2020 went down by 26.1% to P155.6 million from P210.5 million in 2019 due to lower repair and maintenance costs on buildings and lightings.

Provision for claims of P2.3 million in 2020 decreased by 97.9% compared to P109.5 million last year due to lower provision for claims. Professional fees in 2020 of P14.0 million went down by 46.8% from P26.3 million last year due to lower consultancy fees. Marketing, commercial, and promotion in 2020 decreased by 82.7% to P9.7 million from P56.0 million due to lower advertising costs. Entertainment, amusement and recreation in 2020 of P2.3 million went down by 74.1% from P8.9 million last year. Other expenses in 2020 totaled P111.0 million, went down by 50.1% from P222.2 million in 2019 due to lower general operations.

Meanwhile, depreciation and amortization in 2020 increased by 13.3% to P1,733.7 million from P1,530.0 million in 2019. Taxes and licenses in 2020 increased by 5.7% to P412.4 million from P390.2 million in 2019 due to higher real property taxes and business taxes. Insurance of P144.2 million in 2020 increased by 30.2% compared to P110.7 million last year due to higher insurance premiums.

Finance income amounted to P28.6 million in 2020, 81.8% down from P157.3 million in 2019 due to lower interest rates for money market placements and lower cash balance. Finance costs in 2020 of P544.1 million were lower by 2.6% compared to P558.9 million in 2019. Others-net in was higher 176.5% to P559.4 million in 2020 from P216.7 million in 2019 mainly due to unrealized foreign exchange gain on fair value of concession liability and accrued interest following the depreciation of the Philippine Peso against the US Dollar.

Income before income tax in 2020 of P4,177.0 million was lower by 19.8% compared to P5,209.1 in 2019. Provision for income tax in 2020 decreased by 18.2% to P1,221.0 million from P1,493.5 million in 2019.

Net income for the year ended December 31, 2020 decreased by 20.4% to P2,956.0 million from P3,715.6 million last year. Earnings per share were down to P1.48 in 2020 from P1.86 in 2019.

Key Variable and Other Qualitative and Quantitative Factors

(i) Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

- There had been no known trends, events or uncertainties that had or are reasonably expected to have a material favorable or unfavorable impact on the Company's, other than those discussed in this report.

(ii) Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

- There had been no event known to management that could trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

(iii) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period

- There had been no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the period that would address the past and would have a material impact on future operations.

(iv) Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures

- This includes the construction of the Batangas Passenger Terminal Phase 1, expansion of existing port facilities, acquisition of modern equipment as well as the construction of Cavite Barge Terminal using the Company's internal funds.

(v) Any Known Trends, Events or Uncertainties (Material Impact on Sales)

- There had been no known trends, events or uncertainties that had or are reasonably expected to have a material favorable or unfavorable impact on the Company's revenues from continuing operations, other than those discussed in this report.

(vi) Any Significant Elements of Income or Loss (from continuing operations)

- There had been no significant elements of income that did not arise from the Company's continuing operations.

(vii) Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%) – refer to discussion on Results of Operations, Financial Condition and Cash Flows.

(viii) Seasonal Aspects that has Material Effect on the FS

- There had been no seasonal factor that had a material effect on the financial condition and results of operations.
- COVID-19 has impacted the business operations of the company and its offsite facilities. Business operations continue following existing government regulations and guidelines. The measures undertaken by the company and its offsites include the implementation of its Business Continuity Plan for COVID-19. The company also has a Prevention and Control Plan for COVID-19 and other communicable diseases in place as well as emergency response procedures for situations concerning public health and safety. This includes: mandatory thermal scanning prior to entry into our gates and offices, thermal imaging equipment deployed in areas where there is a heavy volume of people, issuance of personal protective equipment, work from home and four-day work week, regular sanitization of offices and facilities, social distancing, remote modes of communication such as teleconference and videocalls and sustained information campaign on COVID 19 and proper personal hygiene. The company also continuously maintains close coordination with relevant government entities.

Consolidated Financial Condition

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

	December 31			
	2020	2019	Change	% Change
ASSETS				
Current Assets				
Cash and cash equivalents	**P4,437,874**	P5,647,349	P (1,209,475)	-21.4%
Trade and other receivables - net	**624,516**	630,599	(6,083)	-1.0%
Spare parts and supplies	**890,289**	748,499	141,790	18.9%
Prepaid expenses	**1,731,317**	1,395,876	335,441	24.0%
Total Current Assets	**7,683,996**	8,422,323	(738,327)	-8.8%
Noncurrent Assets				
Investment in an associate	**45,115**	49,507	(4,392)	-8.9%
Property and equipment - net	**1,198,815**	934,111	264,704	28.3%
Intangible assets - net and goodwill	**20,226,591**	20,051,240	175,351	0.9%
Right of use asset - net	**615,510**	676,129	(60,619)	-9.0%
Deferred tax assets - net	**880,505**	1,013,174	(132,669)	-13.1%
Other noncurrent assets	**173,875**	107,602	66,273	61.6%
Total Noncurrent Assets	**23,140,411**	22,831,763	308,648	1.4%
TOTAL ASSETS	**P30,824,407**	P31,254,086	P (429,679)	-1.4%
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	**P2,114,850**	P3,253,008	(1,138,158)	-35.0%
Provisions for claims	**58,024**	259,799	(201,775)	-77.7%
Port concession rights payable - current portion	**327,521**	313,263	14,258	4.6%
Income and other taxes payable	**311,097**	283,228	27,869	9.8%
Lease Liabilities - Current	**134,452**	196,047	(61,595)	-31.4%
Total Current Liabilities	**2,945,944**	4,305,345	(1,359,401)	-31.6%
Noncurrent Liabilities				
Port concession rights payable - net of current portion	**7,312,248**	7,989,729	(677,481)	-8.5%
Pension liability	**188,090**	184,146	3,944	2.1%
Lease liabilities - Non current	**465,323**	444,895	20,428	4.6%
Total Noncurrent Liabilities	**7,965,661**	8,618,770	(653,109)	-7.6%
	10,911,605	12,924,115	(2,012,510)	-15.6%
Equity				
Equity Attributable to Equity Holders of the Parent Company				
Capital stock	**2,000,000**	2,000,000	-	0.0%
Additional paid in capital	**264,300**	264,300	-	0.0%
Retained earnings	**17,642,548**	16,060,246	1,582,302	9.9%
Fair value reserve	**(5,820)**	(5,820)	-	0.0%
	19,901,028	18,318,726	1,582,302	8.6%
Non-controlling Interest	**11,774**	11,245	529	4.7%
Total Equity	**19,912,802**	18,329,971	1,582,831	8.6%
TOTAL LIABILITIES AND EQUITY	**P30,824,407**	P31,254,086	P (429,679)	-1.4%

Total assets as of December 31, 2020 decreased by 1.4% to P30,824.4 million from P31,254.1 million as of December 31, 2019. Total current assets as of December 31, 2020 down by 8.8% to P7,684.0 million from P8,422.3 million as of December 31, 2019. Cash and cash equivalents as of December 31, 2020 were lower by 21.4% to P4,437.9 million from P5,647.3 million as of December 31, 2019. Trade and other receivables - net as of December 31, 2020 down by 1.0% to P624.5 million from P630.6 million as of December 31, 2019. Spare parts and supplies - net as of December 31, 2020 of P890.3 million were higher by 18.9% compared to P748.5 million as of December 31, 2019 in support of operational requirements and equipment maintenance program. Prepaid expenses of P1,731.3 million as of December 31, 2020 went up by 24.0% from P1,395.9 million as of December 31, 2019 on account of higher input taxes on PPA fees and various purchases and advance payment on real property taxes for 2021 for South Harbor.

Total non-current assets of P23,140.4 million as of December 31, 2020 were higher by 1.4% compared to P22,831.8 million as of December 31, 2019. Property and equipment-net increased by 28.3% to P1,198.8 million as of December 31, 2020 from P934.1 million as of December 31, 2019. Additions to property and equipment which were not subject of the service concession arrangement totaled P421.0 million in 2020. Intangible assets - net as of December 31, 2020 of P20,226.6 million were higher by 0.9% compared to P20,051.2 million as of December 31, 2019. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P1,432.4 million in 2020. Right-of-use assets – net was at P615.5 million as of December 31, 2020, was lower by 9.0% compared to P676.1 million as of December 31, 2019. Deferred tax assets - net as of December 31, 2020 of P880.5 million went down by 13.1% to P1,013.2 million as of December 31, 2019, pertaining to adjustment on deferred tax on unrealized foreign exchange gain on fair value of concession liability and accrued interest. Other noncurrent assets as of December 31, 2020 increased by 61.6% to P173.9 million from P107.6 million as of December 31, 2019.

Total liabilities went down by 15.6% to P10,911.6 million as of December 31, 2020 from P12,924.1 million as of December 31, 2019. Trade and other payables as of December 31, 2020 of P2,114.9 million were lower by 35.0% than P3,253.0 million as of December 31, 2019. Trade and other payables are covered by agreed payment schedules. Provision for claims went down to P58.0 million as of December 31, 2020 from P259.8 million as of December 31, 2019. Income and other taxes payable increased by 9.8% to P311.1 million as of December 31, 2020 from P283.2 million as of December 31, 2019. Port concession rights payable (current and noncurrent) as of December 31, 2020 totaled P7,639.8 million, 8.0% lower than P8,303.0 million as of December 31, 2019 due to payments of government share in 2020. Lease liabilities (current and noncurrent) were at P599.8 million as of December 31, 2020, decreased by 6.4% from P640.9 million as of December 31, 2019. Pension liability as of December 31, 2020 of P188.1 million were higher by 2.1% compared to P184.1 million as of December 31, 2019.

Consolidated Cash Flows

Net cash provided by operating activities decreased by 22.7% to P3,141.7 million in 2020 from P4,066.1 million in 2019 due to lower operating income and decrease in trade and other payables and provision for claims.

Net cash used in investing activities in 2020 of P1,847.3 million was 40.9% lower than P3,125.1 million in 2019 due to lower acquisitions of intangible assets reduced by higher acquisitions of property and equipment.

Cash used in financing activities in 2020 of P2,348.2 million were higher by 14.1% than the P2,058.2 million in 2019 due to higher payments of cash dividends and payments of lease liabilities. Cash dividends paid amounted to P1,406.0 million and P1,125.0 million in 2020 and 2019, respectively.

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

The Group has adopted the following amendments to standards starting January 1, 2020, and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

Amendments to References to Conceptual Framework in PFRS Standards sets out amendments to PFRS Standards, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

- a new chapter on measurement.
- guidance on reporting financial performance.
- improved definitions of an asset and a liability, and guidance supporting these definitions; and
- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Some Standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework and make other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

Definition of a Business (Amendments to PFRS 3, Business Combinations). The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments:

- confirmed that a business must include inputs and a process, and clarified that:

    - the process must be substantive; and
    - the inputs and process must together significantly contribute to creating outputs.

- narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and

- added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

Definition of Material (Amendments to PAS 1, Presentation of Financial Statements and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors). The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

(a) raising the threshold at which information becomes material by replacing the term ‘could influence’ with ‘could reasonably be expected to influence’;
(b) including the concept of ‘obscuring information’ alongside the concept of ‘omitting’ and ‘misstating’ information in the definition;
(c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;
(d) clarifying the explanatory paragraphs accompanying the definition; and
(e) aligning the wording of the definition of material across PFRS Standards and other publications.

The amendments are expected to help entities make better materiality judgements without substantively changing existing requirements.

Standards Issued But Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2020. However, the Group has not early adopted 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.

Effective June 1, 2020

- COVID-19-Related Rent Concessions (Amendment to PFRS 16, Leases). The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient applies if:

    - the revised consideration is substantially the same or less than the original consideration.
    - the reduction in lease payments relates to payments due on or before.
    - June 30, 2021; and
    - no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

The amendment is effective for annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate.

Effective January 1, 2022

Property, Plant and Equipment – Proceeds before Intended Use (Amendments to PAS 16, Property, Plant and Equipment). The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, Inventories.

The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37, Provisions, Contingent Liabilities and Contingent Assets). The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprises both incremental costs and an allocation of other direct costs.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

Annual Improvements to PFRS Standards 2018-2020. This cycle of improvements contains amendments to four standards:

- *Subsidiary as a First-time Adopter (Amendment to PFRS 1, First-time Adoption of Philippine Financial Reporting Standards).* The amendment simplifies the application of PFRS 1 for a subsidiary that becomes a first-time adopter of PFRS later than its parent. The subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to PFRS.

- *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, Financial Instruments).* The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- *Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16, Leases).* The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

Taxation in Fair Value Measurements (Amendment to PAS 41, Agriculture). The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in PAS 41 with those in PFRS 13, *Fair Value Measurement*.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

Reference to the Conceptual Framework (Amendment to PFRS 3 Business Combinations). The amendments:

- updated PFRS 3 so that it now refers to the 2018 Conceptual Framework.

- added a requirement that, for transactions and other events within the scope of PAS 37 *Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies*, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations occurring in reporting periods starting on or after January 1, 2022. Earlier application is permitted.

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 2020:

- ATIB's total assets were only 9.1% of the consolidated total assets.
- Income before other income and expense from ATIB was only 6.9% of consolidated income before other income and expense.[5]

Consolidated KPI	Manner of Calculation	2020	2019	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	16.0%	20.1%	Decreased due to lower income before interest and taxes during the period and higher capital employed.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of the parent	15.5%	21.7%	Decreased due to lower net income.
Current ratio	Ratio of current assets over current liabilities	2.61 : 1.00	1.98 : 1.00	Increased due to lower current liabilities.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.55 : 1.00	1.71 : 1.00	Decreased due to increase in retained earnings.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.55 : 1.00	0.71 : 1.00	Improved due to decrease in liabilities.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	6 days	11 days	Decreased due to improved collection.
Net Income Margin	Net income over revenues less government share in revenues	32.3%	33.8%	Decreased due to lower net income
Reportable Injury Frequency Rate (RIFR)[6]	Number of reportable injuries within a given accounting period	0.59	0.82	Decreased due to lower number of injuries.

[5] Income before interest and tax excludes also net unrealized foreign exchange losses and others.

[6] 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 Fatalities incidents.

	relative to the total number of hours worked in the same accounting period.			

Summary of Selected Financial Data (in millions)

Description	*Year ended December 31, 2020*	*Year ended December 31, 2019*
Revenues	*P10,961.0*	*P13,329.4*
Net income	*2,956.0*	*3,715.6*
Total assets	*30,824.4*	*31,254.1*
Total liabilities	*10,911.6*	*12,924.1*

Information on Independent Accountant and External Audit Fees

The appointment of R.G. Manabat & Co. as the external auditors of Asian Terminals, Inc. for 2022 was approved by the stockholders during the annual meeting held on April 28, 2022. The same external auditors are being recommended for re-election at the scheduled annual meeting of the Stockholders.

In compliance with Securities Regulation Code Rule 68, Ms. Alicia S. Columbres was appointed as the Partner-in-Charge in 2018.

The aggregate fees for audit services rendered were as follows:

	2022 (P'000)	2021 (P'000)
Audit Fees	3,204.8	2,902.4

Audit Fees are for professional services rendered in connection with the audit of our annual financial statements and services provided by the external auditors in connection with statutory and regulatory filings or engagements.

There was no engagement for tax or other services with R.G. Manabat & Co. in 2022 and 2021.

Audit Committee Pre-Approval Policy

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

Financial Statements

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

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

Description of the General Nature and Scope of the Business

Corporate Background

Asian Terminals, Inc. (ATI), formerly known as Marina Port Services, Inc. (MPSI), was incorporated on July 9, 1986 to provide general services with respect to the operation and management of port terminals in the Philippines. In August 1990, a consortium of local and foreign companies acquired all the issued and outstanding capital stock of ATI.

South Harbor

ATI manages and operates the South Harbor pursuant to the Third Supplement to the Contract for Cargo Handling Services and Related Services granted by the Philippine Ports Authority (PPA) extending ATI's South Harbor concession for twenty-five (25) years or until May 2038.

The Container Terminal Division handles stevedoring, arrastre, warehousing, storage, cranage, container freight station (CFS) and other port-related services for international cargoes. ATI's 5-year lease contract commencing in 2011 over two parcels of land located in Sta. Mesa, City of Manila continued and is extended until January 2022 with further extension retroactive to January 2022 being currently negotiated. This land is being used exclusively as an off-dock container depot.

Pier 15 is partially used as a COVID-19 facility until December 2022. General Stevedoring operations provides arrastre, stevedoring and storage services to international shipping lines.

The ATI South Harbor facility is certified compliant with the International Ship and Port Facility Security (ISPS) Code issued by the Office for Transportation Security, DOTC valid until January 2025.

The ATI South Harbor facility is certified with ISO 14001:2015 (Environment), ISO 45001:2018 (Occupational Health and Safety), ISO 9001: 2015 (Quality) and ISO 28000: 2007 (Supply Chain Security). The certificates are valid until March and April 2025.

Inland Clearance Depot and Empty Container Depot (Laguna)

The Inland Clearance Depot (ICD) was established pursuant to Customs Memorandum Order No. 11-97 which designated ICD as an extension of the Port of Manila and as a customs bonded facility. This permits the immediate transfer of cargoes to the facility while still being cleared by customs in Manila. This provides savings on storage charges and efficient just-in-time delivery for clients in the CALABARZON area. The facility provides storage, trucking, just-in-time delivery, brokerage and maintenance and repair services for its clients. Customs Memorandum Order No. 23-2003 expanded the operations of the ATI-Calamba ICD to include servicing the Port of Batangas, in addition to the Port of Manila.

The facility is equipped with CCTV cameras for security monitoring.

In 2019, the Empty Container Depot (ECD) (located near ICD) was established. The ECD serves as a depot for shipping lines. This provides greater operational efficiency and minimizes locators' costs. It is currently used for storing empties that will later be transferred to the Port of Batangas or recirculated as laden exports for Laguna based manufacturing companies that ship via the Port of Batangas.

The Inland Clearance Depot is certified with ISO 14001:2015 (Environment), ISO 45001:2015 (Health and Safety), ISO 9001: 2015 (Quality) and ISO 28000: 2007 (Supply Chain Security). The certificates are valid until March and April 2025.

Port of Batangas

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

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

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

On 2 October 2015, ATIB and ATI signed a Contract for the Management, Operation, Maintenance and Development of Phase I, Port of Batangas for a term commencing 01 October 2015 until 30 September 2025. This contract effectively consolidates the above-mentioned contracts of ATIB in Phase 1, Port of Batangas, and included the contract to lease the Main Passenger Terminal Building mentioned in the narrative below. On December 20, 2019, Asian Terminals, Inc., its subsidiary ATI Batangas, Inc., and the Philippine Ports Authority have signed the First Amendment to said contract extending the term for an additional 10 years from September 30, 2025 up to June 30, 2035.

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

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

ATI's 5-year lease agreement with PPA effective 3 April 2012 covering a land adjacent to the CFS area of the Container Terminal "A-1" has been extended until 2 April 2022. ATI's occupancy continues under the same terms until the end of this reporting period and to date. This area is being utilized as storage for completely built units (CBU) of vehicles.

On 1 February 2021, PPA issued to ATI a Permit to Occupy over an 80,000 square meter area in Phase II of the Port of Batangas, effective for the period 1 February 2021 to 31 January 2022 and the same was renewed for another period from February 2022 to January 2023. ATI continues under the same terms to date. PPA likewise issued to ATI a Permit to Occupy for a 20,000 square meter area in Phase II of the Port of Batangas effective for the period 1 June 2022 to 31 December 2022. ATI's occupancy continues under the same terms to date. The abovementioned areas are used as storage area of cargoes being handled by ATI as port operator of Phases I and II of Port of Batangas.

ATIB and Batangas Container Terminal is certified with ISO 14001:2015 (Environment), ISO 45001:2018 (Occupational Health and Safety), ISO 9001: 2015 (Quality) and ISO 28000: 2007 (Supply Chain Security). The certificates are valid until March and April 2025.

ATIB and Batangas Container Terminal are certified compliant with the International Ship and Port Facility Security (ISPS) Code issued by the Office for Transportation Security, DOTC. The certificates are valid until October 2022 for ATI Batangas (extended validity until June 2023 as per OTS memorandum and October 2027 for Batangas Container Terminal.

Batangas Supply Base

On May 1, 2000, ATIB entered into a contract to lease the Main Passenger Terminal Building for the purpose of operating a supply base for companies engaged in oil and gas exploration. The contract was initially effective for five (5) years and had been extended several times until 2012. The contract was renewed in 2012 until 2015 and was extended for two consecutive years. The contract was again renewed on December 1, 2017 effective until 29 February 2024.

ATI operates and manages the Batangas Supply Base within the Port of Batangas under a contract with Shell Philippines Exploration B.V. (SPEX). The Supply Base provides logistics support to the Malampaya Gas-to-Power-Project which includes cargo-handling, crane and equipment hire, transport, labor and waste management. The life of the Malampaya Gas field is approximately 20 years.

Batangas Supply Base is certified with ISO 14001:2015 (Environment), ISO 45001:2018 (Occupational Health and Safety), ISO 9001: 2015 (Quality) and ISO 28000: 2007 (Supply Chain Security). The certificates are valid until March and April 2025.

Tanza Barge Terminal

ATI is developing a barge terminal in Tanza, Cavite, to cater to PEZA cargoes. In preparation for this project, Tanza Container Terminal, Inc. was incorporated on 18 January 2018. On 15 February 2018, ATI signed an initial lease term of 6-months over a property in Tanza, Cavite, for Php1.54 million per month with escalation rate of 5% beginning 2020 and every 2 years thereafter. On 1 September 2019, ATI agreed to enter into the Main Lease Term (25 years) upon Completion of the Conditions Precedents, which took place on 15 December 2019. The source of funding will be a combination of internally generated funds and bank borrowings. ATI will obtain the necessary management certifications for the facility as may be applicable.

South Cotabato Integrated Port Services, Inc.

ATI owns 35.71% of the issued and outstanding capital stock of South Cotabato Integrated Port Services, Inc. (SCIPSI).

SCIPSI is the existing cargo handling operator at the Makar Wharf in the Port of General Santos, General Santos City. It is located near the business center of the city and caters to the needs of local businesses (which are engaged mainly in agriculture, fisheries, livestock and poultry) as well as importers and exporters.

The services provided by SCIPSI include container terminal handling, arrastre, stevedoring, bagging, domestic cargo handling and equipment services.

SCIPSI is certified with ISO 14001:2015(Environment): ISO 45001:2018 (Occupational Health and Safety) and ISO 9001:2015 (Quality). It is Investors in People (IiP) certified beginning June 16, 2009. In September 2015, SCIPSI reached the IiP – Gold Accreditation. SCIPSI won the IiP Gold Employer of the Year (International) Award in June 2016, the IiP Excellence in Social Responsibility Award in November 2018, and the IiP Reward and Recognition Award in November 2019 in London, UK.

The International Ship and Port Facility Security Code compliance certificate for the Port of General Santos issued by the Office of Transport Security (OTS) is valid until September 11,2027. .

Percentage of Sales or Revenues and Contributed by Foreign Sales for each of the last 3 FY.

	2022		2021		2020	
Service	**Amount**	**% to Total**	**Amount**	**% to Total**	**Amount**	**% to Total**
Stevedoring	5,862,108	43%	4,775,548	43%	4,580,562	42%
Arrastre	5,532,700	41%	4,587,974	41%	3,637,336	33%
Logistics	188,913	1%	106,907	1%	117,159	1%
Special/Other Services	2,038,983	15%	1,692,315	15%	2,625,902	24%
TOTAL	**13,622,704**	**100%**	**11,162,744**	**100%**	**10,960,959**	**100%**

	2022		2021		2020	
Source	**Amount**	**% to Total**	**Amount**	**% to Total**	**Amount**	**% to Total**
Domestic	637,552	5%	408,632	4%	412,610	4%
Foreign	12,985,153	95%	10,754,112	96%	10,548,348	96%
TOTAL	**13,622,704**	**100%**	**11,162,744**	**100%**	**10,960,959**	**100%**

Competition

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

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

Both the Inland Clearance Depot (ICD) and Empty Container Depot (ECD) compete with ICTSI's Laguna Gateway Inland Container Terminal (LGICT) located in Calamba, Laguna. The LGICT is an extension of the seaport operations of the MICT.

Effect of existing or probable governmental regulations on the business

Various laws, orders, rules and regulations govern ATI's business and operations. ATI's commitments and authority to manage, operate, maintain, develop and promote its business are based on the terms provided in its various contracts with and the administrative rules issued by the Philippine Ports Authority (PPA). The regulatory powers of government agencies namely the Department of Labor and Employment (DOLE), Department of Environment and Natural Resources (DENR), Securities and Exchange Commission (SEC), Bureau of Customs (BOC), Philippine Competition Commission, as well as the concerned Local Government Units (LGU) over various aspects of its business and intended projects, facilitate and ensure observance of existing laws.

Employees

ATI has a total manpower complement of 1,758 as of December 31, 2022. Of the total, 1,431 are in Operations, 217 are in Maintenance and 110 are in Management and Administration. The projected headcount for next 12 months is 1,914.

About 78% of the existing manpower is covered by collective bargaining agreements as follows:

TYPE OF WORKER	UNION	FROM	TO
Equipment operators and dockworkers	Associated Workers Union (AWU)	12/01/18	11/30/23
Stevedores	Katipunan ng mga Mangagawa sa Daungan	12/01/18	11/30/23
Field Supervisors	Associated Skilled and Technical Employees Union	08/16/16	12/15/23
Checkers	South Harbor Independent Port Checkers Union	09/07/21	09/06/26
Stevedores and dockworkers	Batangas Pier Stevedores and Labor Union	11/06/17	11/05/22

There were no labor strikes for the past twenty seven (27) years.

Costs and Effects of Compliance with Environmental Laws

In 2022 ATI incurred approximately Php 7.8 million for various environmental activities and other environment related projects. The Company also participated in Corporate Social Responsibility activities benefiting nearby communities.

ATI business units maintain its current certifications to ISO 14001:2015 Environmental Management System.

Business Risks

The Company regularly undertakes a Business Risk Profile review where risks are identified by priority based on a systematic assessment of probability and impact. Control strategies are identified and action points established with the designated accountable persons. Results and developments are monitored during quarterly reviews through an innovative risk system, Workiva, which highlights the key priority risks and presents the Company's current risk landscape.

Adequate bonds and insurance coverage with business interruption clauses and global umbrella scope, structural testing and improvement of facilities and equipment, compliance with government regulations, asset management systems, business continuity plans, disaster recovery procedures, safety and health management systems, emergency response procedures and security management systems are in place, reviewed and updated to meet operational contingencies and business developments brought by rapidly changing market conditions.

Process controls, intensified collection efforts, rationalization of capital and operational spending, close monitoring of economic indicators and financial planning and budget controls are practiced to address financial and strategic contingencies. Regular monitoring and updating of system, assets and policies are ensured to maintain order and implement improvements in response to the growing market.

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

COVID-19 Management

ATI sustained its efforts as a COVID-19 resilient organization in 2022. It continues to respond to shifting infection risks, adjusting accordingly to government alert levels, and working closely with stakeholders and port authorities to deliver safe and uninterrupted port services to customers.

ATI maintained its stringent health protocols and control measures against COVID-19 to ensure the safety and welfare of its employees and stakeholders following global and local standards. From heightened health surveillance, provisioning of facemasks and face shields, contact tracing and social distancing protocols, 24/7 medical response facility and personnel, installation of digital temperature scanners, UV capable air purifiers, no-contact alcohol dispensers and daily sanitation using UVs/misting machines. Due to continuous decline of the positivity rate, some controls like acrylic partitions for offices and company owned vehicles, hygienic quarantine facilities, daily sanitation using UVs/misting machines, mobilization of shuttles for the exclusive home-to-work transit of employees and quarantine allowances were gradually discontinued commencing second quarter of 2022.

From a designated quarantine site in 2020, the Cruise Terminal in Pier 15 served as a step-down medical facility in 2021, adding vital healthcare space for the Department of Health in anticipation of case surges.

Aligned with the government's COVID-19 vaccination efforts, ATI has attained 100% vaccination rate for its employees through its own corporate initiatives and in partnership with industry groups and local government units. While ensuring its employee's defense against the disease, ATI also donated portion of its procured COVID-19 vaccine to selected LGUs and private health institution to support the government's campaign on increased vaccination rate and reduce vaccine wastage. A continuous campaign for booster administration was likewise being undertaken.

The health and safety of its workforce and stakeholders remain the topmost priority for ATI in the new normal as it keeps trade flowing in support of the Philippine economy.

PROPERTIES

The Company has outstanding leases and subleases covering land, buildings, and offshore areas in Manila (Sta. Mesa and Tondo), Laguna (Calamba), Batangas (Sta. Clara) and Cavite (Tanza). Rental expenses on these properties in 2022 totaled P208.7 million. The current lease agreements have various expiration dates with the longest term expiring in August 2043. The leases are renewable upon mutual agreement with the lessor. There is no intention to purchase any of the real property currently being leased.

Main Facilities

South Harbor

The Container Terminal operates a facility with 4 container berths. It has 975 meters of quay line equipped with twin-lift capable ship-to-shore gantry cranes. Capacity was 1.03m prior to 2013 and has now been brought up to 1.4m through developments since 2013**.** With the development of 2 RTG blocks in the Engineering Island Basin, the facility can accommodate additional 408 twenty-footer ground slots (on top of existing 10,320 TGS). South Harbor provides optimal service through modern equipment comprising of 9 ship-to-shore cranes, 28 rubber-tired gantry cranes, 5 container stackers, 16 empty handlers, and 63 internal transfer vehicles and 8 forklifts. The Truck Holding Area can accommodate up to 100 trucks. South Harbor has a Container Freight Station (CFS) and a Designated Examination Area (DEA) with two pass-through container x-ray portals and backup mobile x-ray machines operated by the Bureau of Customs. The South Harbor facility offers efficient gate access through five corridors connecting to main roadways. The Terminal Operating System (TOS) is powered by Zodiac, an innovative system developed inhouse by DP World in partnership with ATI which has more advanced features to boost terminal efficiency and productivity.

The General Stevedoring Division (GSD) occupies a single pier at the Manila South Harbor with a total of 5 berths and a beaching area for landing craft. It is equipped with annually certified lifting gears and 19 heavy forklifts rated up to 30 tons. A warehouse was converted to a passenger terminal which serves international cruise vessel berthing in ATI.

Inland Clearance Depot and Empty Container Depot (Laguna)

Inland Clearance Depot (ICD) is a 4.2-hectare container yard facility. It has a maximum capacity of 2,500 TEUs. It is equipped with two (2) reachstackers and one (1) unit of 3-tonner forklift to service the logistics requirement of clients. The core activities of ICD, among others, include the “Just-in-Time-Deliveries” for CALABARZON based consignees using the Ports of Batangas and Manila.

The Empty Container Depot (ECD) is a 5.2[7]-hectare yard located 10 minutes from the ICD facility. It is currently used for storing empties that will later be transferred to the Port of Batangas or recirculated as laden exports for Laguna based manufacturing companies that ship via the Port of Batangas. The ECD is strategically located between the port of Manila & Batangas and serves to ease high yard utilization at either facility during peak season. It is operated with 2 Side Loaders and a 16 ton forklift, 24 hours a day and 6 days a week.

Port of Batangas (Phase 1) (ATIB)

The domestic terminal has 230-meter and 185-meter berths and three general cargo berths with lengths ranging from 130 meters to 180 meters. It has a storage area totaling 62,500 square meters (sqm) and a transit shed measuring 3,000 square meters. Additional services, through partnerships, include operating an offshore supply base.

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[7] From September 2021 to August 31, 2022, the leased area was temporarily reduced to 2.5 hectares

ATIB operates an integrated passenger terminal for high-speed inter-island ferries and RORO vessels. It has seven fast craft berths with a total length of 540 meters and a draft of five meters. It has a 124 meters-long ferry berth with five meters draft and six RORO berths with a total length of 680 meters. The passenger terminal facility includes a 25,000 sqm. marshalling area for RORO vehicles.

In 2018, ATI unveiled a modern Multilevel Car Storage Facility in ATIB, which has since increased the port's capacity to handle around 13,000 completely-built imported car units at any one time.

In line with government's port modernization program, ATIB unveiled a bigger, better, and smarter Batangas Passenger Terminal (BPT) in June 2022 with a floor area of 15,000 sqm. BPT is equipped with world-class facilities such as an expansive and fully-airconditioned passenger lounge, orderly ticketing offices, clean and gender-neutral restrooms, provisions for free wi-fi and clean drinking water, and mobility features for the elderly and differently-abled, among others. It also has huge overhead digital boards advising passengers on the schedule of departing vessels, their designated boarding gates, and other relevant announcements. The terminal connects Luzon via Batangas to nearby islands like Mindoro, Masbate, Iloilo, Boracay, and other Visayas locations through fast-crafts and domestic roll-on/roll-off vessels calling the port.

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

The Batangas Container Terminal ("A-1", Phase 2) is the preferred international gateway terminal for South Luzon and Calabarzon (Cavite, Laguna, Batangas, Rizal and Quezon).

ATI in 2019 has expanded BCT in response to growing market demand. BCT has a quay length spanning 670 meters with a draft of 13 meters. BCT's approximate area of 180,000 sqm include the container yard, working apron, maintenance and control buildings, gates and roadways. The terminal has a total ground slots for 2,870 twenty-foot equivalent container units. Efficient operations are complemented by four ship-to-shore cranes, 8 rubber-tired gantry cranes and other container handling equipment. The terminal is also equipped with 10 reefer platforms with 352 plugs, with back-up generator sets and covered by a network of CCTV cameras. The Terminal Operating System is powered by Zodiac OPS7. In 2022, BCT implemented CARGOES AVA+ Auto Gate System. This is the first AI-powered automated gate system.

Tanza Container Terminal

The 4-hectare Tanza Container Terminal Inc. (TCTI) features a concrete container yard, docking facilities with harbor cranes and will be supported by reach-stackers, loaders, internal transfer vehicles among other operations-critical equipment.

Once fully operational, TCTI will be directly linked to Manila South Harbor via barges, thus enabling the efficient transfer of containers while contributing to traffic reduction along metro roads.

Tanza Container Terminal, Inc. was incorporated on 18 January 2018 and is a wholly owned subsidiary of ATI.

Batangas Supply Base

For its BSB operations, ATIB allocates an open area measuring nearly 8,100 sqm for SPEX (Shell Philippines Exploration) in addition to a 2-level covered storage facility with a lot area of nearly 2,200 sqm.

South Cotabato Integrated Port Services Inc.

South Cotabato Integrated Port Services, Inc. (SCIPSI) operates the Makar Wharf in General Santos City. Cargoes are loaded or unloaded using ships gears. It has a total berth length of 850 meters. SCIPSI receives and handles cargoes through the use of their various lifting equipment with capacities ranging from 3 tons to 40 tons.

Legal Proceedings

Please refer to the write-up under Item 5 (5) of the Information Statement.

Directors and Executive Officers

Please refer to the write-ups under Item 5 of the Information Statement.

Market Price and Dividends

Stock Prices

The Company's common equity is traded at the Philippine Stock Exchange. Following are the high and low sales prices for each quarter within the last two fiscal years:

2021	High	Low
First Quarter (Jan. – Mar.)	15.80	14.52
Second Quarter (Apr. – June)	16.26	14.56
Third Quarter (July – Sept.)	14.26	13.60
Fourth Quarter (Oct. - Dec.)	15.38	13.80
2022	High	Low
First Quarter (Jan. – Mar.)	14.40	13.36
Second Quarter (Apr. – June)	14.08	13.02
Third Quarter (July – Sept.)	13.98	13.58
Fourth Quarter (Oct. - Dec.)	13.92	12.92

As at the latest practicable date March 24, 2023[8] , ATI shares were traded at its highest for Php13.98 lowest for Php13.90 and closed at Php13.96. Market capitalization is Php 27.9B.

Cash Dividends

The Company declared cash dividends for the last two fiscal years, as follows:

Date	Dividend Per Share	Record Date
April 22, 2021	0.7030	May 17, 2021
April 28, 2022	0.808	May 25, 2022

[8] The latest practicable date prior to the filing the Information Statement.

Except for the availability of sufficient retained earnings, there is no restriction on the payment of dividends on common shares.

Holders

The following are the Top 20 Stockholders of ATI as of February 28, 2023:

	Name	No. of Shares	% to Total
1	DP World Australia (POAL) Pty. Ltd	346,466,600	17.32%
2	ATI Holdings, Inc.	291,371,229	14.57%
3	Pecard Group Holdings, Inc.	198,203,968	9.91%
4	Philippine Seaport Inc.	196,911,524	9.85%
5	PCD Filipino	157,870,074	7.89%
6	Daven Holdings, Inc.	155,906,071	7.80%
7	SG Holdings, Inc.	130,000,000	6.50%
8	Kayak Holdings, Inc.	109,500,000	5.48%
9	PCD Non-Filipino	101,775,429	5.09%
10	Morray Holdings, Inc.	100,000,000	5.00%
11	Harbourside Holding Corp.	80,000,000	4.00%
12	Aberlour Holding Company, Inc.	71,517,463	3.58%
13	Rescom Developers, Inc.	26,627,884	1.33%
14	Tanco, Eusebio H.	15,257,663	0.76%
15	Seawood Resources, Inc.	7,179,000	0.36%
16	Granite Realty Corporation	1,000,000	0.05%
17	Luym, Douglas	800,000	0.04%
18	Tanco, Joseph Luym	795,000	0.04%
19	Oben, Reginaldo &/Or Teresa Oben	784,266	0.04%
20	Tangco , Joseph Agustin Eusebio L.	500,000	0.03%

Recent Sale of Unregistered Securities

No unregistered or exempt securities including recent issuance of securities constituting an exempt transaction were sold in 2022, 2021 and 2020.

<u>Compliance on Corporate Governance</u>

The Company has substantially complied with the provisions of its Manual on Corporate Governance which was adopted on August 30, 2002. In 2017, the Board in its regular meeting amended the Manual on Corporate Governance in substantial compliance to the provisions of the Memorandum Circular No. 19 series of 2016 or the Code of Corporate Governance for Publicly Listed Companies.

The Company commits to the principles and best practices of good corporate governance to attain its goals and objectives. Its principal officers and directors have attended Corporate Governance seminars and orientations in compliance with the provisions of its Manual of Corporate Governance and provisions of SEC Memorandum Circular No. 19 series of 2016. The seminars were facilitated by accredited providers: Risks, Opportunities, Assessment and Management (ROAM), SGV and Institute of Corporate Directors (ICD).

The Company has not deviated from its Manual. In November 2022, the Board, individual directors, Corporate Governance Committee, Audit Committee, Nomination Committee, Compensation Committee and the key officers have undergone the required self-assessment. The over-all results for 2022 yielded "excellent" scores and were reported by the Corporate Governance Committee which convened last November 23, 2022, to discuss the results for reporting to the Board. The Board took note of the results and approved the same in the board meeting on December 7, 2022. The Audit Committee also separately conducted its self-assessment last August 10, 2022.[9]

Summary of the directors' attendance to board meetings for 2022 is posted on the Company website.[10]:

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

UNDERTAKING

A copy of the Company's annual report in SEC Form 17-A shall be provided free of charge to any stockholder upon his/her written request addressed to the Office of the Corporate Secretary, Asian Terminals, Inc., Manila.

[9] Pursuant to SEC Memorandum Circular No. 4 series of 2012 and the ATI Audit Committee Charter. The results are posted in the ATI Website https://www.asianterminals.com.ph/ati_sec_disclosures.aspx

[10] ATI Website, https://www.asianterminals.com.ph/ati_sec_disclosures.aspx

ANNEX "1"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ARTEMIO V. PANGANIBAN,** Filipino, of legal age, and a resident of City, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

1. I have been nominated as an independent director of Asian Terminals, Inc. (ATI) and have been its independent director since April 2010.
2. I am affiliated with the following listed companies or organizations:

Company/ Organization	Position	Period
GMA Network, Inc.	Independent Director	2007 to present
Metro Pacific Investments Corp.	Independent Director	2007 to present
Meralco	Independent Director	2008 to present
GMA Holdings, Inc.	Independent Director	2009 to present
Petron Corporation	Independent Director	2010 to present
PLDT, Inc.	Independent Director	2013 to present
JG Summit Holdings, Inc.	Independent Director	2021 to present
RL Commercial REIT, Inc.	Independent Director	2021 to Present
Jollibee Food Corporation	Non-Executive Director	2012 to present
Metropolitan Bank and Trust Co.	Senior Adviser	2007 to present
Bank of the Philippine Islands	Member, Advisory Council	2016 to present
DoubleDragon Properties, Corp.	Adviser	2014 to present
MerryMart Consumer Corp.	Adviser	2020 to present
For my full bio-data, log on to my personal website : cjpanganiban.com		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ATI, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not related to any director, officer or substantial shareholder of ATI.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code, its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of ATI of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this 08 MAR 2023 day of March 2023, at the City of Manila.

ARTEMIO V. PANGANIBAN
Affiant

SUBSCRIBED AND SWORN to before me this 08 MAR 2023 day of March 2023, affiant exhibiting to me his [redacted].

ATTY. [illegible] B. PASIMANERO
NOTARY PUBLIC
Notary Public until December 31 2023
Notarial Commission 2022-052
IBP# 1[illegible]727; Pasig for yr. 2023
PTR# 0861164; Mla - 1-3-2023
Roll # [redacted]; TIN# [redacted]
MCLE Exempt No. VII-NP004370 'til 4-14-25

Doc. No. 444;
Page No. 8;
Book No. 9;
Series of 2023.

ANNEX "2"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **TEODORO L. LOCSIN JR.**, Filipino, of legal age, and a resident of [redacted] City, after having been duly sworn to in accordance with law do hereby declare that:

1. I have been nominated as an independent director of ASIAN TERMINALS, INC. (ATI).

2. I am not affiliated with any listed companies or organizations:

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ATI, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director, officer or substantial shareholder of ATI.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I have the written consent from the Department of Foreign Affairs to be an independent director in Asian Terminals Inc. pursuant to Office of the President Memorandum Circular No. 17 and Section 12 Rule XVIII of the Revised Civil Service Rules (hereto attached as Annex "1")

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of ATI of any changes in the above-mentioned information within five (5) days from its occurrence.

Done, this 28th day of February 2023, at the City of Manila.

[redacted]

TEODORO L. LOCSIN, JR.
Affiant

SUBSCRIBED AND SWORN to before me this MAR 01 2023 day of ________ 2023 at the City of Manila, affiant personally appeared before me and exhibited to me his [redacted]

Doc. No. 714
Page No. 13
Book No. LXXXV
Series of 2023.

ATTY. GARY C [redacted] Notary Public

NOTARY PUBLIC

Office Address: 1291 Upper Ground Floor, Burgundy Transpacific Plaza
2444 A. Taft Avenue, Malate, Manila 1004

Annex "1"

DEPARTMENT OF FOREIGN AFFAIRS
KAGAWARAN NG UGNAYANG PANLABAS

08 September 2022

Dear Ambassador Locsin,

This is to formally confirm that the undersigned has no objection and hereby grants his permission allowing you to continue with your directorship(s) and/or corporate positions in Philippine companies for as long as this does not impede the effective discharge of your duties as Ambassador.

Very truly yours,

ENRIQUE A. MANALO
Secretary for Foreign Affairs

HIS EXCELLENCY
MR. TEODORO L. LOCSIN JR.
Ambassador Extraordinary and Plenipotentiary-designate of the Philippines
United Kingdom of Great Britain and Northern Ireland

2330 Roxas Blvd., Pasay City, 1300 Philippines
Tel. No. 8834-4000
www.dfa.gov.ph

ANNEX "3"

CERTIFICATION

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

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

2. Ambassador Teodoro L. Locsin, Jr., was appointed in 2022 as Philippines' Ambassador Extraordinary and Plenipotentiary to the United Kingdom of Great Britain and Northern Ireland. The written consent from the Department of Foreign Affairs allowing Ambassador Locsin to continue with his directorship/s and /or corporate positions in Philippine companies, is attached to his Certification of Independent Director.

3. There are no other directors or executive officers connected with the government or any of its instrumentalities or agencies, except for Ambassador Teodoro L. Locsin, Jr.

4. Nothing further.

Manila, March 8, 2023.

[redacted]

RODOLFO G. CORVITE, JR.
Compliance Officer and
Corporate Secretary

08 MAR 2023

SUBSCRIBED AND SWORN to before me this __ day of March 2023, affiant exhibiting to me his [redacted]
Manila..

ATTY. G [redacted] ANERO
Notary Public until December ..., 2023
NOTARY PUBLIC
Notarial Commission ... 052
1150 Gen. Luna St., Ermita
IBP# 165727 Pasig for yr.2023
PTR# 0861164 Mla - 1-3-2023
Roll # [redacted]
MCLE Exempt No. VII-NP004370 'til 4-14-25

Doc. No. 447;
Page No. 87;
Book No. 9;
Series of 2023.

www.asianterminals.com.ph

ASIAN TERMINALS INCORPORATED

Asian Terminals, Inc. (ATI) Head Office Bldg.
A. Bonifacio Drive, Port Area, 1018 Manila, Philippines
(L) +632 85286000 | (F) +632 85272467

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Asian Terminals, Inc. and its Subsidiaries** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, 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.

GLEN CHRISTOPHER HILTON
Chairman of the Board

EUSEBIO H. TANCO
President

JOSE TRISTAN P. CARPIO
Chief Financial Officer

MAR 09 2023

Signed this ______ of February, 2023

SUBSCRIBED AND SWORN TO before me this 09 MAR 2023, 2023, the signatories exhibiting to me their respective Passports/Driver's License Nos., as follows:

Name	Passport Nos.	Date/Place Issued
1 Glen Christopher Hilton	[redacted]	
2. Eusebio H. Tanco		
3. Jose Tristan P. Carpio		

Doc. No. 91;
Page No. 19;
Book No. 17;
Series of 2023.

Notary Public
ATTY. [redacted] MANERO
Notary Public until December 31 2023
Notarial Commission 2022-052
IBP# 165727; Pasig for yr. 2023
PTR# 0861164; Mla - 1-3-2023
Roll # [redacted]
MCLE Exempt No. VII-NP004370 'til 4-14-25

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022, 2021, and 2020

With Independent Auditors' Report

REPORT OF INDEPENDENT AUDITORS

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

Opinion

We have audited the consolidated financial statements of Asian Terminals, Inc. and its Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, 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, 2022, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022, in accordance with Philippine Financial Reporting Standards (PFRSs).

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue Recognition (P13,622,704 - amount in thousands)
Refer to Notes 2 and 26 to the consolidated financial statements.

The risk
The Group's revenues are mainly generated from arrastre, stevedoring, storage, and special and other services. Market expectations and profit-based targets may put pressure on management to recognize revenues before all the revenue recognition criteria have been met. Risk of material misstatement may arise in order to improve business results and achieve capital and revenue growths in line with the objectives of the Group.

Our response
Our audit procedures included assessment of the Group's accounting policies in respect of revenue recognition to ensure that they appropriately reflected the requirements of PFRSs. Evaluation of relevant IT systems and the design and operating effectiveness of controls over the recording of revenue transactions and generated reports was also conducted. In doing so, we have involved our IT specialists to assist in the audit of automated controls across different IT applications. Our substantive procedures included testing of revenues earned, to confirm that all services had been performed at the point at which revenue is recognized. Among others, we performed examination of selected individual transactions' supporting documentation to test the existence and accuracy of revenue transactions and to verify whether the revenue recognition practices adopted complied with the stated accounting policies. A detailed movement analysis of revenues earned for each of the Group's revenue streams was also performed to determine any significant fluctuation on the account.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

When we read the other information mentioned above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Alicia S. Columbres.

R.G. MANABAT & CO.

ALICIA S. COLUMBRES
Partner
CPA License No.
SEC Accreditation No. 69679-SEC, Group A, valid for five (5) years
covering the audit of 2022 to 2026 financial statements
Tax Identification No.
BIR Accreditation No. 08-001987-027-2020
Issued July 20, 2020; valid until July 19, 2023
PTR No. MKT
Makati City

March 9, 2023
Makati City, Metro Manila

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

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

Opinion

We have audited the consolidated financial statements of Asian Terminals, Inc. and its Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, 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, 2022, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue Recognition (P13,622,704 - amount in thousands)
Refer to Notes 2 and 26 to the consolidated financial statements.

The risk
The Group's revenues are mainly generated from arrastre, stevedoring, storage, and special and other services. Market expectations and profit-based targets may put pressure on management to recognize revenues before all the revenue recognition criteria have been met. Risk of material misstatement may arise in order to improve business results and achieve capital and revenue growths in line with the objectives of the Group.

Our response
Our audit procedures included assessment of the Group's accounting policies in respect of revenue recognition to ensure that they appropriately reflected the requirements of PFRSs. Evaluation of relevant IT systems and the design and operating effectiveness of controls over the recording of revenue transactions and generated reports was also conducted. In doing so, we have involved our IT specialists to assist in the audit of automated controls across different IT applications. Our substantive procedures included testing of revenues earned, to confirm that all services had been performed at the point at which revenue is recognized. Among others, we performed examination of selected individual transactions' supporting documentation to test the existence and accuracy of revenue transactions and to verify whether the revenue recognition practices adopted complied with the stated accounting policies. A detailed movement analysis of revenues earned for each of the Group's revenue streams was also performed to determine any significant fluctuation on the account.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

When we read the other information mentioned above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Alicia S. Columbres.

R.G. MANABAT & CO.

ALICIA S. COLUMBRES
Partner
CPA License No.
SEC Accreditation No. 69679-SEC, Group A, valid for five (5) years
covering the audit of 2022 to 2026 financial statements
Tax Identification No.
BIR Accreditation No. 08-001987-027-2020
Issued July 20, 2020; valid until July 19, 2023
PTR No.
at Makati City

March 9, 2023
Makati City, Metro Manila

KPMG

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

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

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Asian Terminals Inc. (the "Company") and its Subsidiaries (collectively known as the "Group") as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, included in this Form 17-A, and have issued our report thereon dated March 9, 2023.

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

- Map of the Conglomerate
- Supplementary Schedules of Annex 68-J
- Reconciliation of Retained Earnings Available for Dividend Declaration

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

R.G. MANABAT & CO.

ALICIA S. COLUMBRES
Partner
CPA License No.
SEC Accreditation No. 69679-SEC, Group A, valid for five (5) years
covering the audit of 2022 to 2026 financial statements
Tax Identification No. 1
BIR Accreditation No. 08-001987-027-2020
Issued July 20, 2020; valid until July 19, 2023
PTR No. MKT
Makati City

March 9, 2023
Makati City, Metro Manila

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

		December 31	
	Note	**2022**	2021
ASSETS			
Current Assets			
Cash and cash equivalents	*6, 25*	**P4,600,267**	P3,954,166
Trade and other receivables - net	*7, 25*	**905,985**	809,229
Spare parts and supplies	*18*	**1,081,456**	935,478
Prepaid expenses	*8*	**2,503,263**	2,149,009
Total Current Assets		**9,090,971**	7,847,882
Noncurrent Assets			
Investment in an associate	*9*	**55,282**	58,373
Property and equipment - net	*10*	**2,566,211**	1,890,714
Intangible assets - net	*11*	**21,080,924**	20,551,531
Right-of-use assets - net	*23*	**775,248**	458,999
Deferred tax assets - net	*13*	**975,876**	801,324
Other noncurrent assets	*12*	**86,759**	102,037
Total Noncurrent Assets		**25,540,300**	23,862,978
		P34,631,271	P31,710,860
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*14, 20*	**P3,292,607**	P2,379,928
Provisions for claims	*15*	**61,044**	63,216
Port concession rights payable - current portion	*25*	**423,028**	368,778
Income and other taxes payable		**210,629**	132,693
Lease liabilities - current portion	*23*	**118,066**	85,028
Total Current Liabilities		**4,105,374**	3,029,643
Noncurrent Liabilities			
Port concession rights payable - net of current portion	*25*	**7,510,283**	7,333,393
Pension liability - net	*21*	**207,409**	241,609
Lease liabilities - net of current portion	*23*	**647,026**	367,609
Total Noncurrent Liabilities		**8,364,718**	7,942,611
		12,470,092	10,972,254
Equity			
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	*16*	**2,000,000**	2,000,000
Additional paid-in capital		**264,300**	264,300
Retained earnings		**19,887,619**	18,467,868
Fair value reserve		**(5,820)**	(5,820)
		22,146,099	20,726,348
Non-controlling Interest		**15,080**	12,258
Total Equity		**22,161,179**	20,738,606
		P34,631,271	P31,710,860

See Notes to the Consolidated Financial Statements.

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

		Years Ended December 31		
	Note	**2022**	2021	2020
REVENUES FROM OPERATIONS	*26*	**P13,622,704**	P11,162,744	P10,960,959
GOVERNMENT SHARE IN REVENUES	*17*	**(2,468,762)**	(1,947,677)	(1,805,558)
		11,153,942	9,215,067	9,155,401
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	*18, 20, 21*	**(6,176,412)**	(5,426,240)	(5,062,192)
OTHER INCOME AND EXPENSES				
Finance income	*19*	**45,496**	5,758	28,554
Finance cost	*19*	**(505,572)**	(504,068)	(544,101)
Others - net	*19*	**(529,694)**	(254,907)	599,339
		(989,770)	(753,217)	83,792
CONSTRUCTION REVENUES	*11*	**1,928,019**	546,474	1,595,105
CONSTRUCTION COSTS	*11*	**(1,928,019)**	(546,474)	(1,595,105)
		-	-	-
INCOME BEFORE INCOME TAX		**3,987,760**	3,035,610	4,177,001
INCOME TAX EXPENSE	*13*	**959,604**	797,881	1,220,965
NET INCOME		**P3,028,156**	P2,237,729	P2,956,036
Income Attributable to				
Equity holders of the Parent Company		**P3,024,811**	P2,236,720	P2,954,904
Non-controlling interest		**3,345**	1,009	1,132
		P3,028,156	P2,237,729	P2,956,036
Basic/Diluted Earnings per Share Attributable to Equity Holders of the Parent Company	*22*	**P1.51**	P1.12	P1.48

See Notes to the Consolidated Financial Statements.

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

		Years Ended December 31		
	Note	**2022**	2021	2020
NET INCOME FOR THE YEAR		**P3,028,156**	P2,237,729	P2,956,036
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will never be reclassified to profit or loss				
Actuarial gains (losses) on pension liability	*21*	**14,663**	(7,127)	47,678
Tax on item taken directly to equity	*13*	**(3,666)**	1,782	(14,303)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - Net of tax		**10,997**	(5,345)	33,375
TOTAL COMPREHENSIVE INCOME		**P3,039,153**	P2,232,384	P2,989,411
Total Comprehensive Income Attributable to				
Equity holders of the Parent Company		**P3,035,751**	P2,231,320	P2,988,302
Non-controlling interest		**3,402**	1,064	1,109
		P3,039,153	P2,232,384	P2,989,411

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands, Except Per Share Data)

		Attributable to Equity Holders of the Parent Company								
				Retained Earnings					
	Note	Capital Stock	Additional Paid-in Capital	Appropriated for Port Development	Unappropriated	Fair Value Reserve	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2022		P2,000,000	P264,300	P15,100,000	P3,367,868	(P5,820)	P20,726,348	P12,258	P20,738,606
Cash dividends - P0.808 a share	*16*	-	-	-	(1,616,000)	-	(1,616,000)	(580)	(1,616,580)
Reversal of appropriation of retained earnings	*16*	-	-	(2,000,000)	2,000,000	-	-	-	-
Appropriations during the year	*16*	-	-	3,300,000	(3,300,000)	-	-	-	-
Net income for the year		-	-	-	3,024,811	-	3,024,811	3,345	3,028,156
Other comprehensive income:									
Actuarial gain - net of tax	*21*	-	-	-	10,940	-	10,940	57	10,997
Balance at December 31, 2022		**P2,000,000**	**P264,300**	**P16,400,000**	**P3,487,619**	**(P5,820)**	**P22,146,099**	**P15,080**	**P22,161,179**
Balance at January 1, 2021		P2,000,000	P264,300	P14,000,000	P3,642,548	(P5,820)	P19,901,028	P11,774	P19,912,802
Cash dividends - P0.703 a share	*16*	-	-	-	(1,406,000)	-	(1,406,000)	(580)	(1,406,580)
Reversal of appropriation of retained earnings	*16*	-	-	(2,500,000)	2,500,000	-	-	-	-
Appropriations during the year	*16*	-	-	3,600,000	(3,600,000)	-	-	-	-
Net income for the year		-	-	-	2,236,720	-	2,236,720	1,009	2,237,729
Other comprehensive income:									
Actuarial loss - net of tax	*21*	-	-	-	(5,400)	-	(5,400)	55	(5,345)
Balance at December 31, 2021		P2,000,000	P264,300	P15,100,000	P3,367,868	(P5,820)	P20,726,348	P12,258	P20,738,606

	Note	Capital Stock	Additional Paid-in Capital	Retained Earnings: Appropriated for Port Development	Retained Earnings: Unappropriated	Fair Value Reserve	Total	Non-controlling Interest	Total Equity
		Attributable to Equity Holders of the Parent Company							
Balance at January 1, 2020		P2,000,000	P264,300	P12,900,000	P3,160,246	(P5,820)	P18,318,726	P11,245	P18,329,971
Cash dividends - P0.703 a share	*16*	-	-	-	(1,406,000)	-	(1,406,000)	(580)	(1,406,580)
Reversal of appropriation of retained earnings	*16*	-	-	(2,200,000)	2,200,000	-	-	-	-
Appropriations during the year	*16*	-	-	3,300,000	(3,300,000)	-	-	-	-
Net income for the year		-	-	-	2,954,904	-	2,954,904	1,132	2,956,036
Other comprehensive income:									
Actuarial gain - net of tax	*21*	-	-	-	33,398	-	33,398	(23)	33,375
Balance at December 31, 2020		P2,000,000	P264,300	P14,000,000	P3,642,548	(P5,820)	P19,901,028	P11,774	P19,912,802

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

		Years Ended December 31		
	Note	**2022**	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P3,987,760**	P3,035,610	P4,177,001
Adjustments for:				
Depreciation and amortization	*10, 11, 18, 23*	**1,908,756**	1,849,725	1,733,668
Finance cost	*19, 23*	**505,572**	504,068	544,101
Net unrealized foreign exchange losses (gains)		**411,159**	255,570	(237,509)
Current service cost	*21*	**45,664**	40,639	43,711
Provision (reversal of provision) for claims - net	*15*	**832**	7,172	(127,673)
Finance income	*19*	**(45,496)**	(5,758)	(28,554)
Equity in net earnings of an associate	*9, 19*	**(32,374)**	(44,782)	(49,341)
Gain on disposals of:				
Intangible assets		**(5,688)**	(930)	(10,861)
Property and equipment		**(728)**	(302)	(4,769)
Provision (reversal of provision) for spare parts and supplies obsolescence	*18*	**-**	(5,035)	7,000
Reversal of allowance for impairment losses	*7*	**-**	-	(2,700)
Operating income before working capital changes		**6,775,457**	5,635,977	6,044,074
Decrease (increase) in:				
Trade and other receivables		**(96,756)**	(184,621)	5,047
Spare parts and supplies		**(145,978)**	(40,154)	(148,790)
Prepaid expenses		**(354,254)**	(417,692)	(335,441)
Increase (decrease) in:				
Trade and other payables		**827,752**	234,196	(1,306,476)
Provisions for claims		**(3,004)**	(1,980)	(74,101)
Income and other taxes payable		**6,376**	(33,407)	(24,618)
Cash generated from operations		**7,009,593**	5,192,319	4,159,695
Finance income received		**45,496**	6,117	32,290
Income tax paid		**(1,066,262)**	(861,915)	(1,050,112)
Contributions to retirement funds	*21*	**(74,978)**	-	-
Finance cost paid		**(27,013)**	(7,818)	(25,743)
Net cash provided by operating activities		**5,886,836**	4,328,703	3,116,130

Forward

	Note	2022	2021	2020
		Years Ended December 31		
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Intangible assets	*11*	**(P1,986,879)**	(P1,730,573)	(P1,432,434)
Property and equipment	*10*	**(829,665)**	(897,080)	(421,024)
Proceeds from disposals of:				
Intangible assets		**6,260**	930	13,882
Property and equipment		**1,760**	302	4,771
Dividends received	*9*	**35,465**	31,524	53,733
Decrease (increase) in:				
Other noncurrent assets		**26,083**	13,189	8,524
Deposits		**(10,805)**	58,649	(74,797)
Net cash used in investing activities		**(2,757,781)**	(2,523,059)	(1,847,345)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	*16*	**(1,616,000)**	(1,406,000)	(1,406,000)
Cash dividends to non-controlling interest		**(580)**	(580)	(580)
Port concession rights payable	*23*	**(799,238)**	(792,135)	(775,542)
Lease liabilities	*23*	**(223,176)**	(204,810)	(140,550)
Net cash used in financing activities		**(2,638,994)**	(2,403,525)	(2,322,672)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**490,061**	(597,881)	(1,053,887)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**156,040**	114,173	(155,588)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*6*	**3,954,166**	4,437,874	5,647,349
CASH AND CASH EQUIVALENTS AT END OF YEAR	*6*	**P4,600,267**	P3,954,166	P4,437,874

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 consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries, ATI Batangas, Inc. (ATIB) and Tanza Container Terminal, Inc. (TCTI), (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). DP World Australia (POAL) Pty. Ltd. directly owns 17.32% of the total outstanding capital stock of ATI.

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.

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 (the "Third Supplement") with the Philippine Ports Authority (PPA) dated October 19, 2007 (see Note 23).

b. Port of Batangas

On October 2, 2015, ATI and ATIB signed a Contract with PPA for the Management, Operation, Maintenance and Development of Phase I, Port of Batangas with a term from October 1, 2015 until September 30, 2025.

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.

In December 2019, ATI and ATIB signed a Contract with PPA for the extension of the term from 2025 to 2035 (see Note 23).

3. Basis of Preparation

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

The consolidated financial statements were authorized for issue by the Board of Directors (BOD) on February 23, 2023.

<u>Basis of Measurement</u>
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:

Items	Measurement Bases
Equity investments at Fair Value through Other Comprehensive Income (FVOCI)	Fair value
Pension liability	The present value of the defined benefit obligation less the fair value of plan assets.

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

<u>Basis of Consolidation</u>
The consolidated financial statements comprise the financial statements of ATI, ATIB, TCTI and the Group's interest in an associate accounted for under the equity method of accounting. ATIB is a 99.17% owned subsidiary as at December 31, 2022 and 2021. TCTI was incorporated on January 18, 2018, and a 100% owned subsidiary as at December 31, 2022 and 2021.

The financial statements of ATIB and TCTI 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.

TCTI is fully consolidated from the date of incorporation. 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 accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except if mentioned otherwise.

Adoption of Amendments to Standards
The Group has adopted the following amendments to standards starting January 1, 2022 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

- *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to* PAS 16*, Property, Plant and Equipment).* The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

  For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

  The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- *Onerous Contracts – Cost of Fulfilling a Contract (Amendment to* PAS 37, *Provisions, Contingent Liabilities and Contingent Assets).* The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract – i.e. it comprises both incremental costs and an allocation of other direct costs.

  The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- *Annual Improvements to PFRS Standards 2018-2020.* This cycle of improvements contains amendments to four standards, of which are applicable to the Group:

  - *Subsidiary as a First-time Adopter (Amendment to* PFRS 1*, First-time Adoption of Philippine Financial Reporting Standards).* The amendment simplifies the application of PFRS 1 for a subsidiary that becomes a first-time adopter of PFRS later than its parent. The subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to PFRS.

  - *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to* PFRS 9*, Financial Instruments).* The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. It applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  - *Lease Incentives (Amendment to Illustrative Examples accompanying* PFRS 16*, Leases).* The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

- *Reference to the Conceptual Framework (Amendment to PFRS 3 Business Combinations).* The amendments:

  - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework;

  - added a requirement that, for transactions and other events within the scope of PAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

  - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

<u>Standards Issued but Not Yet Adopted</u>
A number of amendments to standards are effective for annual periods beginning after January 1, 2022. However, the Group has not early adopted 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.

Effective January 1, 2023

- *Classification of Liabilities as Current or Non-current (Amendments to* PAS 1*, Presentation of Financial Statements).* To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

- removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

- clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

In November 2021, the International Accounting Standards Board issued the Exposure Draft, *Non-Current Liabilities with Covenants* after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1 as follows:

- Conditions which the entity must comply within twelve months after the reporting period will have no effect on the classification as current or non-current.

- Additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within twelve months.

- The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

- The 2022 amendments are not yet locally adopted as part of PFRS.

▪ *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)*. To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures.

  The amendments are effective from January 1, 2023. Earlier application is permitted.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12 Income Taxes)*. The amendments clarify that that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

- *Classification of Liabilities as Current or Non-current (Amendments to* PAS 1*, Presentation of Financial Statements).* To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

- provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and

- clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16 Leases). The amendments confirm the following:

  - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.

  - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

  A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. For example, the seller-lessee could determine the lease payments to be deducted from the lease liability as expected lease payments or as equal periodic payments over the lease term, with the difference between those payments and amounts actually paid recognized in profit or loss.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. A seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into on or after the date of initial application of PFRS 16.

Deferral of the local implementation of Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to* PFRS 10*, Consolidated Financial Statements and* PAS 28*, Investments in Associates and Joint Ventures)*. 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.

<u>Financial Instruments</u>
Non-derivative Financial Instruments. Non-derivative financial instruments consist of cash and cash equivalents, trade and other receivables, deposits, equity securities, trade and other payables (except for statutory payables), port concession rights payable and lease liabilities.

Recognition and Initial Measurement. Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets
Classification and Subsequent Measurement. On initial recognition, the Group classifies its financial assets in the following measurement categories: amortized cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group has no financial assets classified as measured at: FVOCI - debt investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost using the effective interest method if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Included in this category are the Group's cash and cash equivalents, trade and other receivables, and deposits.

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 with original maturities of three months or less from dates of acquisition and are subject to an insignificant risk of changes in value.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. The accumulated fair value reserves are never reclassified to profit or loss. Dividends are recognized as income in profit or loss unless it clearly represents a recovery of the cost of investment.

Included in this category is the Group's equity instruments (included under other noncurrent assets).

Business Model Assessment. The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

a. the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

b. how the performance of the portfolio is evaluated and reported to the Group's management;

c. the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

d. how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

e. the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Solely Payments of Principal and Interest Assessment. Principal is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable-rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial Liabilities
Classification, Subsequent Measurement and Gains and Losses. Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Included under other financial liabilities are the Group's trade and other payables (except for due to government agencies) port concession rights payable and lease liabilities.

Impairment of Financial Assets
PFRS 9 replaces the 'incurred loss' model in PAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under PFRS 9, credit losses are recognized earlier than under PAS 39.

ECL is the probability-weighted estimate of credit losses over the expected life of the financial instrument, representing the present value of expected cash shortfalls. The Group applies either a 12-month ECL or a lifetime ECL. Lifetime ECL applies to the financial assets that have experienced a significant increase in credit risk or are already credit-impaired. The Group's approach to ECL measurement is described in Note 24.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating;

- External credit rating (as far as available);

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

- Actual or expected significant changes in the operating results of the debtor;

- Significant increases in credit risk on other financial instruments of the same debtor; and

- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor and changes in the operating results of the debtor.

Regardless of the analysis above, a significant risk in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 75 days of when they fall due. A financial asset is credit-impaired when an event that has a detrimental impact on the estimated future cash flows have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as default or being more than 75 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or either financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Financial assets are written off when there is no reasonable expectation of recovery. The Group categorizes a loan or receivable for write off when a debtor fails to make payments or when it is no longer probable that the receivable will be collected. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Offsetting of Financial Assets and Liabilities
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.

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

- the rights to receive cash flows from the asset have expired;
- 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 control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, 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 pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When 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, and the difference in the respective carrying amounts is recognized in profit or loss.

<u>Determination of Fair Values</u>
A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and nonfinancial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes, when necessary, based on the market values, being the estimated amount for which assets could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The different levels of fair value of financial instruments carried at fair value, by valuation method have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); 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 the financial instruments are discussed in Note 25 to the consolidated financial statements.

'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.

Spare Parts and Supplies

Spare parts and supplies are stated at the lower of cost and current replacement cost. 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 Subsidiaries

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 subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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.

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 and other comprehensive income of the associate after the date of acquisition. The Group's share in the profit or loss and other comprehensive income of the associate is recognized in the Group's consolidated statements 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	2 - 5 years
Transportation and other equipment	2 - 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 arrangements 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 arrangements.

Port concession rights consist of:

a. Upfront fees payments on the concession contracts;

b. The cost of port infrastructures constructed and port equipment purchased, which are not recognized as property and equipment of the Group but as intangible asset received as consideration for such cost; and

c. 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 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 contract asset or useful life ranging from 2 to 25 years whichever is shorter.

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

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

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

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

Provisions

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

Share Capital

Capital Stock

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

Additional Paid-in Capital

The amount of contribution in excess of par value is accounted for as “Additional paid-in capital.” Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefit.

Retained Earnings and Dividend Distribution

Retained earnings include current and prior years’ results, net of dividends declared, if any, and other capital adjustments.

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

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

Revenue, Cost and Expense Recognition

Revenue from Contracts with Customers

The Group recognizes revenue when it transfers control over a service to a customer. Revenue is measured based on the consideration specified in a contract and PPA Tariff regulations, which are all fixed amounts, for each type of services rendered net of variable consideration, if any. The PPA established all relevant port regulations, basic port services and service level requirements, liability on cargo, security, and safety. The Group’s revenue is well defined in PPA Operations Memorandum Circular No. 02-2018 and revised schedule of Cargo Handling Tariff implemented on June 5, 2018.

The following is a description of principal activities from which the Group generates its revenue. Revenue is disaggregated by the following service lines:

- *Stevedoring*
  The Group generates stevedoring revenue from all works performed on board vessel. The activity includes movement of cargoes from ship-to-shore, shore-to-ship lifting for inbound and outbound and transshipment including the related stevedoring transportation and liftings from shore to yard and yard to shore. The activity generally finishes in a short period of time (i.e. 24 to 48 hours from the time ship arrives at the port). The Group recognizes revenue at a point in time upon completion of service and the average credit term is 15 to 30 days.

- *Arrastre*
  The Group generates arrastre revenue from portside cargo handling operations. The activity includes receiving, handling, custody, security and delivery of cargo passing over piers, quays, warehouses and open storages within the jurisdictional area of responsibility of the Group. The Group recognizes revenue upon completion of service (i.e at a point in time). The customer pays arrastre charges before the release of cargoes.

- *Logistics*
  Logistics operation includes trucking and handlings services. The Group recognizes revenue upon completion of service (i.e at a point in time) and the average credit term is 15 to 30 days.

- *Special and Others Services*
  Special and other services include storage, reefer monitoring, container freight servicing, and equipment or manpower rental. Majority of these service lines pertains to storage revenues. Storage revenues are charges from the use of warehouses and/or open storages within the jurisdictional area of responsibility of the Group beyond the free storage period. Customers are billed upon withdrawal of cargoes from the terminal (for Import) or upon loading of cargoes to vessel (for export). The Group recognizes revenues over a period of time (number of days the container stayed in the jurisdictional area) and the average credit term is15 to 30 days.

Other Income
Other income is recognized at the point in time when the service has been rendered.

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

Construction Revenues and Costs
The Group recognizes revenue related to construction and upgrade of services under service concession arrangement in accordance with PFRS 15, *Revenue from Contracts with Customers*. When the construction or upgrade services are provided or delivered under concession arrangement accounted within the scope of Philippine Interpretation IFRIC 12, *Service Concession Arrangements* the consideration is measured at the estimated selling price of the construction services provided. No margin has been recognized since the estimated selling price of the consideration services provided approximates the construction costs. The nature of the consideration determines the subsequent accounting. The consideration is classified as a contract asset under Intangible assets during the construction or upgrade period in accordance with PFRS 15.

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 estimated useful life 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
At the inception of the contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in PFRS 16.

Group as Lessee
At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset. which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financial sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group’s changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, if any. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has classified:

- cash payments for the principal portion of lease payments as financing activities;
- cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Group; and
- short-term lease and payments for leases of low value assets as operating activities.

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

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

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 difference associated with investment in associate.

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

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

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

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

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

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

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

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

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

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

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

The Group has a single reportable operating segment, as its business has been mainly on port operations and the non-port operation is insignificant to the Group's total business.

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

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

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

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

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's consolidated 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.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, 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 subsidiaries has been determined to be the Philippine peso. It is the currency that mainly influences the price and cost of providing services.

Service Concession Arrangements. The Group has determined that the operating contracts are within the scope of IFRIC 12, accounted for under the intangible asset model.

The intangible assets pertaining to concession rights as at December 31, 2022 and 2021 are presented in Note 11 to the consolidated financial statements.

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.

Estimates and Assumptions
The key estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

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

Provisions for claims amounted to P61.0 million and P63.2 million as at December 31, 2022 and 2021, respectively (see Note 15).

Lease Extension Option. Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassess whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Lease liabilities on property leases on which extension options were exercised amounted to P31.8 million and P92.3 million as at December 31, 2022 and 2021.

6. Cash and Cash Equivalents

	Note	**2022**	2021
Cash on hand and in banks		**P624,833**	P1,318,711
Short-term investments		**3,975,434**	2,635,455
	24, 25	**P4,600,267**	P3,954,166

Cash in banks earn interest at floating rates based on daily bank deposit rates. Majority of short-term investments are on 90-day term subject to roll-over requirements of the Group and earn interest at the prevailing short-term deposit rates amounting to P45.5 million, P5.8 million and P28.6 million in 2022, 2021 and 2020, respectively (see Note 19).

7. Trade and Other Receivables

	Note	**2022**	2021
Trade receivables		**P736,984**	P497,390
Receivable from insurance		**56,621**	56,522
Advances to officers and employees		**28,020**	20,237
Due from related parties	*20*	**19,731**	45,508
Receivable from escrow fund		**13,635**	13,635
Interest receivable		**12,207**	371
Other receivables		**42,982**	179,761
		910,180	813,424
Allowance for impairment losses		**(4,195)**	(4,195)
	24, 25	**P905,985**	P809,229

Other receivables in 2021 include refund for the down payment to a third-party for a contract cancelled amounting to P165.0 million.

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

There was no movement in allowance for impairment losses on trade and other receivables in 2022 and 2021 (see Note 24).

8. Prepaid Expenses

	2022	2021
Taxes	**P2,467,343**	P2,118,864
Insurance	**9,217**	9,861
Rental	**3,927**	3,927
Advances to contractors	**2,035**	816
Advances to government agencies	**101**	101
Others	**20,640**	15,440
	P2,503,263	P2,149,009

Taxes pertain to the Group's input VAT credits, net of output VAT.

Rentals pertain to prepayments on short-term leases entered during the period. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

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 amount of investment in an associate as at December 31 follows:

	Note	**2022**	2021
Acquisition cost		**P11,222**	P11,222
Accumulated equity in net earnings:			
Balance at beginning of year		**47,151**	33,893
Equity in net earnings for the year	*19*	**32,374**	44,782
Dividends received during the year		**(35,465)**	(31,524)
		44,060	47,151
		P55,282	P58,373

The information presented in the table includes the result of SCIPSI's operations for the years ended December 31, 2022 and 2021. The following table also reconciles the summarized financial information to the carrying amount of the Group's interest in SCIPSI.

	2022	2021
Current assets	**P125,617**	P156,497
Noncurrent assets	**48,607**	37,787
Total assets	**P174,224**	P194,284
Current liabilities	**P35,860**	P50,733
Noncurrent liabilities	**1,432**	2,155
Total liabilities	**P37,292**	P52,888
Net assets	**P136,932**	P141,396
Share in net assets	**P48,898**	P50,493
Excess of cost over the interest	**6,384**	7,880
Carrying amount of interest	**P55,282**	P58,373
Revenues	**P283,941**	P322,685
Expenses	**(193,283)**	(197,281)
Net income	**P90,658**	P125,404

Based on unaudited financial statements

10. Property and Equipment - net

The movements in this account are as follows:

2022

	Port Facilities and Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction in-progress	Total
Cost						
Balance at beginning of year	**P222,486**	**P693,409**	**P815,515**	**P294,272**	**P1,282,616**	**P3,308,298**
Additions	**2,778**	**11,576**	**60,702**	**44,951**	**734,005**	**854,012**
Disposals	**-**	**-**	**(4,346)**	**(7,968)**	**-**	**(12,314)**
Reclassifications	**4**	**2,150**	**64,069**	**(950)**	**(56,406)**	**8,867**
Balance at end of year	**225,268**	**707,135**	**935,940**	**330,305**	**1,960,215**	**4,158,863**
Accumulated Depreciation						
Balance at beginning of year	**116,192**	**485,195**	**632,073**	**184,124**	**-**	**1,417,584**
Depreciation	**14,945**	**42,123**	**85,181**	**44,101**	**-**	**186,350**
Disposals	**-**	**-**	**(3,882)**	**(7,400)**	**-**	**(11,282)**
Reclassifications	**-**	**-**	**-**	**-**	**-**	**-**
Balance at end of year	**131,137**	**527,318**	**713,372**	**220,825**	**-**	**1,592,652**
Carrying Amount	**P94,131**	**P179,817**	**P222,568**	**P109,480**	**P1,960,215**	**P2,566,211**

2021

	Port Facilities and Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction in-progress	Total
Cost						
Balance at beginning of year	P225,247	P684,809	P751,765	P282,983	P477,584	P2,422,388
Additions	18,256	8,369	56,690	11,541	813,059	907,915
Disposals	(2,117)	-	(1,678)	(2,711)	-	(6,506)
Reclassifications	(18,900)	231	8,738	2,459	(8,027)	(15,499)
Balance at end of year	222,486	693,409	815,515	294,272	1,282,616	3,308,298
Accumulated Depreciation						
Balance at beginning of year	104,801	445,326	523,487	149,959	-	1,223,573
Depreciation	13,508	38,789	83,444	36,876	-	172,617
Disposals	(2,117)	-	(1,678)	(2,711)	-	(6,506)
Reclassifications	-	1,080	26,820	-	-	27,900
Balance at end of year	116,192	485,195	632,073	184,124	-	1,417,584
Carrying Amount	P106,294	P208,214	P183,442	P110,148	P1,282,616	P1,890,714

No borrowing costs were capitalized in 2022 and 2021.

The Group has non-cash additions for the years ended December 31, 2022 and 2021 which amounted to P24.3 million and P10.8 million, respectively.

Depreciation is charged under “Depreciation and amortization” account included in “Costs and expenses excluding government share in revenues” in the consolidated statements of income (see Note 18).

Cost of fully depreciated property and equipment which are still being used by the Group amounted to P620.8 million and P490.1 million as at December 31, 2022 and 2021, respectively.

11. Intangible Assets - net

The movements in this account are as follows:

2022

	Port Concession Rights					
	Upfront Fees (Note 23)	**Fixed Government Share**	**Port Infrastructure**	**Subtotal**	**Goodwill**	**Total**
Cost						
Balance at beginning of year	**P882,000**	**P9,279,694**	**P23,934,464**	**P34,096,158**	**P42,060**	**P34,138,218**
Additions	**-**	**-**	**2,041,736**	**2,041,736**	**-**	**2,041,736**
Reclassifications	**-**	**-**	**(8,747)**	**(8,747)**	**-**	**(8,747)**
Disposals	**-**	**-**	**(458,840)**	**(458,840)**	**-**	**(458,840)**
Balance at end of year	**882,000**	**9,279,694**	**25,508,613**	**35,670,307**	**42,060**	**35,712,367**
Accumulated Amortization						
Balance at beginning of year	**97,214**	**4,332,562**	**9,156,911**	**13,586,687**	**-**	**13,586,687**
Amortization	**11,280**	**296,266**	**1,195,478**	**1,503,024**	**-**	**1,503,024**
Reclassifications	**-**	**-**	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**(458,268)**	**(458,268)**	**-**	**(458,268)**
Balance at end of year	**108,494**	**4,628,828**	**9,894,121**	**14,631,443**	**-**	**14,631,443**
Carrying Amount	**P773,506**	**P4,650,866**	**P15,614,492**	**P21,038,864**	**P42,060**	**P21,080,924**

2021

	Port Concession Rights					
	Upfront Fees (Note 23)	Fixed Government Share	Port Infrastructure	Subtotal	Goodwill	Total
Cost						
Balance at beginning of year	P882,000	P9,279,694	P22,217,154	P32,378,848	P42,060	P32,420,908
Additions	-	-	1,744,917	1,744,917	-	1,744,917
Reclassifications	-	-	15,499	15,499	-	15,499
Disposals	-	-	(43,106)	(43,106)	-	(43,106)
Balance at end of year	882,000	9,279,694	23,934,464	34,096,158	42,060	34,138,218
Accumulated Amortization						
Balance at beginning of year	85,934	3,945,966	8,162,417	12,194,317	-	12,194,317
Amortization	11,280	386,596	1,065,500	1,463,376	-	1,463,376
Reclassifications	-	-	(27,900)	(27,900)	-	(27,900)
Disposals	-	-	(43,106)	(43,106)	-	(43,106)
Balance at end of year	97,214	4,332,562	9,156,911	13,586,687	-	13,586,687
Carrying Amount	P784,786	P4,947,132	P14,777,553	P20,509,471	P42,060	P20,551,531

The unamortized capitalized borrowing costs as at December 31, 2022 and 2021 amounted to P54.7 million and P59.4 million, respectively. No borrowing costs were capitalized in 2022 and 2021.

Amortization is charged under “Depreciation and amortization” account included in “Costs and expenses excluding government share in revenues” in the consolidated statements of income (see Note 18).

The Group has non-cash additions for the years ended December 31, 2022 and 2021 which amounted to P54.9 million and P14.3 million, respectively.

Contract asset under Port Infrastructure represents ongoing construction of port facilities and eventual putting into service in accordance with the Investment Plan. The movements in contract asset are as follows:

	2022	2021
Balance at beginning of year	**P1,840,748**	P2,842,686
Additions during the year	**1,928,019**	546,474
Reclassification during the year	**(1,034,447)**	(1,548,412)
Balance at end of year	**P2,734,320**	P1,840,748

<u>Goodwill</u>

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 4.0%. The discount rate applied to cash flow projections is 9.4% in 2022 and 4.4% in 2021 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 P1.8 billion and P984.8 million in 2022 and 2021, 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	**2022**	2021
Deposits	*25*	**P84,107**	P73,302
Equity securities	*25*	**2,652**	2,652
Taxes		**-**	26,083
		P86,759	P102,037

Deposits mainly represent payments related to refundable security deposits on property leases and utilities. This account includes noninterest-bearing refundable security 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 6.0%. The carrying amounts of these refundable security deposits at amortized cost amounted to P14.8 million as at December 31, 2022 and 2021.

Taxes pertain to noncurrent portion of the input value-added tax on capital goods exceeding P1.0 million.

Equity securities consist of investments in quoted and unquoted shares.

13. Income Tax

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Effective July 1, 2020, the Group, being qualified as large corporation, has its corporate income tax lowered from 30% to 25%.

The components of taxes are as follows:

	2022	2021	2020
Current tax	**P1,137,822**	P808,801	P1,102,599
Deferred tax	**(178,218)**	(63,404)	118,366
Changes in tax rate:			
Current tax	**-**	(91,883)	-
Deferred tax	**-**	144,367	-
	P959,604	P797,881	P1,220,965

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

	2022	2021	2020
Statutory income tax rate	**25.0%**	25.0%	30.00%
Changes in income tax rate resulting from:			
Income subjected to final tax	**(0.23)**	(0.28)	(0.72)
Change in income tax rate	**-**	1.73	-
Others	**(0.71)**	(0.17)	(0.05)
Effective income tax rate	**24.06%**	26.28%	29.23%

The movements in deferred tax balances are as follows:

					December 31		
2022	***Note***	**Net Balance at January 1**	**Recognized in Profit or Loss**	**Recognized in OCI**	**Deferred Tax Assets**	**Deferred Tax Liabilities**	**Net**
Port concession rights payable related to fixed government share		**P439,655**	**P13,931**	**P -**	**P453,586**	**P -**	**P453,586**
Unrealized foreign exchange loss - net		**253,403**	**131,333**	**-**	**384,736**	**-**	**384,736**
Pension liability	*21*	**64,591**	**(57)**	**(3,666)**	**60,868**	**-**	**60,868**
Excess of cost over net realizable value of spare parts and supplies		**21,432**	**(1,625)**	**-**	**19,807**	**-**	**19,807**
Accrued expenses		**19,274**	**27,442**	**-**	**46,716**	**-**	**46,716**
Provisions for claims		**15,803**	**(543)**	**-**	**15,260**	**-**	**15,260**
Impairment losses on receivables	*7*	**2,254**	**-**	**-**	**2,254**	**-**	**2,254**
Right-of-use and lease liability		**402**	**6,426**	**-**	**-**	**6,828**	**6,828**
Unamortized capitalized borrowing costs and custom duties		**(15,490)**	**1,311**	**-**	**-**	**(14,179)**	**(14,179)**
Net tax assets (liabilities)		**P801,324**	**P178,218**	**(P3,666)**	**P983,227**	**(P7,351)**	**P975,876**

2021	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		P503,213	(P63,558)	P -	P439,655	P -	P439,655
Unrealized foreign exchange loss - net		274,087	(20,684)	-	253,403	-	253,403
Pension liability	*21*	62,668	141	1,782	64,591	-	64,591
Excess of cost over net realizable value of spare parts and supplies		27,229	(5,797)	-	21,432	-	21,432
Accrued expenses		12,000	7,274	-	19,274	-	19,274
Provisions for claims		17,407	(1,604)	-	15,803	-	15,803
Impairment losses on receivables	*7*	2,705	(451)	-	2,254	-	2,254
Right-of-use and lease liability		1,357	(955)	-	-	402	402
Unamortized capitalized borrowing costs and custom duties		(20,161)	4,671	-	-	(15,490)	(15,490)
Net tax assets (liabilities)		P880,505	(P80,963)	P1,782	P816,412	(P15,088)	P801,324

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

14. Trade and Other Payables

	Note	2022	2021
Accrued expenses:			
Marketing, commercial, promotion and business development		**P643,570**	P229,362
Finance costs		**136,918**	131,732
Personnel costs		**91,070**	104,671
Repairs and maintenance		**77,183**	64,941
Professional fees		**48,459**	39,401
Security expenses		**28,281**	20,585
Trucking expense		**27,176**	3,726
Corporate social responsibility		**23,156**	23,622
Rentals	*23*	**21,760**	10,542
Utilities		**13,444**	7,210
Safety and environment		**4,015**	4,701
Miscellaneous accrued expenses		**157,417**	105,310
Due to government agencies	*23*	**939,016**	668,092
Trade		**442,235**	319,685
Equipment acquisitions		**339,503**	374,306
Shippers' and brokers' deposits		**116,545**	117,181
Management fee payable	*20*	**19,215**	12,434
Other payables	*20*	**163,644**	142,427
	24, 25	**P3,292,607**	P2,379,928

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. This account includes dividends and other non-trade payables.

Rentals pertain to short-term leases entered during the period.

15. Provisions for Claims

The movements and balances of this account are as follows:

	2022	2021
Balance at beginning of year	**P63,216**	P58,024
Provisions during the year	**832**	7,172
Payments during the year	**(3,004)**	(1,980)
Balance at end of year	**P61,044**	P63,216

Provisions relate to property and equipment, and cargo damage and other claims. It is expected that most of these provisions will be settled within the next financial year or on demand.

16. Equity

Pursuant to the registration statement rendered effective by the SEC and permit to sell issued by the SEC both dated April 7, 1995, 1 billion common shares of the Parent Company were registered and may be offered for sale at an offer price of P5.10 per common share. On March 26, 1999, another registration statement was rendered effective by the SEC and permit to sell issued by the SEC for 1 billion common shares of the Parent Company and may be offered for sale at an offer price of P1.00 per common share. As at December 31, 2022, the Parent Company has a total of 2 billion issued and outstanding common shares and 820 stockholders.

Capital Stock - P1 Par Value
The Parent Company has 2.0 billion issued and fully paid capital stock, from its 6.0 billion authorized common shares, as at December 31, 2022 and 2021.

Retained Earnings
The Group’s unappropriated retained earnings includes the subsidiaries' unappropriated net earnings of P17.6 million and P19.3 million and the Group’s accumulated equity in the net earnings of an associate amounting to P44.1 million and P47.2 million as at December 31, 2022 and 2021, respectively, which are available for distribution only upon declaration of dividends by such subsidiaries to the Parent Company and the associate to the Group. Cash dividends are distributed yearly since 2000.

Cash Dividends
On April 28, 2022, the BOD approved the declaration of cash dividends of P0.808 per share payable on May 25, 2022 to common shareholders of record as at June 17, 2022.

On April 22, 2021, the BOD approved the declaration of cash dividends amounting to P1,406.0 million or P0.703 per share payable on May 17, 2021 to common shareholders of record as at May 17, 2021.

On March 30, 2020, the BOD approved the declaration of cash dividends amounting to P1,406.0 million or P0.703 per share payable on May 26, 2020 to common shareholders of record as at April 29, 2020.

Appropriation and Reversal of Appropriation of Retained Earnings
On December 29, 2022, the Group's BOD approved the reversal to the unappropriated retained earnings of the amount of P2.0 billion out of the already approved appropriation of P15.1 billion, for capital expenditures for 2022 and 2021. Furthermore, the Group's BOD approved an appropriation of the retained earnings amounting to P3.3 billion for capital expenditures for the next 4 years. The Group's BOD also approved on the same date a budget amounting to P16.0 billion for capital expenditures which include yard and berth development as well as construction of new facilities and equipment acquisition for 2023 to 2026. The capital expenditures will strengthen the Group's operations and capability to handle growth.

On December 31, 2021, the Group's BOD approved the reversal to the unappropriated retained earnings of the amount of P2.5 billion out of the already approved appropriation of P14.0 billion, for capital expenditures for 2020 and 2021. Furthermore, the Group's BOD approved an appropriation of the retained earnings amounting to P3.6 billion for capital expenditures for the next 5 years. The Group's BOD also approved on the same date a budget amounting to P17.5 billion for capital expenditures which include yard and berth development as well as construction of new facilities and equipment acquisition for 2022 to 2026. The capital expenditures will strengthen the Group's operations and capability to handle growth.

On December 20, 2020, the Group's BOD approved the reversal to the unappropriated retained earnings of the amount of P2.2 billion out of the already approved appropriation of P12.9 billion, for capital expenditures for 2019 and 2020. Furthermore, the Group's BOD approved an appropriation of the retained earnings amounting to P3.3 billion for capital expenditures for the next 2 years. The Group's BOD also approved on the same date a budget amounting to P11.8 billion for capital expenditures which include yard and berth development as well as construction of new facilities and equipment acquisition for 2021 to 2022. The capital expenditures will strengthen the Group's operations and capability to handle growth.

Fair Value Reserve
Fair value reserve amounting to P5.8 million as at December 31, 2022 and 2021 represents unrealized loss on equity securities.

17. Government Share in Revenues

This account consists of the PPA's share in revenues of the Group as stipulated in the agreements discussed in Notes 2 and 23. The PPA's share in gross revenues includes variable government share amounting to P2.5 billion, P1.9 billion and P1.8 billion in 2022, 2021 and 2020, respectively (see Note 23).

18. Costs and Expenses Excluding Government Share in Revenues

	Note	**2022**	2021	2020
Depreciation and amortization	*10, 11, 23*	**P1,908,756**	P1,849,725	P1,733,668
Labor costs	*21*	**1,633,131**	1,495,219	1,447,015
Equipment running		**824,520**	665,431	548,285
Taxes and licenses		**549,240**	419,726	412,407
Facilities-related expenses		**270,297**	214,414	155,600
Insurance		**213,391**	198,358	144,182
General transport		**179,283**	116,549	109,249
Management fees	*20*	**173,445**	133,598	184,380
Security, health, environment and safety		**167,477**	152,497	167,014
Rental	*23*	**33,745**	13,960	21,130
Professional fees		**25,410**	12,898	13,958
Marketing, commercial and promotion		**10,391**	7,015	9,708
Entertainment, amusement and recreation		**10,066**	3,453	2,306
Provision for claims	*15*	**832**	7,172	2,327
Others		**176,428**	136,225	110,963
		P6,176,412	P5,426,240	P5,062,192

Labor costs include salaries, benefits and pension expense.

Spare parts and supplies used and included under equipment running amounted to P256.4 million, P249.4 million and P184.4 million in 2022, 2021 and 2020, respectively.

Provision for spare parts and supplies obsolescence included under other costs and expenses amounted to nil in 2022 and 2021 and P7.0 million in 2020, respectively.

Rental pertains to short-term leases incurred during the period.

19. Other Income and Expenses

Finance income includes interest on cash in banks and short-term investments amounting to P45.5 million, P5.8 million and P28.6 million in 2022, 2021 and 2020, respectively (see Note 6).

Finance cost is broken down as follows:

	Note	**2022**	2021	2020
Interest on port concession rights payable		**P468,782**	P490,497	P510,447
Interest on lease liability	*23*	**26,737**	7,530	25,540
Interest component of pension expense	*21*	**9,777**	5,753	7,911
Interest on bank loans/credit facilities		**276**	288	203
		P505,572	P504,068	P544,101

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).

Others consist of the following:

	Note	**2022**	2021	2020
Foreign exchange gains (losses) - others		**P127,889**	P135,737	(P146,107)
Equity in net earnings of an associate	*9*	**32,374**	44,782	49,341
Other income - net		**24,782**	14,202	19,625
Management income	*20*	**7,557**	8,588	9,226
Gain on disposal of equipment and intangible assets		**6,416**	1,232	15,630
Foreign exchange gains (losses) - port concession rights payable		**(728,712)**	(459,448)	291,455
Reversal of prior year provision and accruals		**-**	-	255,503
Income from insurance claims		**-**	-	104,666
		(P529,694)	(P254,907)	P599,339

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

Reversal pertains to prior year provision for claims and accruals of professional fees and advertising expenses in excess of settlement paid which resulted to abnormal balances of the related expense accounts and were reclassified to other income.

Income from insurance claims includes amounts received in excess of the amount of liquidated damages to the properties of the Group caused by fire, earthquake and typhoon.

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:

Category/ Transaction	Note	Year	Amount of the Transaction	Outstanding Balance: Due from Related Parties	Outstanding Balance: Due to Related Parties	Outstanding Balance: Lease Liability	Terms	Conditions
Associate								
▪ Management income	*20A*	**2022**	**P7,557**	**P491**	**P -**	**P -**	**Payable on demand**	**Unsecured; no impairment**
		2021	8,588	861	-	-	Payable on demand	Unsecured; no impairment
▪ Dividend income	*9*	**2022**	**35,465**	**-**	**-**	**-**	**Payable on demand**	**Unsecured; no impairment**
		2021	31,524	-	-	-	Payable on demand	Unsecured; no impairment
Post-Employment Benefit Plan								
▪ Retirement fund	*20B*	**2022**	**35,018**	**13,902**	**-**	**-**	**Payable on demand**	**Unsecured; no impairment**
		2021	56,113	44,647	-	-	Payable on demand	Unsecured; no impairment
Others								
▪ Management fees	*20C*	**2022**	**173,445**	**-**	**19,215**	**-**	**Payable within ten (10 days) of the following month**	**Unsecured**
		2021	133,598	-	12,434	-	Payable within ten (10) days of the following month	Unsecured
▪ Advances	*20D*	**2022**	**112,682**	**5,338**	**3,997**	**-**	**Payable on demand**	**Unsecured; no impairment**
		2021	81,014	-	1,724	-	Payable on demand	Unsecured; no impairment
▪ Lease	*20E*	**2022**	**40,993**	**-**	**-**	**396,948**	**Payable within five (5 days) of the following month**	**Unsecured**
		2021	45,860	-	-	66,285		
TOTAL		**2022**		**P19,731**	**P23,212**	**P396,948**		
TOTAL		2021		P45,508	P14,158	P66,285		

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

B. The Parent Company and ATIB have separate, noncontributory, defined benefit retirement plans covering all its regular employees, in the form of a trust being maintained by a trustee bank. Certain payments to retired employees were paid directly by the Group to be subsequently paid by the retirement fund.

C. P & O Management Services Phils., Inc. (POMS), a related party which is 40% owned by POAL. POMS engages in advisory services which it provides to the Parent Company by virtue of a 5-year contract. The Parent Company's contract with POMS was further renewed on August 27, 2020 for another five years until August 31, 2025. The terms of the contract provide for the payment of a monthly fee equivalent to 5% of ATI's consolidated income before income tax of the immediately preceding month (see Note 18).

D. Advances include amounts owed to or by DP World Asia Holdings Limited-Regional Operating Headquarters, DP World Philippines Logistics, Inc., and DP World Holdings Philippines, Inc., which are related parties under common control, pertaining to reimbursements for expenses paid by or for the Group. The balance also includes amounts owed to companies controlled by the Group's director for expenses incurred by the Group for manpower, healthcare and insurance services. As of December 31, 2022 and 2021, related amounts are recorded as Other Payables under Trade and other payables (see Note 14).

E. The Parent Company has entered a 5-year lease contract with a company controlled by the Group's director commencing on May 1, 2019 for a parcel of land located at Barangay Lawa, Calamba, Laguna, with a monthly lease rental of P40 per square meter, subject to an escalation of 8% beginning May 1, 2021 and every 2 years thereafter. The contract terms are based on market rates for this type of arrangement and amounts are payable on a monthly basis for the duration of the contract. The leased premises shall be used for its off-dock container yard and cargo support requirements, including but not limited to warehousing and logistics (see Note 23).

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

	2022	2021
Short-term employee benefits	**P229,274**	P200,486
Post-employment benefits	**11,114**	10,485
	P240,388	P210,971

The outstanding related party balances are expected to be settled in cash.

21. Pensions

The Group's latest actuarial valuation reports are dated December 31, 2022. Valuations are obtained on a periodic basis. The following tables summarize the components of pension expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated statements of financial position for the plans of ATI and ATIB:

Pension Expense

	ATI			ATIB			TOTAL		
	2022	2021	2020	**2022**	2021	2020	**2022**	2021	2020
Current service cost	**P40,643**	P34,334	P39,747	**P5,021**	P6,305	P3,964	**P45,664**	P40,639	P43,711
Interest cost on defined benefit obligation	**28,824**	19,473	28,014	**2,840**	2,407	2,436	**31,664**	21,880	30,450
Interest income on plan assets	**(19,928)**	(14,494)	(20,710)	**(1,959)**	(1,633)	(1,829)	**(21,887)**	(16,127)	(22,539)
Net pension expense	**P49,539**	P39,313	P47,051	**P5,902**	P7,079	P4,571	**P55,441**	P46,392	P51,622

Current service cost is charged under "Labor cost" account included in "Costs and expenses excluding government share in revenues" in the consolidated statements of income (see Note 18). 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 of December 31

	ATI		ATIB		TOTAL	
	2022	2021	**2022**	2021	**2022**	2021
Present value of pension obligations	**(P575,897)**	(P605,375)	**(P50,696)**	(P54,937)	**(P626,593)**	(P660,312)
Fair value of plan assets	**378,155**	384,731	**41,029**	33,972	**419,184**	418,703
Pension liability	**(P197,742)**	(P220,644)	**(P9,667)**	(P20,965)	**(P207,409)**	(P241,609)

Changes in the Present Value of Pension Obligations

	ATI		ATIB		TOTAL	
	2022	2021	**2022**	2021	**2022**	2021
Present value of pension obligations at beginning of year	**P605,375**	P568,642	**P54,937**	P59,776	**P660,312**	P628,418
Current service cost	**40,643**	34,334	**5,021**	6,305	**45,664**	40,639
Interest cost	**28,824**	19,473	**2,840**	2,407	**31,664**	21,880
Benefits paid	**(65,763)**	(26,707)	**(346)**	(4,185)	**(66,109)**	(30,892)
Actuarial loss (gain)	**(33,182)**	9,633	**(11,756)**	(9,366)	**(44,938)**	267
Present value of pension obligations at end of year	**P575,897**	P605,375	**P50,696**	P54,937	**P626,593**	P660,312

Changes in the Fair Value of Plan Assets

	ATI		ATIB		TOTAL	
	2022	2021	**2022**	2021	**2022**	2021
Fair value of plan assets at beginning of year	**P384,731**	P403,310	**P33,972**	P37,018	**P418,703**	P440,328
Interest income	**19,928**	14,494	**1,959**	1,633	**21,887**	16,127
Actual contributions	**67,046**	-	**7,932**	-	**74,978**	-
Remeasurement gain on plan assets	**(27,787)**	(6,366)	**(2,488)**	(494)	**(30,275)**	(6,860)
Benefits paid	**(65,763)**	(26,707)	**(346)**	(4,185)	**(66,109)**	(30,892)
Fair value of plan assets at end of year	**P378,155**	P384,731	**P41,029**	P33,972	**P419,184**	P418,703

Benefits paid include certain payments to retired employees paid directly by the Group to be subsequently reimbursed by the retirement fund. Any amount paid by the Group not reimbursed by the retirement fund within the year is recorded under "Due from related parties" account included in "Trade and other receivables - net" in the consolidated statements of financial position. As at December 31, 2022 and 2021, the balance due from the retirement fund amounted to P13.9 million and P44.6 million, respectively (see Note 20).

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

	ATI			ATIB			TOTAL		
	2022	2021	2020	**2022**	2021	2020	**2022**	2021	2020
Actuarial gain (loss) due to:									
Changes in financial assumptions	**P106,392**	(P24,382)	(P32,713)	**P15,051**	P8,798	(P4,551)	**P121,443**	(P15,584)	(P37,264)
Changes in demographic assumptions	**-**	(28,543)	47,365	**-**	-	(4,155)	**-**	(28,543)	43,210
Experience adjustment	**(73,210)**	43,292	36,317	**(3,295)**	568	3,477	**(76,505)**	43,860	39,794
Remeasurement gain (loss) on plan assets	**(27,787)**	(6,366)	681	**(2,488)**	(494)	1,257	**(30,275)**	(6,860)	1,938
	P5,395	(P15,999)	P51,650	**P9,268**	P8,872	(P3,972)	**P14,663**	(P7,127)	P47,678

The cumulative amount of actuarial gain (loss) recognized in the consolidated statements of changes in equity included under "Retained earnings" account amounted to P19.2 million and P4.6 million as at December 31, 2022 and, 2021, respectively.

Plan Assets

The plans entitle 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 hired to date of retirement, death, permanent disability, or severance.

The defined benefit pension plans expose 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		TOTAL	
	2022	2021	**2022**	2021	**2022**	2021
Cash and cash equivalents	**P62**	P9,744	**P149**	P2	**P211**	P9,746
Investment in UITF	**3,450**	5,077	**6,590**	4,384	**10,040**	9,461
Equity instruments	**62,214**	62,055	**5,904**	5,536	**68,118**	67,591
Investment in government securities	**276,893**	274,852	**25,377**	21,237	**302,270**	296,089
Debt instruments	**30,024**	27,350	**2,526**	2,623	**32,550**	29,973
Other receivables	**5,723**	18,872	**513**	217	**6,236**	19,089
Liabilities	**(211)**	(13,219)	**(30)**	(27)	**(241)**	(13,246)
	P378,155	P384,731	**P41,029**	P33,972	**P419,184**	P418,703

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	
	2022	2021	**2022**	2021
Discount rate at end of year	**7.26%**	5.10%	**7.34%**	5.18%
Salary increase rate	**3.5%-6.0%**	3.5%-6.0%	**3.5%-6.0%**	3.5%-6.0%

Assumptions for mortality rate are based on the 2017 Philippine Intercompany Mortality Table.

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

	ATI		ATIB	
	2022	2021	2022	2021
Average expected future service years	**14**	14	**17**	18

Maturity analysis of the benefit payments:

	2022	
	Expected Benefit Payments	
	ATI	**ATIB**
Within 1 year	**P89,194**	**P4,595**
Within 1 - 5 years	**220,046**	**15,049**
More than 5 years	**3,018,605**	**565,466**

	2021	
	Expected Benefit Payments	
	ATI	ATIB
Within 1 year	P55,011	P230
Within 1 - 5 years	211,887	12,663
More than 5 years	2,677,966	539,141

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

2022

	ATI		**ATIB**	
	1% Increase	**1% Decrease**	**1% Increase**	**1% Decrease**
Discount rate	**(P39,931)**	**P46,405**	**(P5,087)**	**P6,131**
Salary increase rate	**49,207**	**43,028**	**6,392**	**5,381**

2021

	ATI		ATIB	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	(P49,679)	P58,604	(P6,714)	P8,244
Salary increase rate	60,424	(52,185)	8,357	(6,929)

The Group expects to pay P84.5 million in contributions to defined benefit pension plans in 2023.

Asset Liability Matching (ALM)
The Group does not perform any ALM study. The overall investment policy and strategy of the retirement plan is based on the client suitability assessment, as provided by its trust bank, in compliance with the Bangko Sentral ng Pilipinas requirements.

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

Basic EPS is computed as follows:

	2022	2021	2020
(a) Net income attributable to Equity Holders of the Parent Company (in thousands)	**P3,024,811**	P2,236,720	P2,954,904
(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)	**P1.51**	P1.12	P1.48

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

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

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 (see Note 2).

   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 USD385.7 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.

      In 2020, the reclamation of the Engineering Island Basin, which is part of the South Harbor, was subject to jurisdictional dispute between the PPA and the Philippine Reclamation Authority. As of date of this report, the opinion of the Department of Justice (DOJ) on the matter is still pending. It is the opinion of the Group that any opinion rendered by the DOJ will not have any material impact on the Group's ability to use the subject reclaimed land.

Some of the Group's budgeted expansions which were delayed in 2020 due to the impact of COVID-19, amounting to approximately USD90.0 million, were continued in 2021. The revenues for the year ended December 31, 2021 slightly increased by 2%. Moreover, revenues for the year ended December 31, 2022 increased by 22% compared to 2021 and have already reached the pre-pandemic level. Expenses amounting to around P30.0 million and P84.0 million in 2021 and 2020, respectively were incurred relative to addressing the COVID-19 situation in the workplace and providing support to the nearby communities and employees. There are no significant COVID-19 related expenses in 2022. Capital expenditures proceeded as planned, but timelines were adjusted.

ii. Government Share

- For storage operations, the Parent Company shall pay an annual fixed government share of P55.0 million payable quarterly and a government share of 30% of its annual gross storage revenue in excess of P273.0 million.

- For international containerized cargo operations, the Parent Company shall pay quarterly fixed government share of USD2.25 million plus a variable government share amounting to 20% of its total gross revenues.

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

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

b. The Parent Company is authorized by the PPA to render cargo handling services at the Container Terminal "A-1," Phase 2 at the Port of Batangas for 25 years starting July 1, 2010. For arrastre operations, the Parent Company shall pay an annual fixed government share of USD2.26 million for the first 2 years, USD4.68 million for the 3^{rd} year, USD5.08 million for the 4^{th}-7^{th} year, and USD5.33 million for the 8^{th}-25^{th} 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. The Parent Company 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, Parent Company and ATIB shall pay a fixed government share amount of P112.7 million for the first 3 years, which shall escalate by 5% and 4% on the 4th and 5th years and 3% for the remaining 5 years. In addition, Parent Company 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. On December 18, 2019, the term of the contract was extended until June 30, 2035. The same percentage for the annual volume-triggered government share shall be remitted by Parent Company and ATIB for the extended term and the applicable escalation rate is still 3%. In consideration for the extension of the term from 2025 to 2035, Parent Company and ATIB paid to the PPA a lump-sum fee of P200 million in December 2019.

d. A lump-sum fee of P400 million was paid to the PPA in December 2019 as advance consideration in the event of renewal of the contracts for Port of Batangas Phase 1 and Container Terminal “A-1,” Phase 2 beyond year 2035.

   Upon recognition of the fair value of the fixed fees representing the government share under the concession agreements as discussed above, the Group also recognized the corresponding port concession rights payable (see Note 2). The movements in the port concession rights payable are as follows:

	2022	2021
Balance as at January 1	**P7,702,171**	P7,639,769
Accretion of port concession rights payable	**463,180**	484,794
Payments during the year	**(799,238)**	(792,135)
Effects of exchange rate changes	**567,198**	369,743
Balance as at December 31	**P7,933,311**	P7,702,171

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

a. The Parent Company has a 5-year lease agreement with PPA effective April 3, 2017 covering a land adjacent to the Container Freight Station (CFS) area of the Container Terminal “A-1” with a monthly lease rental of P1.7 million, subject to a yearly escalation of 5%.

b. 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 P0.1 million, subject to an escalation of 7% once every two years.

   The contract was revised in 2004, changing the monthly rate to P0.5 million in January 1, 2002 to December 31, 2003 and P0.7 million in January 1, 2004 to December 31, 2005, subject to an escalation of 8% every 2 years starting January 1, 2006. The monthly rates amounted to P1.3 million in 2022, 2021 and 2020.

c. The Parent Company has a 5-year lease contract commencing on February 1, 2017 over two parcels of land located in Sta. Mesa, City of Manila with a monthly lease rental of P0.6 million, subject to an escalation of 7% once every two years. This land is being exclusively used as an off-dock container depot.

d. The Parent Company has entered a 25-year lease contract commencing on February 15, 2018 for a parcel of land located at barangay Calibuyo, Tanza, Cavite, with a monthly lease rental of P35 per square meter, subject to an escalation of 5% beginning February 15, 2020 and every 2 years thereafter. The lease premises shall be used exclusively as a port terminal, inland clearance depot, warehouse, and for other activities related or ancillary thereto.

   Majority of the Group's leased properties pertain to land. The leases typically run for a period of 1-25 years, with an option to renew the lease after that date.

   Information about leases for which the Group is a lessee is presented below.

   i. Right-of-Use Assets

      Right-of-use assets related to leased properties whose lease terms are more than 12 months.

	Note	**2022**	2021
Balance at January 1		**P458,999**	P615,510
Additions to right-of-use assets		**535,631**	57,672
Amortization during the year	*18*	**(219,382)**	(213,732)
Derecognition during the year		**-**	(451)
Balance at December 31		**P775,248**	P458,999

   ii. Lease Liabilities

	Note	**2022**	2021
Balance at January 1		**P452,637**	P599,775
Additions to lease liabilities		**535,631**	57,672
Interest expense during the year	*19*	**26,737**	7,530
Payments made		**(249,913)**	(212,340)
Balance at December 31		**P765,092**	P452,637

      As at December 31, 2022 and 2021, the Group has current and noncurrent lease liabilities included in the consolidated statements of financial position as follows:

	2022	2021
Current	**P118,066**	P85,028
Noncurrent	**647,026**	367,609
	P765,092	P452,637

The maturity analysis of undiscounted lease payments as of December 31, 2022 and 2021 is as follows:

	2022	2021
Within one year	**P107,873**	P204,152
More than one year to five years	**238,398**	272,765
More than five years	**988,724**	449,863
	P1,334,995	P926,780

iii. Amounts Recognized in Profit or Loss

	Note	2022	2021
Depreciation expense	*18*	**P219,382**	P213,732
Interest on lease liabilities	*19*	**26,737**	7,530
Expenses relating to short-term and/or low value leases	*18*	**23**	13,960
Total		**P246,142**	P235,222

iv. Amounts Recognized in Statements of Cash Flows

	2022	2021
Payments of lease liabilities	**P223,176**	P204,810
Interest paid	**26,737**	7,530
Cash outflow relating to short-term and/or low value leases	**23**	13,960
Total cash outflow for leases	**P249,936**	P226,300

e. 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, equity securities, trade and other payables, port concession rights payable and lease liabilities 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.

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 in banks and cash equivalents.

As at December 31, 2022 and 2021, the interest rate profile of the Group's interest- bearing financial instrument is as follows:

	2022	2021
Fixed Rate Instruments		
Cash and cash equivalents*	**P4,597,576**	P3,952,060

*Excluding cash on hand amounting to P2.7 million and P2.1 million as at December 31, 2022 and 2021, respectively.

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:

		Contractual Cash Flows					
As at December 31, 2022	**Carrying Amount**	**On Demand**	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**> 5 Years**	**Total**
Trade and other payables*	**P2,353,591**	**P283,721**	**P591,277**	**P1,478,593**	**P -**	**P -**	**P2,353,591**
Port concession rights payable	**7,933,311**	**-**	**201,145**	**603,435**	**2,922,920**	**6,258,786**	**9,986,286**
Lease liabilities	**765,092**	**-**	**26,332**	**81,541**	**238,398**	**988,724**	**1,334,995**
	P11,051,994	**P283,721**	**P818,754**	**P2,163,569**	**P3,161,318**	**P7,247,510**	**P13,674,872**

Excluding due to government agencies amounting to P0.9 million and P0.7 million as at December 31, 2022 and 2021, respectively.

		Contractual Cash Flows					
As at December 31, 2021	Carrying Amount	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Trade and other payables*	P1,711,836	P210,966	P336,941	P1,163,929	P -	P -	P1,711,836
Port concession rights payable	7,702,171	-	200,158	600,475	3,727,499	6,380,656	10,908,788
Lease liabilities	452,637	-	58,729	145,423	272,765	449,863	926,780
	P9,866,644	P210,966	P595,828	P1,909,827	P4,000,264	P6,830,519	P13,547,404

Excluding due to government agencies amounting to P0.7 million and P0.6 million as at December 31, 2021 and 2020, respectively.

Credit Risk
Credit risk on trade and other receivables represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations.

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 implemented to assess the credit standing of customers.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade and other receivables for which no loss allowance is recognized because of collateral. The carrying amounts of trade and other receivables represent the maximum credit exposure.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash in bank and cash equivalents, deposits and FVOCI - equity, 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. The Group trades only with reputable banks and recognized third parties.

Exposure to credit risk is monitored on an ongoing basis. Credit checks are being performed on all clients requesting credit over certain amounts. Credit is not extended beyond authorized limits, established where appropriate through consultation with a professional credit vetting organization. Credit granted is subject to regular review, to ensure it remains consistent with the clients' current credit worthiness and appropriate to the anticipated volume of business.

Financial information on the Group's maximum exposure to credit risk as at December 31, 2022 and 2021, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	Note	**2022**	2021
Cash and cash equivalents*	*6*	**P4,597,576**	P3,952,060
Trade and other receivables - net	*7*	**905,985**	809,229
Deposits	*12*	**84,107**	73,302
Equity securities	*12*	**2,652**	2,652
		P5,590,320	P4,837,243

**Excluding cash on hand amounting to P2.7 million and P2.1 million as at December 31, 2022 and 2021, respectively.*

The table below shows the credit quality of the Group's financial assets based on their historical experience with the corresponding debtor.

	As at December 31, 2022			
	Grade A	**Grade B**	**Grade C**	**Total**
Cash in banks and cash equivalents	**P4,597,576**	**P -**	**P -**	**P4,597,576**
Trade and other receivables - net	**561,460**	**344,525**	**-**	**905,985**
Deposits	**84,107**	**-**	**-**	**84,107**
Equity securities	**2,652**	**-**	**-**	**2,652**
	P5,245,795	**P344,525**	**P -**	**P5,590,320**

	As at December 31, 2021			
	Grade A	Grade B	Grade C	Total
Cash in banks and cash equivalents	P3,952,060	P -	P -	P3,952,060
Trade and other receivables - net	498,949	310,280	-	809,229
Deposits	73,302	-	-	73,302
Equity securities	2,652	-	-	2,652
	P4,526,963	P310,280	P -	P4,837,243

Grade A receivables pertain to those receivables from customers that always pay on time or even before the maturity date. Grade B includes receivables that are collected on their due dates provided that they were reminded or followed up by the Group. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Group are included under Grade C.

Cash in banks is considered good quality (Grade A) as this pertains to deposits in reputable banks.

Trade and Other Receivables

The exposure to credit risk for trade and other receivables by industry is as follows:

	Note	**2022**	2021
Shipping lines		**P397,992**	P310,164
Others		**507,993**	499,065
	7	**P905,985**	P809,229

Expected Credit Loss Assessment

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying expected credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Exposures within each credit risk grade are segmented by industry classification and an ECL rate is calculated for each segment based on delinquency and actual credit loss experience.

The following table provides information about the exposure to credit risk for trade and other receivables as at December 31, 2022 and 2021:

	Gross Carrying Amount	**Impairment Loss Allowance**	**Credit-Impaired**
Current (not past due)	**P807,887**	**P -**	**No**
1 - 30 days past due	**31,836**	**-**	**No**
31 - 60 days past due	**17,070**	**-**	**No**
61 - 90 days past due	**23,598**	**-**	**No**
More than 90 days past due	**29,789**	**4,195**	**Yes**
Balance at December 31, 2022	**P910,180**	**P4,195**	

	Gross Carrying Amount	Impairment Loss Allowance	Credit-Impaired
Current (not past due)	P686,002	P -	No
1 - 30 days past due	49,444	-	No
31 - 60 days past due	25,692	-	No
61 - 90 days past due	26,140	-	No
More than 90 days past due	26,146	4,195	Yes
Balance at December 31, 2021	P813,424	P4,195	

Loss rates are based on actual credit loss experience over three years considering circumstances at the reporting date. Any adjustment to the loss rates for forecasts of future economic conditions are not expected to be material. The Group applies the simplified approach in providing for expected credit losses prescribed by PFRS 9, which permits the use of the lifetime expected loss provision and applies a provision matrix. The application of the expected loss rates to the receivables of the Group does not have a material impact on the consolidated financial statements.

The maturity of the Group's trade and other receivables is less than one year so the lifetime expected credit losses and the 12-month expected credit losses are similar.

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.

Movement in the Allowance for Impairment in Respect of Trade and Other Receivables

There was no movement in the allowance for impairment on trade and other receivables from 2020 as no reversals and write-offs were made in 2022 and 2021. The allowance for impairment as at December 31, 2022 and 2021 is P4.2 million with individually and collectively impaired receivables amounting to P1.1 million and P3.1 million, respectively.

	2020	Individually Impaired	Collectively Impaired
Balance at January 1	P6,979	P1,173	P5,806
Reversals during the year	(2,700)	-	(2,700)
Write-offs	(84)	(84)	-
Balance at December 31	P4,195	P1,089	P3,106

<u>Cash in Banks and Cash Equivalents</u>

The Group held cash in banks and cash equivalents of P4.6 billion and P4.0 billion as at December 31, 2022 and 2021, respectively. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Grade A.

Impairment on cash in banks and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash in bank and cash equivalents have low credit risk based on the external credit ratings of the counterparties and any ECL is expected to be immaterial.

Foreign Currency Risk
The Group has foreign currency financial assets and liabilities arising from USD denominated revenues, government share, and other foreign currency-denominated purchases by operating units.

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

	2022	2021
Assets		
Cash and cash equivalents	**USD18,757**	USD38,634
Liabilities		
Trade and other payables	**63,033**	4,030
Port concession rights payable	**125,605**	130,327
	188,638	134,357
Net foreign currency-denominated liabilities	**(USD169,881)**	(USD95,723)
Peso equivalent	**(P9,479,360)**	(P4,881,873)

The exchange rates applicable for USD as at December 31, 2022 and 2021 are P55.8 and P51.0, respectively.

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

	Increase (Decrease) in USD Exchange Rate	**Effect on Income before Income Tax**	**Effect on Equity**
2022			
	+5%	**(P473,968)**	**(P355,476)**
	-5	**473,968**	**355,476**
2021			
	+5%	(244,094)	(183,071)
	-5%	244,094	183,071

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, except for the investment it has committed in accordance with the investment plan discussed in Note 23.

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

	Note	**2022**	2021
Capital stock		**P2,000,000**	P2,000,000
Additional paid-in capital		**264,300**	264,300
Retained earnings		**19,887,619**	18,467,868
Fair value reserve		**(5,820)**	(5,820)
Total	*16*	**P22,146,099**	P20,726,348

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, 2022 and 2021.

		2022		2021	
	Note	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents	*6*	**P4,600,267**	**P4,600,267**	P3,954,166	P3,954,166
Trade and other receivables - net	*7*	**905,985**	**905,985**	809,229	809,229
Deposits	*12*	**84,107**	**90,199**	73,302	79,743
		5,590,359	**5,596,451**	4,836,697	4,843,138
Equity securities	*12*	**2,652**	**2,652**	2,652	2,652
		P5,593,011	**P5,599,103**	P4,839,349	P4,845,790
Financial Liabilities					
Other financial liabilities:					
Trade and other payables*	*14*	**P2,353,591**	**P2,353,591**	P1,711,836	P1,711,836
Port concession rights payable		**7,933,311**	**8,189,861**	7,702,171	8,695,787
		P10,286,902	**P10,543,452**	P9,414,007	P10,407,623

**Excluding due to government agencies amounting to P0.9 million and P0.7 million as at December 31, 2022 and 2021, respectively.*

Fair Value of Financial Instruments

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

Nonderivative Financial Instruments

Quoted market prices have been used to determine the fair values of listed equity securities. The fair values of unquoted equity securities are not reliably 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 6.0% in 2022 and 3.1% in 2021.

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 6.19% to 7.23% in 2022 and 4.42% to 5.10% in 2021.

Fair Value Hierarchy

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

As at December 31, 2022	***Note***	**Level 1**	**Level 2**	**Level 3**
Equity securities	*12*	**P933**	**P -**	**P1,719**
Port concession rights payable		**-**	**8,189,861**	**-**
		P933	**P8,189,861**	**P1,719**

As at December 31, 2021	*Note*	Level 1	Level 2	Level 3
Equity securities	*12*	P933	P -	P1,719
Port concession rights payable		-	8,695,787	-
		P933	P8,695,787	P1,719

There have been no transfers from one level to another in 2022 and 2021.

26. Revenues from Operations

The Group derives revenue from the transfer of services in the following major service lines:

	2022	2021	2020
Revenues from Operations			
Stevedoring	**P5,862,108**	P4,775,548	P4,580,562
Arrastre	**5,532,700**	4,587,974	3,637,336
Logistics	**188,913**	106,907	117,159
Special and other services	**2,038,983**	1,692,315	2,625,902
	P13,622,704	P11,162,744	P10,960,959

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	3	3	6	5	3					

COMPANY NAME

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

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

A. Bonifacio Drive, Port Area Manila

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

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
asianterminals.com.ph	528-6000	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
820	4th Thursday of April	December 31

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17-A, Item 7

December 31, 2022

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
FINANCIAL ASSETS
DECEMBER 31, 2022
(in thousands)

Financial Assets	Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued
Cash and cash equivalents	N/A	N/A	P4,600,267	P4,600,267	P45,496
Trade and other receivables - net	N/A	N/A	905,985	905,985	-
Deposits	N/A	N/A	84,107	90,199	-
Equity Securities:					
Quoted Equity Shares		N/A	933	933	-
Unquoted Equity Shares		N/A	1,719	1,719	-
			P5,593,011	P5,599,103	P45,496

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2022

(in thousands)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written-off	Current	Non-current	Balance at End of Period
Officers	P20,237	P35,563	(P27,780)	P -	P -	P -	P28,020
Related Parties	803	26,847	(21,735)	-	-	-	5,915
	P21,040	P62,410	(P49,515)	P -	P -	P -	P33,935

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
AMOUNTS RECEIVABLE FROM (PAYABLE TO) RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2022
(in thousands)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Paid	Amounts Written-off	Current	Non-current	Balance at End of Period
ATI Batangas, Inc.	P358,865	P628,328	(P745,140)	P -	P -	P -	P242,053
Tanza Container Terminal, Inc.	1,219,494	642,500	-	-	-	-	1,861,994
	P1,578,359	P1,270,828	(P745,140)	P -	P -	P -	P2,104,047

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
LONG-TERM DEBT
DECEMBER 31, 2022
(in thousands)

Title of Issue and type of obligation	Amount Authorized by Indenture	Amount Shown under Caption "Current Portion of Long-term Debt" in Related Balance Sheet	Amount Shown under caption "Long-Term Debt" in Related Balance Sheet
	Not Applicable		

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2022
(in thousands)

Name of Issuing Entity and Association of Each Issue	Amount Shown in the Balance Sheet	Valued Based on Market Quotation at End of Reporting Period
Not Applicable		

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2022
(in thousands)

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
		Not Applicable		

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
CAPITAL STOCK
DECEMBER 31, 2022
(in thousands)

				Number of Shares Held by		
Title of Issue	**Number of Shares Authorized**	**Number of Shares Issued and Outstanding**	**Number of Shares Reserved for Options, Warrants, Conversion and Other Rights**	**Related Parties**	**Directors, Officers, and Employees**	**Others**
Common shares	**4,000,000**	**2,000,000**	**None**	**637,838**	**1,002,284**	**359,878**

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY INFORMATION**

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

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of Asian Terminals, Inc. (the "Company"), as at December 31, 2022 and 2021 and for the years then ended, and have issued our report thereon dated March 9, 2023.

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

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

R.G. MANABAT & CO.

ALICIA S. COLUMBRES
Partner
CPA License No.
SEC Accreditation No. 69679-SEC, Group A, valid for five (5) years
covering the audit of 2022 to 2026 financial statements
Tax Identification
BIR Accreditation No. 08-001987-027-2020
Issued July 20, 2020; valid until July 19, 2023
PTR No.
City

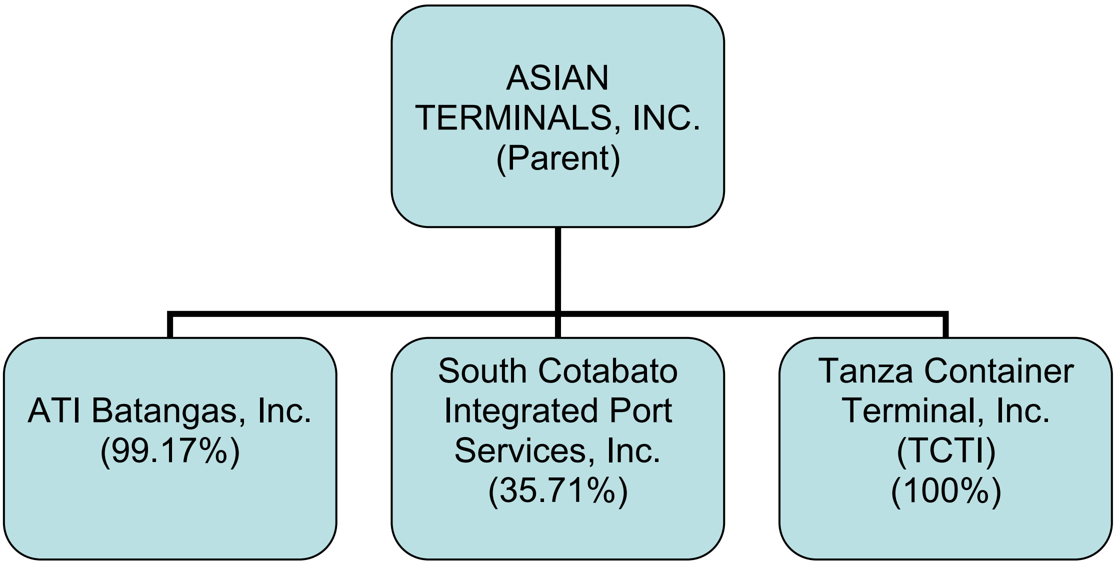
March 9, 2023
Makati City, Metro Manila

SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS AT DECEMBER 31, 2022

ASIAN TERMINALS, INC.
A. Bonifacio Drive, Port Area, Manila

Unappropriated Retained Earnings, beginning		**P1,555,313**
Adjustments:		
Deferred tax benefit		**(757,639)**
Unrealized actuarial loss		**1,887**
Unrealized foreign exchange loss - net		**1,169,191**
Unappropriated Retained Earnings, as adjusted, beginning		**1,968,752**
Net Income during the period closed to Retained Earnings	P2,715,824	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustments (M2M gains)	-	
Fair value adjustment of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Deferred tax benefit	(185,128)	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Subtotal	2,530,696	
Add: Non-actual losses		
Deferred tax expense	-	
Depreciation on revaluation increment (after tax)	-	
Unrealized foreign exchange loss - net (except those attributable to Cash and Cash Equivalents)	411,158	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually incurred during the period		**2,941,854**
Add (Less):		
Dividend declarations during the period		**(1,616,000)**
Appropriations of Retained Earnings during the period		**(3,300,000)**
Reversals of appropriations		**2,000,000**
Effects of prior period adjustments		**-**
Treasury shares		**-**
Unappropriated Retained Earnings, as adjusted, ending		**P1,994,606**

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES AND AN ASSOCIATE
DECEMBER 31, 2022



R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
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Telephone +63 (2) 8885 7000
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Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Asian Terminals, Inc. (the “Company”) and its Subsidiaries (collectively known as the “Group”) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 9, 2023.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company’s management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies.

This schedule is presented for the purpose of complying with the Revised Securities Regulation Code (SRC) Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

R.G. MANABAT & CO.

ALICIA S. COLUMBRES
Partner
CPA License
SEC Accreditation No. 69679-SEC, Group A, valid for five (5) years
  covering the audit of 2022 to 2026 financial statements
Tax Identification
BIR Accreditation No. 08-001987-027-2020
  Issued July 20, 2020; valid until July 19, 2023
PTR No.

March 9, 2023
Makati City, Metro Manila

ASIAN TERMINALS INC. AND ITS SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

Consolidated KPI	**Manner of Calculation**	**2022**	2021	2020	**Discussion**
Return on Capital Employed*	Percentage of income before interest and tax over capital employed	16.3%	13.2%	16.0%	Increased due to higher income before interest and taxes 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	14.1%	11.0%	15.5%	Improved due to higher net income.
Current ratio	Ratio of current assets over current liabilities	2.21 : 1.00	2.59 : 1.00	2.61 : 1.00	Decreased due to higher current liabilities.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.56 : 1.00	1.53 : 1.00	1.55 : 1.00	Increased due to increase in total assets.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.56 : 1.00	0.53 : 1.00	0.55 : 1.00	Increased due to increase in liabilities
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	11 days	9 days	6 days	Increase due to higher revenues.
Net Income Margin	Net income over revenues less government share in revenues	27.1%	24.3%	32.3%	Increased due to higher net income growth.
Reportable Injury Frequency Rate (RIFR)[1]	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	0.52	0.56	0.59	Improved as a result of extensive safety campaign and strict implementation of HSES policies.

*Income before interest and tax excludes also net unrealized foreign exchange losses and others.

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