



# EXPAND. EVOLVE. EXCEL.



## VISION

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



## OUR PURPOSE

We make trade flow and change what's possible for everyone

## OUR PRINCIPLES



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# CHAIRMAN'S MESSAGE



**“We pride ourselves in making economies grow by ensuring supply chain efficiencies anchored on ATI’s strategic ports and logistics assets.”**

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Asian Terminals Inc. again delivered another solid performance year in 2023 despite prevailing market uncertainties and industry challenges. Our ever expanding and evolving integrated ports and logistics network continued to deliver excellence, making trade flow to change what’s possible for everyone.

As a trade enabler and industry game-changer, we pride ourselves in making economies grow by ensuring supply chain efficiencies anchored on ATI’s strategic ports and logistics assets. In so doing, we are very pleased to have contributed to the continued expansion of the Philippine economy, which again demonstrated its resilience with a 5.6% GDP, among the strongest for the year.

From an operational standpoint, our container ports in Manila and Batangas handled over 1.5 million teus (twenty-foot equivalent units) of boxed cargoes, bringing us closer to pre-pandemic levels. This marks a 6.6% volume growth from 2022, in step with the country’s economic activity.

In the non-containerized segment, our Batangas Passenger Terminal – which is now recognized the biggest and most modern marine infrastructure in the Philippines – handled over 2.6 million outbound passengers in 2023, representing a 17% year-on-year growth. The passenger terminal is equipped with state-of-the-art amenities and facilities, bringing passenger comfort, safety, and convenience on par with global standards.

Meanwhile, in the rolling cargo segment, our Batangas terminal handled 530,000 domestic vehicles and over 218,000 completely built cars units which we connected to Luzon and the rest of the nation.

Driven by our robust business performance, I am very pleased to report that our total revenues for 2023 reached Php15.5 billion, 13.4% higher than the Php13.6 billion we achieved in 2022. We ended the year with a net income of over Php4.4 billion, or 47% higher than the Php3.0 billion in 2022.

Year-on-year, we have consistently demonstrated a stronger balance sheet and robust cash flow backed by our operational discipline, strategic planning, and prudent decision-making. This puts us on a solid footing to further

upgrade our ports, explore new business opportunities, and provide sustainable value to our shareholders and communities.

To sustain our growth momentum, our capital investment program for 2024 will remain in full gear. We are investing a minimum of Php2.7 billion in line with our expansion strategy and in fulfilment of our long-term commitment with the port authority. This will support ongoing berth and yard expansion projects, our continued transition to greener operations and technologies, and the development of strategic ports and logistics touchpoints in key markets.

Indeed, our resilience, adaptability, and focus on our customers have been instrumental in driving our success. We will continue to anchor ourselves on these values as we navigate industry challenges and respond to future market demand.

I wish to express my profound appreciation and gratitude to my fellow board of directors, our shareholders, our government partners, our customers, and every member of our team for their hard work, dedication, and unwavering commitment to excellence.

As we reflect on our 2023 achievements, we look forward to the future with much determination and optimism. By operating safely and sustainably and by innovating and adapting to shifting market dynamics, I am confident that together ATI will scale new heights as a trade enabler and industry game changer in the years ahead.

**GLEN C. HILTON**  
Chairman of the Board

# REVIEW OF BUSINESS ACTIVITIES



**“Our ports and terminals in Manila, Batangas, Laguna, and Mindanao working in synergy have kept goods moving, fueling industries, creating jobs, and building communities in support of the Philippine economy.”**

Asian Terminals sustained its growth momentum in 2023 as we continued to expand, evolve and excel in the business of moving cargoes and people through our comprehensive trade infrastructure.

Guided by our purpose of making trade flow, we are pleased to deliver faster, safer, and smarter trade solutions for our customers, anchored on our comprehensive facilities and capabilities and by working closely with our stakeholders alongside our strategic foreign equity partner DP World.

Consistently, our ports and terminals in Manila, Batangas, Laguna, and Mindanao working in synergy have kept goods moving, fueling industries, creating jobs, and building communities in support of the Philippine economy.

The vigorous pace of our business activities reflected on our solid performance in 2023. In the container segment, we handled over 1.5 million teus (twenty-foot equivalent units) in consolidated volume for a solid 6.6% year-on-year growth. Of these, Manila South Harbor facilitated the delivery of more than 1.2 million teus of international boxed cargoes while our Batangas Container Terminal – the premier trade enabler of Calabarzon (Cavite, Laguna, Batangas, Rizal and Quezon) region – handled nearly 300,000 teus. Our trade volume for the year moved us closer to our historic-high 1.6 million-teu throughput in 2019, indicative of our robust post-pandemic recovery and in step with the country’s resurgent economy.

At the domestic front, I am pleased to report that we have realized our vision for a fully modernized Batangas Passenger Terminal (BPT) behind a minimum Php1.5-billion investment. Over 2.6 million passengers experienced world-class services at the fully airconditioned BPT, which stakeholders have hailed, likening it to modern airport terminals abroad for its unparalleled comfort and convenience.

Apart from passengers, Batangas Port also played an integral part in community mobility and connectivity, especially for domestic trade and countryside agricultural commodities. It handled over 530,000 domestic rolling cargoes carrying raw materials, manufactured goods, and food among others which traversed mainland Luzon and neighboring island regions.

Meanwhile, in the international non-container segment, our Batangas Port, which is recognized as the biggest car carrier terminal in the country, facilitated the delivery of more than 210,000 completely built imported car units (CBUs). Leading carmakers, local distributors, and emerging automotive players continued to gravitate towards Batangas Port, utilizing its expansive storage capacity, proximity to Metro Manila and Luzon markets, and its direct connectivity to Visayas and Mindanao via domestic roll-on/roll-off (RORO) carriers.

Altogether, our outstanding operational performance delivered solid financial results bannered by revenues amounting to Php15.5 billion and a net income of Php4.4 billion, representing a 13.4% and 47% growth, respectively.

I am also very pleased to note that while we operated at a high pace, our commitment to our stakeholders’ wellbeing has remained without relent as reflected in our safety indicators which were commendable and consistent with industry’s best. As a port operator, we have institutionalized safety as a foundation for effective and efficient operations, which benefit not only our people, but more so our customers, partners, and stakeholders.

On the same token, our focus as a responsible port operator advanced as we continuously promoted diversity, inclusiveness, and sustainability in the industry. We have opened more career opportunities, especially for women, proportionate to our business growth. With evolving trade environments, we have continued to upskill our employees through local and international training programs. On the environment, we are nearing our goal of powering our terminals using 100% renewable energy. We have also converted selected port equipment to hybrid powertrains, while we expect the delivery of more electricity-driven equipment in the coming years.

Our work in building sustainable communities also expanded as we pursued initiatives on public health, education, and ecology with the help of our volunteers and in partnership with government and non-government organizations.

ATI’s accomplishments did not go unnoticed as our industry peers honored us with various awards and citations. At the conclusion of the 49th Philippine

Business Conference, the Philippine Chamber of Commerce and Industry named ATI as among the pioneer recipients of its Nation Builders’ Award in recognition of our role as trade facilitator. We also received awards from the Institute of Corporate Directors for corporate governance, the APEC Port Services Network for our sustainability initiatives specifically in Batangas Port, and government institutions like the Department of Education for helping enhance the quality of public education through engagement, volunteerism, and partnership.

Collectively, all our accomplishments in 2023 were made possible through the teamwork and dedication our people, the support of our customers, and our collaboration with port authorities, industry partners, and other stakeholders, to whom we are truly grateful for.

As a trade enabler and as an effective conduit for growth and development, ATI remains focused in managing, investing, and operating bigger, faster, and smarter ports and logistics infrastructure for a more robust and sustainable Philippine supply chain in the years ahead.

  
**EUSEBIO H. TANCO**  
President & Director

# OPERATIONAL HIGHLIGHTS



# SMARTER TRADE FOR GREATER GROWTH



Powered by top-notch processes, equipment, and technologies, our vital gateways offer comprehensive services for containerized and non-containerized cargoes, project lifts, rolling shipment and passengers – delivering smarter and faster market connectivity from factory floors to customers doors – and opening new opportunities for industries, our customers, and communities.

## CONNECTING ECONOMIES



Whether in Manila, Batangas or Laguna, our worldclass ports and inland logistics terminals facilitate the seamless flow of containers, bringing precious cargoes from ports to major industrial and consumer touchpoints. Working in synergy, our integrated facilities serve as strategic drivers for the Philippine economy.

## SUPPORTING INDUSTRIES



Our track-record and experience in handling non-containerized and unconventional cargoes remain the industry benchmark. Bringing this specialized cargo handling expertise to key markets ensure support for power generation, transportation, construction, major industries, and other vital economic drivers.

## OPTIMIZING OPPORTUNITIES



Our international roll-on/roll-off operation in Batangas is the best and biggest in the country, complemented by spacious storage infrastructure to secure precious rolling cargoes. With direct local connectivity, car importers and distributors can reach domestic markets more efficiently, reliably, and cost-effectively.

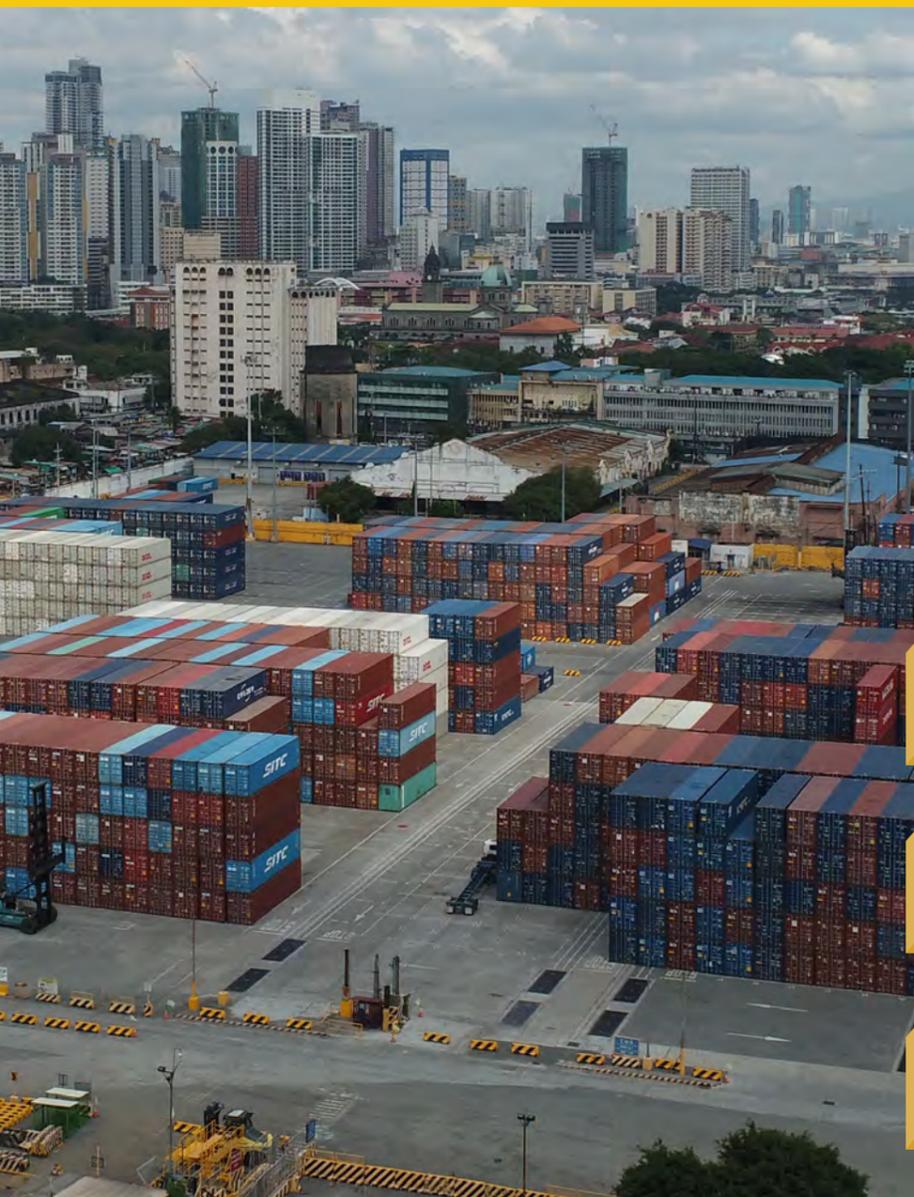
## BRIDGING COMMUNITIES



Our world-class Batangas Passenger Terminal, the most modern in its class, has elevated passenger experience to a whole new level. Equipped with fully air-conditioned lounges, restaurants, and modern amenities, it takes pride in bridging island communities while delivering the ultimate comfort and convenience for passengers.

# MSH International Container Terminal

## Enhancing Capacity and Efficiency in Support of the Economy



**M**anila South Harbor's (MSH) International Container Terminal plays a vital role in facilitating faster and smarter trade in the Philippines, serving as the premier international gateway to Southeast Asia's most resilient economy. Cognizant of its national and regional significance, ATI sustained its strategic investment in infrastructure, technologies, and innovation, continuously boosting the capacity, capability, and efficiency of its flagship terminal as committed with authorities and in support of the growth of industries.

### BOOSTING CAPACITY

From the waterfront, the Pier 3 expansion project made significant progress as ATI continued with MSH's future-proofing initiatives. The

project extends the port's northern-most berthing facility to over 600-meters, matching the length of Pier 5. Upon completion by early 2025, Pier 3 will be equipped with two additional brand-new ship-to-shore (STS) cranes, essentially increasing MSH's STS fleet from 9 to 11 and enabling it to handle more and bigger ships deployed by its international shipping line partners.

Key landside developments also gained significant traction during the period. The main container yard of MSH was continuously enhanced with the Engineering Island Basin (EIB) yard entering its final phase of development. Meanwhile, at the southern-most end of the terminal, the redevelopment of MSH's Container Yard O2 was completed, adding over 10,000 TEUs (twenty-foot equivalent units) of static capacity. Storage spaces for refrigerated containers were also doubled to more than 500 units to support higher demand for frozen goods and to complement government's initiatives on food security.

### ADVANCING CAPABILITIES

Aligned with the goal of advancing operational excellence, the South Harbor Operations Center (SHOC) underwent a major upgrade in 2023, integrating the principles of free-flowing and ergonomic work layout with advanced technologies and unified branding, for more conducive, productive, and collaborative workspaces. Apart from the spatial redesign, high-definition screens were installed throughout the operations center to complement the remotely operated cameras mounted on berth-side equipment and key infrastructure. With a 360-view of actual operations, this allowed real-time monitoring and controlling of cargo handling activities for safer and more efficient operational execution.

An innovative Field Operations Office, equipped with a rooftop viewing deck, was also built in between Piers 3 and 5 serving as the official post for shift managers and supervisors. This safely and strategically placed key personnel at the heart of MSH for a more highly engaged approach to general supervision.

### SUSTAINING EFFICIENCIES

Apart from infrastructure, processes were also reviewed and improved to better respond to operational demands using Lean Management principles. Dual container cycles, featuring the simultaneous loading and unloading of containers on vessels, were explored to achieve productivity gains. The capabilities of the intermodal unit were further harmonized to ensure greater cooperation and collaboration among internal and external stakeholders. Strategic asset optimization alongside the responsive deployment of equipment and personnel efficiently addressed customer requirements. Safer night operation was also achieved with the upgrade of yard lighting fixtures to brighter and eco-friendlier LEDs.

Meanwhile, MSH continued to play a key role in facilitating the unimpeded flow of empty containers in the supply chain, helping address a key challenge encountered by port stakeholders. ATI's pioneering Empty Loadout Shipping Alliance (ELSA) with its partner shipping lines continued to evacuate empty containers to regional and international hubs, ensuring compliance with regulations and meeting market demands.

In collaboration with port authorities, ATI also improved roadways leading to MSH's designated examination areas. These enhancements bolstered non-intrusive examination capabilities, allowing passthrough x-ray machines to process around 100 trucks on an hourly basis. Truck-mounted examination facilities were also doubled for faster container inspection while the terminal gates were enhanced for quicker truck passage and in preparation for future full gate automation.

Altogether, these enhancements are expected to raise the terminal's annual throughput capacity to close to 2.0 million TEUs (twenty-foot equivalent units) from its current capacity of 1.45 million TEUs. MSH handled over 1.2 million TEUs of containerized cargoes in 2023.

**+1.45m** CURRENT CAPACITY  
TEUs

**≈2.0m** FUTURE CAPACITY  
TEUs

**1.2m** 2023 VOLUME  
TEUs

# MSH General Stevedoring Terminal

Enhancing Cargo Operations  
and Boosting International  
Relations



**M**anila South Harbor's General Stevedoring Terminal (GST) exemplifies the versatile port operations of ATI. Backed by unparalleled industry experience and expertise, the terminal is a trusted partner for handling high-value non-containerized goods and project cargoes shipped by major industrial sectors like power generation and distribution, mineral extraction, production, construction, and mass transportation.

Located in Pier 15, the terminal also plays an equally important role in fostering strong international relations with the community of nations. From welcoming global citizens aboard giant cruise ships, to hosting international navies on goodwill visit, and facilitating the deployment of international seafarers as a crew change hub, the terminal effectively connects the Philippines to the world.

and handheld devices, with capabilities. The system is integrated with ATI's online billing process and is accessible through Webtrack – ATI's industry leading web-based app. This allows shipping lines to release delivery order holds remotely for quicker cargo pullouts and faster, secure, and more convenient customer transactions via e-payment options.

### RESILIENCY & FLEXIBILITY

GST sustained its operational resilience and flexibility in 2023, handling important industrial shipment as the country continued to reemerge from the pandemic. As government and private sectors ramp up infrastructure projects, GST likewise kept in step with the pace, extending its expertise in handling customer cargoes critical for building more roads, railways, airports, powerplants, and technology and production assets. It also continued to serve as a preferred partner for the importation of crucial fire prevention and response equipment by authorities.

### REBOOTING CRUISE TOURISM

GST played an important role in the much-awaited reboot of Philippine cruise tourism in 2023. After serving as an isolation facility during Covid-19, ATI successfully reverted the Eva Macapagal Cruise Terminal to its original purpose in partnership with the port, health, and tourism authorities. The terminal was refurbished into a tourist-friendly space, complete with facilities and amenities such as spacious lounges, luggage and passenger drop-off zones, baggage inspection facilities, as well immigration and border control areas.

Apart from its technically adept staff, the terminal deployed modern heavy-duty equipment and industrial compliant gears to support operations while following stringent safety protocols in accordance with local and international guidelines. To support 24/7 operations, the terminal's lighting system was upgraded to eco-friendly LEDs for brighter, safer, and more efficient workflow during nighttime and low-light conditions.

In support of government's tourism pitch, the terminal's branding was aligned with the "Love the Philippines" tourism campaign, with colorful and artistic walls and lounges aptly renamed Luzon, Visayas, and Mindanao, inspired by the major Philippine islands.

Manila South Harbor welcomed more than 20 cruise ships along with around 25,000 foreign tourists, conveniently connecting them to capital city's major cultural and heritage sites such as the Rizal Park, National Museum, Intramuros, and Binondo, the world's oldest Chinatown, among others.

### PROPRIETARY TECHNOLOGY

The terminal also marked its fourth year under the Cargoes GC+ platform, an IT-powered innovation to further expedite cargo handling and processing. The proprietary system features paperless functionalities for real-time cargo inventory updates, cargo tracking and truck tracing, and seamless report generation covering vessel, yard, and gate activities via mobile application

In 2023, the Philippines was named Best Cruise Destination at the prestigious World Cruise Awards, taking note of its reputation as an emerging powerhouse in global cruise market, a feat shared by GST as the primary cruise tourism gateway into the Philippines.

**+1.45m** FOREIGN  
PAX TOURISTS

**+20** CRUISE  
SHIPS CALLS

**1.1m** ANNUAL  
MT CAPACITY

# BATANGAS Container Terminal

Driving trade efficiency  
thru accessibility and  
technology



**A**TI's Batangas Container Terminal (BCT) is recognized as one of the world's most technologically advanced ports, bringing together best-in-class assets, comprehensive systems, and pioneering IT solutions that make goods flow smarter and faster in the supply chain.

As the premier trade hub for CALABARZON (Cavite, Laguna, Batangas, Rizal, and Quezon), BCT strategically links the country's top exporters and importers to global market, enabling them to unlock potentials and explore new opportunities in leading and emerging economies.

**+600,000 TEUs** ANNUAL CAPACITY

**≈300,000 TEUs** 2023 VOLUME

**+33 GMPH** TERMINAL PRODUCTIVITY

## TRADE EFFICIENCY

BCT has sustained its momentum as a competitive regional trade enabler. In 2023, more companies and industries benefited from the smart end-to-end solutions offered by their neighboring international port gateway in Sta. Clara, Batangas City. Powered by modern equipment, systems, and pioneering terminal technologies, BCT capably met the time-sensitive cargo delivery of customers, from the terminal floor to factory doors.

Since its major upgrade in 2019, BCT has optimized its berth facilities spanning more than 600 meters with an operational depth of 13 meters, accommodating multiple and larger vessels deployed by its international carrier partners. Efficient container handling is supported by four ship-to-shore cranes, eight rubber-tired gantry cranes, and an adequate fleet of mobile equipment. Operational synergy with stakeholders and port authorities have likewise ensured the expedient flow of goods via the terminal which can handle a throughput of around 600,000 TEUs (twenty-foot equivalent units) annually.

## MARKET ACCESSIBILITY

As a strategic market linchpin, BCT has provided seamless market accessibility and logistics versatility for customers. During the year, more international shipping lines launched regular weekly services via BCT paving the way for greater and quicker access to Hong Kong, Singapore, Taiwan, Japan, Thailand, China, Vietnam, Indonesia, and other long-haul markets at more efficient transit times.

Equally important, BCT continued to serve as an ideal partner in bringing containers closer and faster to beneficial cargo owners given its proximity and direct linkage to modern road networks with no truck bans and congestion. A flyover seamlessly integrating the port diversion road to the STAR tollway is nearing completion which is expected to further expedite cargo cycles.

During its regional conference in March, the National Economic Development Authority took cognizance of the impressive transformation of Batangas Port as a trade facilitator in Calabarzon, expressing confidence over its future as a significant contributor to inclusive and sustainable growth.

## DIGITAL PORT GATEWAY

BCT scaled new heights in terminal operations in 2023 following its successful transition to fully automated gates powered by Artificial Intelligence. As the Philippines' first port to adopt gate processes driven by machine learning, BCT operated at high terminal efficiency and productivity levels bannered by industry-leading efficiency metrics for container, ship, and truck turnaround.

BCT is powered by the CARGOES AVA+ platform developed by ATI's foreign equity shareholder partner DP World, featuring self-help kiosks, high-fidelity optical character recognition systems, and advanced functionalities like QR code scanners, facial recognition, and cargo damage detection, making the flow of trucks quicker, safer, and more secure without any human intervention. Moreover, the AGS is interfaced with the Zodiac Ops 7 terminal system and proprietary Terminal Internet of Things apps for efficient day-to-day operations.

In 2023, BCT efficiently handled close to 300,000 TEUs of international boxes, for an 8% cargo volume increase as markets continued to recover post-pandemic. Given its growth trajectory and in view of increasing market demand, plans of further expanding and increasing the capacity and capabilities of the terminal are underway in coordination with the port authority.

# BATANGAS Pax & Gen Cargo Terminal

Elevating interisland connectivity to world-class standards



Archipelagic countries like the Philippines depend on modern seaports to ensure the seamless flow of goods and people, the driver of thriving and resilient local economies. Such is the essential role played by ATI's Batangas Port, a linchpin in the Philippine nautical highway system, connecting mainland Luzon to MIMAROPA (Mindoro, Marinduque, Romblon, Palawan), Visayas and Mindanao as well as the rest of the world.

Cognizant of its importance and in line with the requirements of robust markets, ATI has sustained efforts to build on Batangas Port's capacity and capabilities to support future growth and cement its world-class status as a trade enabler and marine transport trailblazer.

## BEST PASSENGER FACILITY

Year 2023 saw the full fruition of ATI's modernization vision for the Batangas Port as the period paved the way for the structural completion the Biggest, Busiest, and most-Modern interisland passenger complex in the Philippines dubbed the Batangas Passenger Terminal (BPT). Behind a Php1.5-billion private-sector investment, ATI transformed the domestic passenger terminal building into a fully integrated interisland transport complex which is now hailed as the national benchmark for passenger comfort, convenience, and connectivity.

BPT's transformation is quite distinctive from its humble beginnings with port users likening it to a world-class airport terminal bannered by high ceiling and fully airconditioned lounges, gigantic travel announcement boards, quick service restaurants, coffeeshops, artisan spots, medical clinic, playroom, all gender restrooms, and mobility infrastructure including e-transporters particularly benefiting passengers with special needs.

Apart from its expansive lounges and impressive amenities, the most noticeable change in BPT was the transfer of shipping line ticketing counters inside the fully airconditioned terminal. This made ticket dispensing more comfortable and safer for travelers regardless of weather conditions. The ticketing counters were also clustered into three sections based on destination, ship type, and route operator, making passenger queues shorter, faster, and more systematic.

The two-year development project effectively increased BPT's seating capacity from 2,000 to more than 6,500 passengers in any one time, making it more than capable of handling the seasonal influx of passengers, particularly during weekends and public holidays. In 2023, BPT handled over 2.6 million outbound passengers, around 17% higher than the previous year.

## MARKET CONNECTIVITY

At the international front, Batangas Port continued to support industrial customers who equally play an important role in the country's economic resilience, handling their delicate non-containerized cargoes for construction, transportation, offshore energy production, and other capital-intensive industries.

Batangas Port also hosts domestic roll-on/roll-off and containerized cargo freighters, making it an ideal direct transshipment hub for domestic-bound international cargoes. With this unique operational feature, importers have optimized Batangas Port to directly link international cargoes for domestic distribution without leaving the terminal for greater cost-benefit. It also serves as an important link to domestic markets, bringing agricultural products and crops from the countryside to the main island of Luzon and finished consumer products from Metro Manila to the island provinces.

## IMPORT GATEWAY FOR ROAD MOBILITY

Batangas Port, the biggest car carrier terminal in the Philippines, continued to serve as the country's premier gateway port for imported completely built car units (CBUs). In 2023, it handled nearly 219,000 car units brought to the market by leading Japanese, Korean, American and Chinese car brands. The volume was capably handled through Batangas Port's at-grade and multilevel car storage facilities which have a combined capacity of over 13,000 car units in any one time.

With the strong post-pandemic resurgence and the promising growth of the industry especially with the introduction of more hybrid and electrified car variants, ATI's Batangas Port has shown its future readiness with plans of increasing its capacity and capabilities to manage the volume influx. Infrastructure for charging stations, inspection, staging, and cargo handling are underway to support the growth of the country's automotive industry.

**+8m**  
PAX ANNUAL CAPACITY

**+2.6m**  
TEUs 2023 PASSENGERS

**219k**  
CBUs 2023 VOLUME

# INLAND LOGISTICS TERMINALS

Creating Value and Opportunities for Supply Chains



Aside from Manila South Harbor (MSH) and Batangas Container Terminal (BCT), ATI operates strategic Inland Logistics Terminals (ILTs) that bring seaports closer to port users. By providing direct and strategic link to the country's main gateway ports, ATI's ILTs make seamless end-to-end cargo handling services possible for landlocked industrial corridors, delivering added value and creating opportunities for the supply chain.

## LAGUNA INLAND LOGISTICS TERMINAL

Located near Exit 47 of the South Luzon Expressway is ATI's 4.2-hectare Laguna Inland Logistics Terminal (LILT), traditionally known as Inland Clearance Depot. ATI's strategic dry port serves as a perfect supply-chain partner for the major industries based in Cavite, Laguna and Batangas. As an authorized extension of MSH and BCT, shipment arriving via Manila or Batangas can be transferred immediately to LILT upon the behest of Customs-accredited shippers. While stored in the secure facility, cargo clearances can be simultaneously processed through online systems linked to the Bureau of Customs.

Aside from container storage, LILT offers comprehensive end-to-end services from the terminal floor to the factory doors. As a competitive advantage, the terminal can provide container handling, trucking, brokerage, customs-clearing, and other ancillary services at the customer's preference, making it an ideal one-stop-shop for shippers, especially for just-in-time production cycles. LILT can deploy BOC-cleared containers to the customers' factory anytime 24/7 using franchise trucks safeguarded by GPS systems.

## BATANGAS INLAND LOGISTICS TERMINAL

The Batangas ILT facility was opened adjacent to BCT in 2023 to support the container cycles of nearby customers. BILT is seamless linked to BCT enabling the smooth flow of import and export containers into Calabarzon. Ancillary services are available via BILT for the convenience of region-based customers.

## MANILA INLAND LOGISTICS TERMINAL

In Manila, ATI also operates an inland logistics terminal which enhances efficiencies for users of the country's main port gateway. Located near MSH, MILT allows a more methodical rotation for trucks, letting them drop-off

empty containers in the said facility before proceeding to MSH for quicker pick-up of laden boxes. This procedure sustains high yard and berth productivity for overall terminal efficiency.

## TANZA BARGE CONTAINER TERMINAL

Meanwhile in Cavite, ATI's Tanza container barge terminal began its pilot phase in preparation for operation. Operated by ATI's subsidiary Tanza Container Terminal Inc. (TCTI), the barge terminal is designed to shuttle containers to and from Manila and Cavite by optimizing sea lanes via barging instead of trucks. This offers a unique and more sustainable supply chain solution for beneficial cargo owners based in the highly industrialized province of Cavite while helping ease road traffic in the metros. TCTI's operations in supported by two marine cranes, reachstackers, and a fleet of internal transfer vehicles to capably handle containers brought in and out of the terminal via modern self-sustaining barges.

## SOUTH COTABATO INTEGRATED PORT

ATI extends its presence in southernmost Philippines through the South Cotabato Integrated Port, a pivotal maritime infrastructure supporting local trade and bridging Mindanao into the growing Southeast Asian market. The port, managed and operated by the South Cotabato Integrated Port Services Inc. (SCIPSI) where ATI is a strategic investor, handles international and domestic containerized and noncontainerized cargoes in support of major industries and agro-commercial companies in the region.

**+200,000 PAX** TCTI ANNUAL CAPACITY

**+100,000 TEUs** CANLUBANG ILT CAPACITY

**+100,000 TEUs** MANILA ILT CAPACITY

# CORPORATE SUSTAINABILITY



## SUSTAINABILITY FOR COMMUNITY & INDUSTRY RESILIENCY

We enable smarter trade driven by our goal of changing what's possible for everyone. By focusing on "Our World, Our Future" – our dynamic Corporate Sustainability Strategy – we create a healthier and safer port environment, accelerate trade, generate job opportunities, advance people's skills, and help build self-reliant communities for a more inclusive and a sustainable future.

### HEALTH, SAFETY, ENVIRONMENT, AND SECURITY



Our inclusive safety culture is deeply rooted in our history. It is the DNA that runs across the veins of our entire company. Our grassroots programs, innovations, and industry best practices reinforce safer, healthier, and more secure port environments for our customers, partners, and stakeholders.

### HUMAN RESOURCES



Our people are our most valuable assets. Utilizing world-class equipment and processes, our highly skilled employees work safe together to keep supply-chains flowing. Through agility, adaptability, and learning opportunities, we sustain a diverse and inclusive workplace which empowers people as trade enablers.

### SOCIAL RESPONSIBILITY



Our vision for a better future is carried out through strategic social investment, employee involvement, and community engagement. By focusing on three legacy areas, namely Education, Women, and Water alongside the UN Global Goals, we uplift communities and bring positive change to societies.

### INFORMATION TECHNOLOGY



Our technologies are gamechangers. Our comprehensive IT infrastructure, digital processes, and pioneering systems enhance port efficiency, productivity, and market connectivity, creating smarter trade ecosystems for industries and economies.

# HEALTH, SAFETY, ENVIRONMENT, & SECURITY

Promoting safe, secure and healthy port environments

**0.87** REPORTABLE INJURY FREQUENCY RATE

**14,000** SAFETY OBSERVATIONS

**8m HOURS** SAFE MANHOURS



Effective port management goes beyond the smooth and seamless handling of cargoes, people, logistics, and overall terminal administration. Equally critical is ensuring safety across all levels of the business – one that safeguards the welfare of personnel, the environment, stakeholders, and port infrastructure as important and interdependent elements of the supply chain. ATI knows this by heart and with nearly 40 years of industry experience has enshrined safety as its topmost priority.

### SAFETY LEADERSHIP

ATI's commitment towards safety is deeply imbedded in its organizational culture. It is part of the company's DNA which is shared by employees. Leading by example, this safety culture is best demonstrated by the company's key corporate officers – from C-suite to functional-level managers – who regularly roll-up their sleeves and take part in terminal walkthroughs or Gemba walks. This management practice immerses leaders and decision-makers in the field, facilitating genuine and productive interaction with dockworkers, truckers, importers, shippers, contractors, authorities, and other stakeholders for a fuller view of actual working conditions and operational situations. Gemba walks serve as an effective platform for exchanging insights, observations, and best practices, eliciting direct feedback, suggestions, and corrective actions. Apart from this, ATI's key officers also regularly participate in refresher courses in emergency preparedness and response to ensure that skills are up to date to collectively manage exigencies.

### SAFETY COMMITMENT & PERFORMANCE

As part of its inclusive safety culture, ATI shares its safety first, safety always philosophy and practices with its stakeholders. To further drive home this viewpoint, the Company continued to fortify its education and information campaign anchored on its Commitments We Live By (CWLb). These fundamentals prescribe the safe behaviors which all stakeholders need to abide by while transacting business inside ATI's facilities. These Commitments are visualized in huge billboards across facilities, supplemented by bilingual flyers, and delivered through interactive films during mandatory Safety Induction Seminars. Wearable kits and drinkware were also handed out to boost retention of the CWLb.

Innovations are equally effective strategies to sustaining safety performance. Through the years, ATI has introduced pioneering safety innovations such as pinning stations, fall-arrest contraptions, emission testers, among

others. Consistent with this, ATI installed modular water storage tanks in strategic areas in Manila South Harbor to support its fire protection and prevention program.

Moreover, ATI continuously gathered and analyzed safety-related data using cloud-based technology. ATI's HSES portal particularly allows employees to report, record, and update evidence-based incidents and practices for proper curation, escalation, and resolution. In 2023 alone, ATI's HSES team collated close to 14,000 observations and interactions. This enables data mining and mapping for timely corrective actions and decision-making.

Through disciplined and collaborative safety practices companywide, ATI has logged over 8 million safe manhours. ATI's Reportable Injury Frequency Rate (RIFR), an international standard measurement of safety performance, last year was recorded at 0.87. Safety engagement ratings for both Manila and Batangas sites have remained on the high side.

### ENVIRONMENT STEWARDSHIP & CERTIFICATIONS

ATI demonstrates its leadership not only in safety but also in environmental stewardship with significant strides made towards greening its operations. For the year, ATI successfully converted its yard lighting system to 100% eco-friendly LED lamps. More investment in hybrid and fuel-efficient equipment also came through. It is also nearing its target of tapping 100% renewable energy to power the Manila and Batangas terminals. ATI also added over 30,000 trees as part of its long-term mangrove reforestation and watershed protection activities. As a fitting highlight to the year, ATI's Manila South Harbor received the Green Port Award Seal (GPAS) from the APEC Ports Services Network (APSN). The Green Port seal recognized ATI's exemplary environmental actions, leadership, and contribution to sustainability in the maritime sector. In 2017, ATI's Batangas Port also received the highly coveted distinction.

Furthermore, ATI completed its Integrated Management System surveillance audit with zero non-conformity findings, thereby revalidating ATI's ISO-certification status for international standards on Occupational Health and Safety Management (ISO45001:2018), Environment Management (ISO 14001:2015), Quality Management (ISO 9001:2015) and Supply Chain Security Management (ISO 28000:2007), apart from being an ISPS Code compliant port operator.

# INFORMATION TECHNOLOGY

Accelerating trade through smart port infrastructure

+99%

AUTOGATE ACCURACY

+600,000 TEUs

TABS TRUCK TRIPS

+30min

TRUCK TURNAROUND



ATI is a recognized trailblazer and innovator in the realm of technology and digitalization in the country's ports and logistics market. From its deep operational roots arose pioneering applications and web-based solutions for terminal agility, transaction transparency, complementary cargo fidelity, and operations predictability, alongside customer-centric online interfaces that have made port transactions more convenient and accessible, anytime, anywhere. Building on this culture of innovation and technology leadership, ATI continued to scale new heights in 2023 as it further accelerated its digital transformation to keep commodities moving smarter, faster, and safer in support of the country's resilient economy.

## AUTOMATED GATE SYSTEM

ATI's pioneering Auto Gate System further delivered operational improvements for the Batangas Container Terminal (BCT) in 2023. Backed by CARGOES AVA+, an AI technology developed by its strategic foreign equity partner and global trade enabler DP World, BCT continued to grow as the premier port in Southern Luzon, highlighted by efficient operations and industry-leading vessel and truck turnaround time. BCT is the first terminal in the Philippines to transition to fully automated gates powered by machine learning and the foremost across DP World's global terminal network to run the system.

CARGOES AVA+ delivers an integrated platform from optical recognition and self-help kiosks to smart gate operating systems. It uses intelligent cameras to capture information, such as container number, truck license plate, container door orientation, and seal condition among others at more than 99% accuracy rate as trucks pass through the portals. It eliminates manual entry errors and enhances access controls through secure identification features. All these data are processed through video analytics that use deep learning algorithms to increase recognition and accuracy over time. Moreover, the system is seamlessly integrated with BCT's CARGOES TOS+ terminal operating system in realtime for seamless gate to yard transactions. Previously, BCT operated three gate lanes manually, with an individual operator needed at each juncture. With the new system, all three lanes are now supervised remotely through the

customized Gate Operating System, making the ingress and egress of trucks contactless and operationally safer. With this technology breakthrough, gate transactions are completed in as quick as five minutes, further accelerating the turnaround time for trucks servicing BCT, for the benefit of cargo owners.

## INTERNET OF THINGS

Complementary to automated gates, BCT advanced its adoption of the Terminal Internet of Things (TiOT) technology. The technology uses augmented reality to render a 3D output of the actual port environment. This produces an accurate layout of the terminal, vessels, containers, and cargo handling equipment while in motion. This works by embedding sensors and actuators on terminal assets and equipment which give out their accurate positions and operational conditions in real-time. TiOT's live approximation of reality, placed in virtual space, aids in better operational supervision and resource optimization. Soon, ATI's digital systems, including the TiOT will run on private 5G networks which will provide higher quality, better interoperability, and more stable bandwidth frequencies. Following the successful project in Batangas, preparatory works are underway to rollout full gate automation and TiOT in ATI's flagship terminal in Manila.

## APPS FOR EFFICIENCY & OPERATIONAL MONITORING

ATI's technology experts have likewise complemented terminal efficiencies by developing intuitive, scalable, and responsive apps that monitor key operational parameters 24/7. Realtime data on port productivity, including berth efficiency, yard utilization, and gate activities, are constantly analyzed and presented via smart digital ops boards for effective operational monitoring and decision-making. The ops boards can also be accessed remotely through mobile devices for offsite supervision. Meanwhile, the Terminal Appointment Booking System or TABS has sustained the orderly movement of trucks and cargoes flows in the terminal. In 2023, TABS managed a minimum of 600,000 truck trips in an orderly manner, spreading weekly demand across the 7-days, thus avoiding heavy congestion along metro roads. Through TABS, truck transactions can be completed within an hour of gate entry.

# HUMAN RESOURCES

Advancing capabilities and cultivating diversity

**+38,000** hours  
TRAINING HOURS

**14** participants  
MENTOR HER

**1,800** EMPLOYEES



People are the most valued assets of ATI are drivers of its vision of making trade flow. Cognizant of this, ATI has constantly advanced its workforce development agenda, optimizing local and global resources and traditional and emergent channels to keep its talent pool adept with industry demand and in-step with the rapidly shifting trade environment. Alongside maintaining productive and conducive workspaces which fosters growth and development, ATI has also cultivated a more diverse workplace. Over the years, the Company has successfully bridged opportunity gaps and transcended gender barriers by institutionalizing programs on women empowerment, mentorship, and gender-neutral talent selection, all contributing to a professional and inclusive work environment for its 1,800 employees.

## WOMEN EMPOWERMENT

ATI's diversity and inclusion strategy has steadily gained traction alongside sustained efforts to recalibrate gender-related perceptions in the port industry. Last year, the Company attracted more women talent who were fielded in blue-collar assignments including in the male-dominated clusters of operations and engineering. Female representation in ATI's dynamic workforce in both frontline and backroom units continuously increased with more women assuming supervisory, junior management, and senior decision-making roles. Relatedly, ATI's homegrown Women Trade Enablers Network (WTEN) – an all-female work-based support group – has grown bigger and stronger. WTEN continued to champion women empowerment through forums, cross-functional interactions, and career counselling and enrichment activities.

On a wider stage, ATI's female employees continued to participate in the highly successful global MentorHer program in partnership with TheHub, ATI's foreign equity shareholder partner's global center for excellence in people development. As a career empowerment journey, MentorHer augments the professional development of women colleagues through the stewardship of senior managers across the local, regional, and global network of DP World. (ISO45001:2018), Environment

Management (ISO 14001:2015), Quality Management (ISO 9001:2015) and Supply Chain Security Management (ISO 28000:2007), apart from being an ISPS Code compliant port operator.

## GROWTH THRU UPSKILLING AND COLLABORATION

Quality face-to-face and online trainings sessions and learning interactions in areas of skills enhancement, leadership, safety, process improvement, as well as diversity and inclusion were delivered during the year. Key employees participated in local and regional trainings to support the continuous growth transformation of the ports and logistics business. In all, ATI logged more than 38,000 hours in total learning and training hours for the year.

In addition, ATI's LEAN Management Program continued to advance people's skills in resource optimization and continual process improvement. As testament to this, ATI's Engineering team received DP World's Global Kaizen Award on waste reduction for their entry on hydraulic leaks elimination. ATI ended the year among the top 10 terminals in Equipment and Operations Reliability across DP World's global network of ports and terminals.

Employee engagement was also strong throughout the year. Reverting to the new normal post-pandemic, more face-to-face activities were held to promote greater employee collaboration such as offsite teambuilding activities and summer team sporting events.

## ONLINE TALENT PLATFORM

To complement its diverse people development programs and initiatives, ATI successfully transitioned to an industry-leading cloud-based platform for talent management. The system has provided a robust and real-time digital platform for monitoring task accomplishment, departmental, and divisional and talent advancement based on well-defined performance targets. The platform also provides online and mobile access to world-class learning opportunities to enhance people's skillsets in their respective roles or areas of interest.

# CORPORATE SUSTAINABILITY

Building empowered and sustainable port communities

**+1,300 HRS** VOLUNTEERING HOURS

**100% RENEWABLES** BATANGAS POWER SOURCE

**+30,000 saplings** TREES PLANTED



As a responsible port organization, ATI actively pursues its corporate sustainability programs to promote resilient and self-reliant communities. For a more impactful approach, ATI's initiatives are anchored on women, education, and water among other equally relevant sectors, in alignment with its foreign equity partner's global sustainability framework and in unison with the UN Sustainable Development Goals. Below are some relevant highlights and activities for 2023.

**SDG 3: GOOD HEALTH AND WELL-BEING**  
ATI puts health and safety as a core policy. Consistently, the Company extends assistance to surrounding port settlements, improving community health and wellbeing, especially in times of exigencies. ATI continued to mobilize corporate resources to distribute food aid to neighborhoods in need, improve access to community-based healthcare services through medical outreach, and immediately respond to exigencies like fires and floods, among others.

**SDG 4: QUALITY EDUCATION**  
ATI continued to allocate the biggest share of its annual community investment in building a better future for the Filipino youth through education. ATI's Scholarship Program has produced exceptional graduates who now have productive careers in various fields like accounting, business management, marketing, IT, among others. Through this program, ATI hopes to upskill more students, preparing them for future jobs including developing more talent for trade. ATI's employee-volunteers also contributed to improving school infrastructure under the Brigada Eskwela (School Brigade) community partnership with the Department of Education. ATI's employee volunteers took time out from usual duties, exchanging port gears for workshop tools, to help repaint and improve school facilities in time for school opening. Moreover, to encourage creativity among the youth, ATI also organized community art activities for students in Batangas. Participants optimized the walls of Batangas Port as huge canvasses, painting themes on tourism under the tutelage of a locally renowned artist.

**SDG 5: GENDER EQUALITY**  
ATI helps break barriers in the traditionally male-dominated port industry. It promotes equal employment opportunities regardless of gender. In 2023, ATI welcomed more women in its frontline units such as technicians, mechanics, and equipment operators. Meanwhile, its highly successful Women Trade Enabler Network Group (WTEN) continued to expand in 2023 as champion for women empowerment. Women-centered programs were held anchored on health, personality development, and career advancement.

**SDG 6: CLEAN WATER & SANITATION**  
As a ports business, ATI actively sustained its for to read advocacy for clean water through institutional partnerships for reforestation and mangrove plantation in collaboration with dockworkers, authorities, and community-based volunteers. As an institutional partner of Bantay Kalikasan which safeguards the La Mesa Watershed, ATI has planted and protected over 40 hectares of the forest reserve which contributes potable water for Metro Manila. In 2023, ATI's watershed protection program has branched out to more reforestation sites including Navotas, Malarayat, Lipa and San Juan in Batangas. In all, ATI's volunteers planted over 30,000 trees in 2023. In Batangas Passenger Terminal, tap water stations which dispense warm and cold safe drinking water are freely accessible to passengers, discouraging them from availing of single use plastic bottled drinks.

**SDG 7: AFFORDABLE AND CLEAN ENERGY**  
As part of its greening initiatives, ATI has tapped renewable energy sources to power its key terminals in Manila and Batangas. In partnership with renewable energy distributor, more solar panels were installed in ATI in 2023, optimizing rooftops, canopies and other viable spaces. By end of the year, ATI moved closer towards 100% utilization of renewable energy. Several port equipment now run using hybrid engines, while the more electric-powered mobile handling equipment are expected to arrive in 2025 to further reduce carbon footprint.

**SDG 14: LIFE BELOW WATER**  
Through its Ocean Protection Program, ATI has taken an active role in raising public awareness against plastic pollution. ATI continues to reach out to students, teaching them on responsible port operations and outlining ways to preserve and protect this vital economic resource. As an organization, ATI discourages the use of single-use plastics across its sites. Use of flasks and reusable water bottles have become the norm for employees and stakeholders. Moreover, ATI has optimized stakeholder events such as fun runs, conferences, and industry trade fairs to advocate for the protection of plastic-free seas and oceans, providing participants eco-friendly bottles.

In all, ATI employees contributed over 1,300 hours in volunteering time in support of community initiatives.

# BOARD OF DIRECTORS



**GLEN C. HILTON**  
Chairman of the Board  
CEO and Managing Director DP World Asia Pacific

- Previous Leadership Posts**
- CEO Port of Tanjung Pelepas, Malaysia
  - VP and Managing Director of DP World Southeast Asia
  - Executive Director of DP World Caucedo
  - General Manager of DP World Adelaide



**EUSEBIO H. TANCO**  
President/Director

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| <p><b>Chairman</b></p> <ul style="list-style-type: none"> <li>• STI Education Systems Holdings, Inc.</li> <li>• DigiPlus Interactive Corp.</li> <li>• Fibertex</li> <li>• Mactan Electric Company</li> <li>• Eximious Holdings, Inc.</li> <li>• Venture Securities, Inc.</li> <li>• Philippines First Insurance Co.</li> </ul> <p><b>Chairman Emeritus &amp; Director</b></p> <ul style="list-style-type: none"> <li>• STI Education Services Group, Inc.</li> </ul> <p><b>Chairman and President</b></p> <ul style="list-style-type: none"> <li>• Prime Power Holdings</li> <li>• Prudent Resources, Inc.</li> </ul> | <ul style="list-style-type: none"> <li>• First Optima Realty Corporation</li> </ul> <p><b>President</b></p> <ul style="list-style-type: none"> <li>• Bloom with Looms Logistics, Inc.</li> <li>• Total Consolidated Asset Management Inc.</li> <li>• Eujo Philippines, Inc.</li> <li>• Tantivy Holdings, Inc.</li> <li>• Mar-Bay Homes Inc.</li> <li>• Cement Center, Inc.</li> <li>• Biolim Holdings and Management Corp.</li> </ul> <p><b>Director</b></p> <ul style="list-style-type: none"> <li>• iACADEMY</li> <li>• Philippine School for Business Administration</li> </ul> | <ul style="list-style-type: none"> <li>• Philhealthcare Inc.</li> <li>• Philplans First, Inc.</li> <li>• Philippine Life Financial Assurance</li> <li>• STI West Negros University</li> <li>• United Coconut Chemicals, Inc.</li> <li>• M.B. Paseo</li> <li>• Philippine Racing Club</li> </ul> <p><b>Professional Associations</b></p> <ul style="list-style-type: none"> <li>• Philippines-Thailand Business Council</li> <li>• Philippines-UAE Business Council</li> <li>• Philippine Chamber of Commerce &amp; Industry</li> </ul> |
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**WILLIAM WASSAF KHOURY ABREU**  
Director

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| <p><b>Vice President</b></p> <p>DP World Ports &amp; Terminals Southeast Asia</p> <p><b>Previous Leadership Posts</b></p> <ul style="list-style-type: none"> <li>• Executive Vice President of Asian Terminals Inc.</li> <li>• Director of PT Terminal Petikemas Surabaya (TPS) Indonesia</li> <li>• CEO of DP World-Saigon Premier Container</li> </ul> | <p>Terminal</p> <ul style="list-style-type: none"> <li>• Operations Director of DP World Korea</li> <li>• Various management positions at DP World Dominican Republic and CSX World Terminals (Caucedo)</li> </ul> |
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**MONICO V. JACOB**  
Director

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| <p><b>Chairman</b></p> <ul style="list-style-type: none"> <li>• STI West Negros University</li> <li>• Rosehills Memorial Management, Inc.</li> <li>• Philippine Life Financial Assurance, Inc.</li> <li>• Global Resource for Outsourced Workers, Inc.</li> <li>• Total Consolidated Asset Management Inc.</li> <li>• GROW-Vite</li> <li>• TechZone Philippines, Inc.</li> </ul> <p><b>President</b></p> <ul style="list-style-type: none"> <li>• STI Education Systems Holdings, Inc.</li> </ul> | <p><b>CEO and Vice-Chairman</b></p> <ul style="list-style-type: none"> <li>• STI Education Services Group</li> </ul> <p><b>Director</b></p> <ul style="list-style-type: none"> <li>• iACADEMY</li> <li>• PhilCare</li> </ul> <p><b>Member</b></p> <ul style="list-style-type: none"> <li>• Integrated Bar of the Philippines</li> </ul> |
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**FELINO A. PALAFOX, JR.**  
Director

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| <p><b>Founder &amp; Principal Architect-Urban Planner</b></p> <ul style="list-style-type: none"> <li>• Palafox Associates &amp; Palafox Architecture Group, Inc.</li> </ul> <p><b>Fellow</b></p> <ul style="list-style-type: none"> <li>• United Architects of the Philippines</li> <li>• Registered APEC Architect</li> </ul> <p><b>International Associate</b></p> <ul style="list-style-type: none"> <li>• American Institute of Architects, the Country Leader</li> </ul> | <p><b>Regional Representative</b></p> <ul style="list-style-type: none"> <li>• Council on Tall Buildings and Urban Habitat</li> </ul> <p><b>Member</b></p> <ul style="list-style-type: none"> <li>• U.S. Green Building Council</li> <li>• Urban Land Institute</li> <li>• Congress for the New Urbanism</li> <li>• American Planning Association</li> <li>• International Council of Shopping Centers</li> </ul> |
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**ZISSIS JASON VARSAMIDIS**  
Director

- Chief Financial Officer**
- DP World Asia Pacific
- Previous Leadership Post**
- CFO of DP World Australia



**ARTEMIO V. PANGANIBAN**  
Independent Director

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| <p><b>Supreme Court of the Philippines</b></p> <ul style="list-style-type: none"> <li>• Chief Justice (2005 to 2006)</li> <li>• Associate Justice (1995 to 2005)</li> </ul> <p><b>Independent Director</b></p> <ul style="list-style-type: none"> <li>• GMA Network, Inc.</li> <li>• Manila Electric Company</li> <li>• GMA Holdings, Inc.</li> <li>• Petron Corporation</li> <li>• Philippine Long Distance Telephone Company</li> <li>• JG Summit Holdings Inc.</li> <li>• RL Commercial REIT, Inc.</li> </ul> | <p><b>Non-executive Director</b></p> <ul style="list-style-type: none"> <li>• Jollibee Foods Corporation</li> </ul> <p><b>Senior Adviser</b></p> <ul style="list-style-type: none"> <li>• Metropolitan Bank &amp; Trust Company</li> </ul> <p><b>Adviser</b></p> <ul style="list-style-type: none"> <li>• DoubleDragon Properties Corp.</li> <li>• MerryMart Consumer Corp. (2020-present).</li> </ul> |
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**TEODORO L. LOCSIN, JR.**  
Independent Director

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| <p><b>Department of Foreign Affairs</b></p> <ul style="list-style-type: none"> <li>• Philippine Ambassador to the United Kingdom and Northern Ireland</li> <li>• Special Envoy for Special Concerns to the People's Republic of China</li> </ul> <p><b>Previous Government Posts</b></p> <ul style="list-style-type: none"> <li>• Secretary of Foreign Affairs (2018-2022)</li> </ul> | <ul style="list-style-type: none"> <li>• Philippine Representative to the United Nations (2017)</li> <li>• Member, House of Representatives (2001-2010)</li> </ul> <p><b>Member</b></p> <ul style="list-style-type: none"> <li>• Integrated Bar of the Philippines</li> </ul> |
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# LIST OF SENIOR OFFICERS

## EUSEBIO H. TANCO

President

## SEAN JAMES L. PEREZ

Senior Vice President

## JOSE TRISTAN P. CARPIO

Vice President for Finance/CFO

## RODOLFO G. CORVITE JR.

Vice President for  
Business Support Services

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues for the year ended December 31, 2023, of ₱15,451.8 million went up by 13.4% from ₱13,622.7 million in 2022. Revenues from South Harbor (SH) international containerized cargo and Batangas Container Terminal (BCT) increased from last year by 12.0% and 38.1%, respectively, on account of higher container volume while revenues from ATI Batangas were lower than last year by 3.8% on account of lower RoRo volumes partly offset by higher number of passengers.

Port authorities' share in revenues in 2023 of ₱2,669.5 million increased by 8.1% from ₱2,468.8 million in 2022 as a result of higher revenues subject to port authorities' share.

Cost and expenses in 2023 amounted to ₱6,628.7 million, 7.3% higher than ₱6,176.4 million in 2022. Depreciation and amortization in 2023 increased by 4.2% to ₱1,989.1 million from ₱1,908.8 million in 2022. Labor costs in 2023 of ₱1,759.7 million were higher by 7.8% compared to ₱1,633.1 million in 2022 due to salary rate increases and higher volumes. Equipment running in 2023 went up by 3.1% to ₱850.1 million from ₱824.5 million in 2022 due to the following: i) higher usage of equipment spare parts and consumables; and ii) higher electricity related to higher reefer volume and higher container volume. Facilities-related expenses in 2023 went up by 14.4% to ₱309.3 million from ₱270.3 million in 2022 due to higher repairs and maintenance costs for buildings and surface pavements as well as higher IT costs. Insurance of ₱276.0 million in 2023 increased by 29.4% compared to ₱213.4 million last year due to higher insurance premiums. General transport of ₱212.9 million in 2023 were higher by 18.7% than of ₱179.3 million in 2022 on account of higher trucking costs. Security, health, environment and safety in 2023 of ₱183.3 million were higher by 9.5% compared to ₱167.5 million due to higher security costs related to higher passenger volume. Marketing, commercial, and promotion in 2023 increased by 118.5% to ₱22.7 million from ₱10.4 million in 2022 due to higher advertising cost to various clients. Other expenses in 2023 totaled ₱221.2 million, went up by 25.4% from ₱176.4 million in 2022 due to higher general operations with corresponding revenues. Management fees in 2023 increased by 49.5% to ₱259.2 million from ₱173.4 million in 2022 following higher earnings before tax.

Meanwhile, taxes and licenses in 2023 decreased by 8.3% to ₱503.5 million from ₱549.2 million in 2022 due to lower permits and licenses. Rentals of ₱10.9 million in 2023 went down by 67.8% compared to ₱33.7 million in 2022 as last year included rental of generator set for the new Passenger Terminal Building. Professional fees in 2023 of ₱21.8 million went down by 14.1% from ₱25.4 million last year due to lower consultancy fees. Entertainment, amusement and recreation in 2023 of ₱8.8 million went down by 12.1% from ₱10.1 million last year.

Finance income in 2023 of ₱189.1 million was higher by 315.7% than ₱45.5 million last year due to higher interest rates on money market placements and higher cash balance. Finance costs in 2023 of ₱503.5 million were lower by 0.4% against ₱505.6 million last year. Others-net was at positive ₱40.3 million in 2023 from negative ₱529.7 million in 2022 mainly due to higher unrealized foreign exchange gain on the fair value of concession liability and accrued interest following the appreciation of the Philippine Peso against the US Dollar.

Income before income tax in 2023 of ₱5,879.6 million was higher by 47.4% compared to ₱3,987.8 in 2022. Provision for income tax increased by 50.2% to ₱1,441.7 million in 2023 from ₱959.6 million in the same period last year due to higher results.

Net income for the year ended December 31, 2023 increased by 46.6% to ₱4,437.8 million from ₱3,028.2 million last year. Earnings per share increased to ₱2.22 in 2023 from ₱1.51 in 2022.

### 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 2, 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 2024 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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Plans for 2024

Asian Terminals Inc. (ATI) delivers comprehensive, innovative, and sustainable ports and logistics products and services for a robust and resilient Philippine supply-chain, building on its experience and expertise as a leading smart trade enabler for nearly 40 years.

Anchored on its port-centric and customer-focused business philosophy, ATI continuously enhances its trade and transportation infrastructure in Manila and Batangas which primarily serve as premier gateways for mega-Manila and Calabarzon, respectively. ATI's strategic capacity, capability, and technology upgrades in its containerized cargo, non-containerized cargo, and passenger handling operations support customer growth, prepare for future market demand, and contribute to the country's inclusive economic growth.

In 2024, ATI is investing an estimated Php 2.7 billion in step with its growth strategy and in line with its investment commitment with government through the port authorities. The capital investment will support the expansion of seaside and landside facilities, acquisition of more modern and greener equipment to boost its carbon reduction program, progression of its auto-gate infrastructure and other 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 strategic foreign equity shareholder, DP World, ATI is committed to optimizing its resources, management capabilities, and industry experience to deliver greater value to its shareholders, customers, and communities.

In 2023, ATI invested a total of Php 2.2 billion capital expenditures in line with its investment commitment with the Philippine Ports Authority. This includes the substantial completion of the Batangas Passenger Terminal Phase 2, 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 were completed in 2023. The decrease in actual investment in 2023 of Php 2.2 billion versus Plans for 2023 of Php 5.2 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

Total assets as of December 31, 2023 increased by 4.2% to P36,073.0 million from P34,631.3 million as of December 31, 2022. Total current assets as of December 31, 2023 up by 11.1% to P10,098.6 million from P9,091.0 million as of December 31, 2022. Cash and cash equivalents as of December 31, 2023 were higher by 17.9% to P5,424.9 million from P4,600.3 million as of December 31, 2022. Trade and other receivables - net as of December 31, 2023 down by 8.3% to P830.7 million from P906.0 million as of December 31, 2022. Spare parts and

supplies - net as of December 31, 2023 of P1,066.5 million were lower by 1.4% compared to P1,081.5 million as of December 31, 2022 due to management cost savings initiatives. Prepaid expenses of P2,776.4 million as of December 31, 2023 went up by 10.9% from P2,503.3 million as of December 31, 2022 on account of higher input taxes on PPA fees and various purchases of capital expenditures.

Total non-current assets of P25,974.4 million as of December 31, 2023, were higher by 1.7% compared to P25,540.3 million as of December 31, 2022. Property and equipment-net decreased by 2.1% to P2,511.7 million as of December 31, 2023 from P2,566.2 million as of December 31, 2022. Additions to property and equipment which were not subject to the service concession arrangement totaled P262.7 million in 2023. Intangible assets - net as of December 31, 2023 of P21,595.1 million were higher by 2.4% compared to P21,080.9 million as of December 31, 2022. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P1,939.9 million in 2023. Right-of-use assets - net was at P726.2 million as of December 31, 2023, was lower by 6.3% compared to P775.2 million as of December 31, 2022. Deferred tax assets - net as of December 31, 2023 of P1,002.3 million went up by 2.7% to P975.9 million as of December 31, 2022, 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, 2023 decreased by 15.2% to P73.6 million from P86.8 million as of December 31, 2022.

Total liabilities went down by 7.6% to P11,521.5 million as of December 31, 2023 from P12,470.1 million as of December 31, 2022. Trade and other payables as of December 31, 2023 of P2,934.4 million were lower by 10.9% than P3,292.6 million as of December 31, 2022. Trade and other payables are covered by agreed payment schedules. Provision for claims went down to P58.9 million as of December 31, 2023 from P61.0 million as of December 31, 2022. Income and other taxes payable decreased by 52.5% to P100.1 million as of December 31, 2023 from P210.6 million as of December 31, 2022 due to higher income before tax. Port concession rights payable (current and noncurrent) as of December 31, 2023 totaled P7,466.6 million, 5.9% lower than P7,933.3 million as of December 31, 2022. Lease liabilities (current and noncurrent) were at P724.8 million as of December 31, 2023, decreased by 5.3% from P765.1 million as of December 31, 2022 due to amortization of lease contracts. Pension liability as of December 31, 2023, of P236.8 million was higher by 14.2% compared to P207.4 million as of December 31, 2022.

## Consolidated Cash Flows

Net cash provided by operating activities increased by 3.1% to P6,067.2 million in 2023 from P5,886.8 million in 2022 due to higher operating income and increase in trade and other receivables.

Net cash used in investing activities in 2023 of P2,062.8 million were 25.2% lower than P2,757.8 million in 2022 due to lower acquisitions of intangible assets and property and equipment.

Cash used in financing activities in 2023 of P3,165.8 million was higher by 20.0% than the P2,639.0 million in 2022 due to higher payments of cash dividends and higher payments of concession liabilities.

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

- The Group has adopted the following amendments to standards starting January 1, 2023 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.

*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 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, assisting companies to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Group reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information disclosed in Note 4 Material Accounting Policies in certain instances in line with the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, Income Taxes).* The amendments clarify 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.

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.

## Amendments to Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Group has not early adopted the following 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, 2024

- Classification of Liabilities as Current or Noncurrent - 2020 amendments and Noncurrent Liabilities with Covenants - 2022 amendments (Amendments to PAS 1). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, 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 an entity'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 noncurrent.

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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Financial Instruments

**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:

1. 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;
2. how the performance of the portfolio is evaluated and reported to the Group's management;
3. 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;
4. 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
5. 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).

## 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 2023:

- ATIB's total assets were only 9.7% of the consolidated total assets.
- Income before other income and expense from ATIB was only 5.2% of consolidated income before other income and expense.<sup>1</sup>

<sup>1</sup> Income before interest and tax excludes also net unrealized foreign exchange losses and others.

Consolidated KPI	Manner of Calculation	2023	2022	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	18.0%	16.3%	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	19.0%	14.1%	Improved due to higher net income.
Current ratio	Ratio of current assets over current liabilities	2.81 : 1.00	2.21 : 1.00	Increased due to higher current assets.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.47 : 1.00	1.56 : 1.00	Decreased due to higher increase in equity.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.47 : 1.00	0.56 : 1.00	Improved due to decrease in liabilities and increase in stockholders' equity.
Day Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	10 days	11 days	Decreased due to improved collections.
Net Income Margin	Net income over revenues less government share in revenues	34.7%	27.1%	Increased due to higher net income growth.
Reportable Injury Frequency Rate (RIFR) <sup>2</sup>	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	0.87	0.56	Increased due to a higher number of injuries.

## Summary of Selected Financial Data (in millions)

Description	Year ended December 31, 2023	Year ended December 31, 2022
Revenues	₱15,451.8	₱13,622.7
Net income	4,437.8	3,028.2
Total assets	36,072.9	35,638.9
Total liabilities	11,521.5	12,470.1

<sup>2</sup> RIFR is the 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.

# 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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 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.

RG. 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 Office

# 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, 2023 and 2022, 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, 2023, and notes, comprising material 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023, 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 (P15,451,800 - 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.

# REPORT OF INDEPENDENT AUDITORS

## *Other Information*

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, 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, 2023 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 and determine whether the other information needs to be revised.

## *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 Vernilo G. Yu.

## **R.G. MANABAT & CO.**

### **VERNILO G. YU**

Partner

CPA License No. 108798

Tax Identification No. 225-454-652

BIR Accreditation No. 08-001987-035-2021

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PTR No. MKT 10075209

Issued January 2, 2024 at Makati City

March 12, 2024

Makati City, Metro Manila

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)



	Note	December 31	
		2023	2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6, 24, 25	P5,424,938	P4,600,267
Trade and other receivables - net	7, 20, 24, 25	830,653	905,985
Spare parts and supplies	18	1,066,535	1,081,456
Prepaid expenses	8	2,776,433	2,503,263
<b>Total Current Assets</b>		<b>10,098,559</b>	<b>9,090,971</b>
<b>Noncurrent Assets</b>			
Investment in an associate	9	65,436	55,282
Property and equipment - net	10	2,511,749	2,566,211
Intangible assets - net	11	21,595,130	21,080,924
Right-of-use assets - net	23	726,211	775,248
Deferred tax assets - net	13	1,002,295	975,876
Other noncurrent assets	12	73,551	86,759
<b>Total Noncurrent Assets</b>		<b>25,974,372</b>	<b>25,540,300</b>
		<b>P36,072,931</b>	<b>P34,631,271</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables	14, 20, 24, 25	P2,934,416	P3,292,607
Provisions for claims	15	58,873	61,044
Port concession rights payable - current portion	23, 24, 25	455,254	423,028
Income and other taxes payable		100,052	210,629
Lease liabilities - current portion	20, 23, 24	46,615	118,066
<b>Total Current Liabilities</b>		<b>3,595,210</b>	<b>4,105,374</b>
<b>Noncurrent Liabilities</b>			
Port concession rights payable - net of current portion	23, 24, 25	7,011,351	7,510,283
Pension liability - net	21	236,779	207,409
Lease liabilities - net of current portion	20, 23, 24	678,189	647,026
<b>Total Noncurrent Liabilities</b>		<b>7,926,319</b>	<b>8,364,718</b>
		<b>11,521,529</b>	<b>12,470,092</b>
<b>Equity</b>			
<b>Equity Attributable to Equity Holders of the Parent Company</b>			
Capital stock		2,000,000	2,000,000
Additional paid-in capital		264,300	264,300
Retained earnings		22,276,607	19,887,619
Fair value reserve		(5,820)	(5,820)
	16, 24	24,535,087	22,146,099
<b>Non-controlling Interest</b>		<b>16,315</b>	<b>15,080</b>
<b>Total Equity</b>		<b>24,551,402</b>	<b>22,161,179</b>
		<b>P36,072,931</b>	<b>P34,631,271</b>

See Notes to the Consolidated Financial Statements.

# CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Data)



	Note	Years Ended December 31		
		2023	2022	2021
<b>REVENUES FROM OPERATIONS</b>	26	<b>P15,451,800</b>	<b>P13,622,704</b>	<b>P11,162,744</b>
<b>GOVERNMENT SHARE IN REVENUES</b>	17	<b>(2,669,519)</b>	<b>(2,468,762)</b>	<b>(1,947,677)</b>
		<b>12,782,281</b>	<b>11,153,942</b>	<b>9,215,067</b>
<b>COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES</b>				
	18, 20, 21	<b>(6,628,665)</b>	<b>(6,176,412)</b>	<b>(5,426,240)</b>
<b>OTHER INCOME AND EXPENSES</b>				
Finance income		189,142	45,496	5,758
Finance cost		(503,531)	(505,572)	(504,068)
Others - net		40,328	(529,694)	(254,907)
	19	<b>(274,061)</b>	<b>(989,770)</b>	<b>(753,217)</b>
<b>CONSTRUCTION REVENUES</b>	11	<b>1,920,973</b>	<b>1,928,019</b>	<b>546,474</b>
<b>CONSTRUCTION COSTS</b>	11	<b>(1,920,973)</b>	<b>(1,928,019)</b>	<b>(546,474)</b>
		<b>-</b>	<b>-</b>	<b>-</b>
<b>INCOME BEFORE INCOME TAX</b>		<b>5,879,555</b>	<b>3,987,760</b>	<b>3,035,610</b>
<b>INCOME TAX EXPENSE</b>	13	<b>1,441,737</b>	<b>959,604</b>	<b>797,881</b>
<b>NET INCOME</b>		<b>P4,437,818</b>	<b>P3,028,156</b>	<b>P2,237,729</b>
<b>Income Attributable to</b>				
Equity holders of the Parent Company		<b>P4,435,986</b>	<b>P3,024,811</b>	<b>P2,236,720</b>
Non-controlling interest		<b>1,832</b>	<b>3,345</b>	<b>1,009</b>
		<b>P4,437,818</b>	<b>P3,028,156</b>	<b>P2,237,729</b>
<b>Basic/Diluted Earnings per Share Attributable to Equity Holders of the Parent Company</b>				
	22	<b>P2.22</b>	<b>P1.51</b>	<b>P1.12</b>

See Notes to the Consolidated Financial Statements.

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

		Years Ended December 31		
	Note	2023	2022	2021
<b>NET INCOME FOR THE YEAR</b>		<b>P4,437,818</b>	<b>P3,028,156</b>	<b>P2,237,729</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Item that will never be reclassified to profit or loss</i>				
Actuarial gains (losses) on pension liability	21	(62,687)	14,663	(7,127)
Tax on item taken directly to equity	13	15,672	(3,666)	1,782
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - Net of tax</b>		<b>(47,015)</b>	<b>10,997</b>	<b>(5,345)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P4,390,803</b>	<b>P3,039,153</b>	<b>P2,232,384</b>
<b>Total Comprehensive Income Attributable to</b>				
Equity holders of the Parent Company		<b>P4,388,988</b>	<b>P3,035,751</b>	<b>P2,231,320</b>
Non-controlling interest		<b>1,815</b>	<b>3,402</b>	<b>1,064</b>
		<b>P4,390,803</b>	<b>P3,039,153</b>	<b>P2,232,384</b>

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)

	Note	Years Ended December 31									
		Attributable to Equity Holders of the Parent Company					Attributable to Equity Holders of the Parent Company				
		Capital Stock	Paid-in Capital	Additional Capital	Appropriated for Development	Unappropriated	Fair Value Reserve	Total	Non-controlling Interest	Total Equity	
Balance at January 1, 2023		P2,000,000	P264,300	P264,300	P16,400,000	P3,487,619	(P5,820)	P22,146,099	P15,080	P22,161,179	
Cash dividends - P1.00 a share	16	-	-	-	(2,000,000)	(2,000,000)	-	(2,000,000)	(580)	(2,000,580)	
Reversal of appropriation of retained earnings	16	-	-	-	(2,400,000)	2,400,000	-	-	-	-	
Appropriations during the year	16	-	-	-	5,000,000	(5,000,000)	-	-	-	-	
Net income for the year		-	-	-	-	4,435,986	-	4,435,986	1,832	4,437,818	
Other comprehensive income: Actuarial loss - net of tax	21	-	-	-	-	(46,998)	-	(46,998)	(17)	(47,015)	
<b>Balance at December 31, 2023</b>		<b>P2,000,000</b>	<b>P264,300</b>	<b>P264,300</b>	<b>P19,000,000</b>	<b>P3,276,607</b>	<b>(P5,820)</b>	<b>P24,535,087</b>	<b>P16,315</b>	<b>P24,551,402</b>	
Balance at January 1, 2022		P2,000,000	P264,300	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)	-	(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	
<b>Balance at December 31, 2022</b>		<b>P2,000,000</b>	<b>P264,300</b>	<b>P264,300</b>	<b>P16,400,000</b>	<b>P3,487,619</b>	<b>(P5,820)</b>	<b>P22,146,099</b>	<b>P15,080</b>	<b>P22,161,179</b>	
Balance at January 1, 2021		P2,000,000	P264,300	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)	-	(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)	
<b>Balance at December 31, 2021</b>		<b>P2,000,000</b>	<b>P264,300</b>	<b>P264,300</b>	<b>P15,100,000</b>	<b>P3,367,868</b>	<b>(P5,820)</b>	<b>P20,726,348</b>	<b>P12,258</b>	<b>P20,738,606</b>	

See Notes to the Consolidated Financial Statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Note	Years Ended December 31		
		2023	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax		P5,879,555	P3,987,760	P3,035,610
Adjustments for:				
Depreciation and amortization	10, 11, 18, 23	1,989,066	1,908,756	1,849,725
Finance cost	19, 21, 23	503,531	505,572	504,068
Current service cost	21	39,193	45,664	40,639
Provision (reversal of provision) for spare parts and supplies obsolescence	18	10,000	-	(5,035)
Provision for claims	15	48	832	7,172
Finance income	19	(189,142)	(45,496)	(5,758)
Net unrealized foreign exchange losses (gains)		(102,127)	411,159	255,570
Equity in net earnings of an associate	9, 19	(38,812)	(32,374)	(44,782)
Gain on disposals of:				
Property and equipment	19	(5,359)	(728)	(302)
Intangible assets	19	-	(5,688)	(930)
Operating income before working capital changes		8,085,953	6,775,457	5,635,977
Decrease (increase) in:				
Trade and other receivables		74,256	(96,756)	(184,621)
Spare parts and supplies		4,921	(145,978)	(40,154)
Prepaid expenses		(273,170)	(354,254)	(417,692)
Increase (decrease) in:				
Trade and other payables		(310,979)	827,752	234,196
Provisions for claims		(2,219)	(3,004)	(1,980)
Income and other taxes payable		(118,513)	6,376	(33,407)
Cash generated from operations		7,460,249	7,009,593	5,192,319
Finance income received		190,218	45,496	6,117
Income tax paid		(1,444,548)	(1,066,262)	(861,915)
Contributions to retirement funds	21	(84,505)	(74,978)	-
Finance cost paid		(54,208)	(27,013)	(7,818)
Net cash provided by operating activities		6,067,206	5,886,836	4,328,703
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of:				
Intangible assets	11	(P1,939,908)	(P1,986,879)	(P1,730,573)
Property and equipment	10	(262,665)	(829,665)	(897,080)
Proceeds from disposals of:				
Intangible assets		-	6,260	930
Property and equipment		97,935	1,760	302
Dividends received	9, 20	28,658	35,465	31,524
Decrease (increase) in:				
Other noncurrent assets		-	26,083	13,189
Deposits		13,208	(10,805)	58,649
Net cash used in investing activities		(2,062,772)	(2,757,781)	(2,523,059)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments of:				
Cash dividends	16	(2,000,000)	(1,616,000)	(1,406,000)
Cash dividends to non-controlling interest		(580)	(580)	(580)
Port concession rights payable	23	(972,915)	(799,238)	(792,135)
Lease liabilities	23	(192,288)	(223,176)	(204,810)
Net cash used in financing activities		(3,165,783)	(2,638,994)	(2,403,525)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>838,651</b>	<b>490,061</b>	<b>(597,881)</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>(13,980)</b>	<b>156,040</b>	<b>114,173</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	6	<b>4,600,267</b>	<b>3,954,166</b>	<b>4,437,874</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	6	<b>P5,424,938</b>	<b>P4,600,267</b>	<b>P3,954,166</b>

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 at 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 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.

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.

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

### Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards 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 22, 2024.

### Basis of Measurement

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

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.

### Functional and Presentation Currency

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.

### Basis of Consolidation

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, 2023 and 2022. TCTI was incorporated on January 18, 2018, and a 100% owned subsidiary as at December 31, 2023 and 2022.

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. SUMMARY OF MATERIAL 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, 2023 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.

- *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 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, assisting companies to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group reviewed the accounting policies. The amendments did not result in any changes to the accounting policies. However, updates were made to the accounting policy information disclosed in Note 4 Material Accounting Policies section in certain instances in line with the amendments.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, Income Taxes).* The amendments clarify 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.

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.

#### Amendments to Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Group has not early adopted the following 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, 2024

- *Classification of Liabilities as Current or Noncurrent - 2020 amendments and Noncurrent Liabilities with Covenants - 2022 amendments (Amendments to PAS 1).* To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, 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 an entity'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 noncurrent.

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.

#### Financial Instruments

*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

The Group's financial assets at amortized cost include cash and cash equivalents, trade and other receivables, and deposits.

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.

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:

- 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;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- 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;
- 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
- 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, *Financial Instruments* replaces the 'incurred loss' model in PAS 39, *Financial Instruments: Recognition and Measurement* 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 forward-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.

#### Determination of Fair Values

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 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.

#### 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:

- Upfront fees payments on the concession contracts;

- 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
- 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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 pertain 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 is 15 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, *Leases*.

## 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. The BOD 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, 2023 and 2022 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 ₱58.9 million and ₱61.0 million as at December 31, 2023 and 2022, 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 ₱48.7 million and ₱31.8 million as at December 31, 2023 and 2022.

## 6. CASH AND CASH EQUIVALENTS

	Note	2023	2022
Cash on hand and in banks		₱520,599	₱624,833
Short-term investments		4,904,339	3,975,434
	24, 25	₱5,424,938	₱4,600,267

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 ₱189.1 million, ₱45.5 million and ₱5.8 million in 2023, 2022 and 2021, respectively (see Note 19).

## 7. TRADE AND OTHER RECEIVABLES

	Note	2023	2022
Trade receivables		₱609,257	₱736,984
Due from related parties	20	107,024	19,731
Receivable from insurance		52,757	56,621
Advances to officers and employees		22,786	28,020
Interest receivable		11,131	12,207
Receivable from escrow fund		–	13,635
Other receivables		31,893	42,982
		834,848	910,180
Allowance for impairment losses		(4,195)	(4,195)
	24, 25	₱830,653	₱905,985

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 2023 and 2022 (see Note 24).

## 8. PREPAID EXPENSES

	2023	2022
Taxes	₱2,729,206	₱2,467,343
Insurance	11,025	9,217
Rental	3,927	3,927
Advances to contractors	2,520	2,035
Advances to government agencies	101	101
Others	29,654	20,640
	₱2,776,433	₱2,503,263

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 portage, 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	2023	2022
Acquisition cost		₱11,222	₱11,222
Accumulated equity in net earnings:			
Balance at beginning of year		44,060	47,151
Equity in net earnings for the year	19	38,812	32,374
Dividends received during the year		(28,658)	(35,465)
		54,214	44,060
		₱65,436	₱55,282

The information presented in the table includes the result of SCIPSI's operations for the years ended December 31, 2023 and 2022. The following table also reconciles the summarized financial information to the carrying amount of the Group's interest in SCIPSI.

	2023	2022
Current assets	₱165,483	₱125,617
Noncurrent assets	49,226	48,607
<b>Total assets</b>	<b>₱214,709</b>	<b>₱174,224</b>
Current liabilities	₱44,448	₱35,860
Noncurrent liabilities	1,636	1,432
<b>Total liabilities</b>	<b>₱46,084</b>	<b>₱37,292</b>
<b>Net assets</b>	<b>₱168,625</b>	<b>₱136,932</b>
Share in net assets	₱60,216	₱48,898
Excess of cost over the interest	5,220	6,384
Carrying amount of interest	₱65,436	₱55,282
Revenues	₱297,047	₱283,941
Expenses	(188,360)	(193,283)
<b>Net income</b>	<b>₱108,687</b>	<b>₱90,658</b>

Based on unaudited financial statements

## 10. PROPERTY AND EQUIPMENT - NET

The movements in this account are as follows:

### 2023

	Port Facilities and Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction in-progress	Total
<b>Cost</b>						
Balance at beginning of year	₱225,268	₱707,135	₱935,940	₱330,305	₱1,960,215	₱4,158,863
Additions	1,343	84,200	50,799	64,445	77,959	278,746
Disposals	–	(91,253)	(6,259)	(21,628)	–	(119,140)
Reclassifications	–	1,782,665	24,914	45,715	(1,853,294)	–
<b>Balance at end of year</b>	<b>226,611</b>	<b>2,482,747</b>	<b>1,005,394</b>	<b>418,837</b>	<b>184,880</b>	<b>4,318,469</b>
<b>Accumulated Depreciation</b>						
Balance at beginning of year	131,137	527,318	713,372	220,825	–	1,592,652
Depreciation	13,440	92,311	87,770	47,111	–	240,632
Disposals	–	–	(6,259)	(20,305)	–	(26,564)
<b>Balance at end of year</b>	<b>144,577</b>	<b>619,629</b>	<b>794,883</b>	<b>247,631</b>	<b>–</b>	<b>1,806,720</b>
<b>Carrying Amount</b>	<b>₱82,034</b>	<b>₱1,863,118</b>	<b>₱210,511</b>	<b>₱171,206</b>	<b>₱184,880</b>	<b>₱2,511,749</b>

### 2022

	Port Facilities and Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction in-progress	Total
<b>Cost</b>						
Balance at beginning of year	₱222,486	₱693,409	₱815,515	₱294,272	₱1,282,616	₱3,308,298
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
<b>Balance at end of year</b>	<b>225,268</b>	<b>707,135</b>	<b>935,940</b>	<b>330,305</b>	<b>1,960,215</b>	<b>4,158,863</b>
<b>Accumulated Depreciation</b>						
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)
<b>Balance at end of year</b>	<b>131,137</b>	<b>527,318</b>	<b>713,372</b>	<b>220,825</b>	<b>–</b>	<b>1,592,652</b>
<b>Carrying Amount</b>	<b>₱94,131</b>	<b>₱179,817</b>	<b>₱222,568</b>	<b>₱109,480</b>	<b>₱1,960,215</b>	<b>₱2,566,211</b>

No borrowing costs were capitalized in 2023 and 2022.

The Group has non-cash additions for the years ended December 31, 2023 and 2022 which amounted to ₱16.1 million and ₱24.3 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 ₱712.0 million and ₱620.8 million as at December 31, 2023 and 2022, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11. INTANGIBLE ASSETS - NET

The movements in this account are as follows:

2023

	Port Concession Rights				Goodwill	Total
	Upfront Fees (Note 23)	Fixed Government Share	Port Infrastructure	Subtotal		
<b>Cost</b>						
Balance at beginning of year	P882,000	P9,279,694	P25,508,613	P35,670,307	P42,060	P35,712,367
Additions	-	-	2,061,603	2,061,603	-	2,061,603
Disposals	-	-	(15,653)	(15,653)	-	(15,653)
<b>Balance at end of year</b>	<b>882,000</b>	<b>P9,279,694</b>	<b>27,554,563</b>	<b>37,716,257</b>	<b>42,060</b>	<b>37,758,317</b>
<b>Accumulated Amortization</b>						
Balance at beginning of year	108,494	4,628,828	9,894,121	14,631,443	-	14,631,443
Amortization	11,280	478,406	1,057,711	1,547,397	-	1,547,397
Disposals	-	-	(15,653)	(15,653)	-	(15,653)
<b>Balance at end of year</b>	<b>119,774</b>	<b>5,107,234</b>	<b>10,936,179</b>	<b>16,163,187</b>	<b>-</b>	<b>16,163,187</b>
<b>Carrying Amount</b>	<b>P762,226</b>	<b>P4,172,460</b>	<b>P16,618,384</b>	<b>P21,553,070</b>	<b>P42,060</b>	<b>P21,595,130</b>

2022

	Port Concession Rights				Goodwill	Total
	Upfront Fees (Note 23)	Fixed Government Share	Port Infrastructure	Subtotal		
<b>Cost</b>						
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)
<b>Balance at end of year</b>	<b>882,000</b>	<b>9,279,694</b>	<b>25,508,613</b>	<b>35,670,307</b>	<b>42,060</b>	<b>35,712,367</b>
<b>Accumulated Amortization</b>						
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
Disposals	-	-	(458,268)	(458,268)	-	(458,268)
<b>Balance at end of year</b>	<b>108,494</b>	<b>4,628,828</b>	<b>9,894,121</b>	<b>14,631,443</b>	<b>-</b>	<b>14,631,443</b>
<b>Carrying Amount</b>	<b>P773,506</b>	<b>P4,650,866</b>	<b>P15,614,492</b>	<b>P21,038,864</b>	<b>P42,060</b>	<b>P21,080,924</b>

The unamortized capitalized borrowing costs as at December 31, 2023 and 2022 amounted to P50.0 million and P54.7 million, respectively. No borrowing costs were capitalized in 2023 and 2022.

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, 2023 and 2022 which amounted to P121.7 million and P54.9 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:

	2023	2022
Balance at beginning of year	P2,734,320	P1,840,748
Additions during the year	1,920,973	1,928,019
Reclassification during the year	(1,306,974)	(1,034,447)
<b>Balance at end of year</b>	<b>P3,348,319</b>	<b>P2,734,320</b>

### Goodwill

#### Key Assumptions

In testing impairment of goodwill, the recoverable amount of ATIB is the value in use, which has been determined by calculating the present value of cash flow projections from the operations of ATIB. The average revenue growth rate assumption used was 5.0%. The discount rate applied to cash flow projections is 9.0% in 2023 and 9.4% in 2022 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 P3.0 billion and P1.8 billion in 2023 and 2022, 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	2023	2022
Deposits	24, 25	P70,899	P84,107
Equity securities	24, 25	2,652	2,652
		<b>P73,551</b>	<b>P86,759</b>

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 5.8% in 2023 and 6.0% in 2022. The carrying amounts of these refundable security deposits at amortized cost amounted to P15.0 million and P14.8 million as at December 31, 2023 and 2022, respectively.

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:

	2023	2022	2021
Current tax	P1,452,484	P1,137,822	P808,801
Deferred tax	(10,747)	(178,218)	(63,404)
Changes in tax rate:			
Current tax	-	-	(91,883)
Deferred tax	-	-	144,367
	<b>P1,441,737</b>	<b>P959,604</b>	<b>P797,881</b>

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

	2023	2022	2021
Statutory income tax rate	25.00%	25.0%	25.0%
Changes in income tax rate resulting from:			
Income subjected to final tax	(0.80)	(0.23)	(0.28)
Change in income tax rate	-	-	1.73
Others	0.32	(0.71)	(0.17)
<b>Effective income tax rate</b>	<b>24.52%</b>	<b>24.06%</b>	<b>26.28%</b>

The movements in deferred tax balances are as follows:

2023	Note	Net Balance at January 1	Recognized in Profit or Loss	Recognized in OCI	December 31		Net
					Deferred Tax Assets	Deferred Tax Liabilities	
Port concession rights payable related to fixed government share		P453,586	P7,044	P-	P460,630	P-	P460,630
Unrealized foreign exchange loss - net		384,736	13,478	-	398,214	-	398,214
Pension liability	21	60,868	(2,412)	15,672	74,128	-	74,128
Accrued expenses		46,716	(8,602)	-	38,114	-	38,114
Excess of cost over net realizable value of spare parts and supplies		19,807	2,500	-	22,307	-	22,307
Provisions for claims		15,260	(543)	-	14,717	-	14,717
Right-of-use and lease liability		6,828	(2,028)	-	4,800	-	4,800
Impairment losses on receivables		2,254	-	-	2,254	-	2,254
Unamortized capitalized borrowing costs and custom duties		(14,179)	1,310	-	-	(12,869)	(12,869)
<b>Net tax assets (liabilities)</b>		<b>P975,876</b>	<b>P10,747</b>	<b>P15,672</b>	<b>P1,015,164</b>	<b>(P12,869)</b>	<b>P1,002,295</b>

2022	Note	Net Balance at January 1	Recognized in Profit or Loss	Recognized in OCI	December 31		Net
					Deferred Tax Assets	Deferred Tax Liabilities	
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
Accrued expenses		19,274	27,442	-	46,716	-	46,716
Excess of cost over net realizable value of spare parts and supplies		21,432	(1,625)	-	19,807	-	19,807
Provisions for claims		15,803	(543)	-	15,260	-	15,260
Right-of-use and lease liability		402	6,426	-	6,828	-	6,828
Impairment losses on receivables		2,254	-	-	2,254	-	2,254
Unamortized capitalized borrowing costs and custom duties		(15,490)	1,311	-	-	(14,179)	(14,179)
<b>Net tax assets (liabilities)</b>		<b>P801,324</b>	<b>P178,218</b>	<b>(P3,666)</b>	<b>P990,055</b>	<b>(P14,179)</b>	<b>P975,876</b>

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 14. TRADE AND OTHER PAYABLES

	Note	2023	2022
Accrued expenses:			
Marketing, commercial, promotion and business development		P529,847	P643,570
Finance costs		129,096	136,918
Repairs and maintenance		86,296	77,183
Personnel costs		85,815	91,070
Insurance		58,460	51,758
Professional fees		49,405	48,459
Security expenses		38,677	28,281
Trucking expense		24,600	27,176
Rentals	23	21,651	21,760
Corporate social responsibility		14,156	23,156
Utilities		14,090	13,444
Safety and environment		3,799	4,015
Miscellaneous accrued expenses		120,681	105,659
Due to government agencies	23	967,569	939,016
Equipment acquisitions		255,405	339,503
Trade		244,925	442,235
Shippers' and brokers' deposits		97,555	116,545
Management fee payable	20	17,266	19,215
Other payables	20	175,123	163,644
	24, 25	P2,934,416	P3,292,607

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:

	Note	2023	2022
Balance at beginning of year		P61,044	P63,216
Provisions during the year	18	48	832
Payments during the year		(2,219)	(3,004)
Balance at end of year		P58,873	P61,044

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, 2023, the Parent Company has a total of 2 billion issued and outstanding common shares and 821 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, 2023 and 2022.

## Retained Earnings

The Group's unappropriated retained earnings includes the subsidiaries' unappropriated net earnings of P11.9 million and P17.6 million and the Group's accumulated equity in the net earnings of an associate amounting to P54.2 million and P44.1 million as at December 31, 2023 and 2022, 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 27, 2023, the BOD approved the declaration of cash dividends of P1.00 per share payable on June 20, 2023 to common shareholders of record as at May 26, 2023.

On April 28, 2022, the BOD approved the declaration of cash dividends of P0.808 per share payable on June 17, 2022 to common shareholders of record as at May 25, 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 June 10, 2021 to common shareholders of record as at May 17, 2021.

## Appropriation and Reversal of Appropriation of Retained Earnings

On December 29, 2023, the Group's BOD approved the reversal of the appropriated retained earnings amounting to P2.4 billion out of the already approved appropriation of P16.4 billion, for capital expenditures for 2023 and 2022. Furthermore, the Group's BOD approved an appropriation of the retained earnings amounting to P5.0 billion for capital expenditures for the next 5 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 2024 to 2028. The capital expenditures will strengthen the Group's operations and capability to handle growth.

On December 29, 2022, the Group's BOD approved the reversal of the appropriated retained earnings amounting to 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 of the appropriated retained earnings amounting to P2.5 billion out of the already approved appropriation of P14.0 billion, for capital expenditures for 2021 and 2020. 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.

## Fair Value Reserve

Fair value reserve amounting to P5.8 million as at December 31, 2023 and 2022 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 P2.7 billion, P2.5 billion and P1.9 billion in 2023, 2022 and 2021, respectively (see Note 23).

## 18. COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES

	Note	2023	2022	2021
Depreciation and amortization	10, 11, 23	P1,989,066	P1,908,756	P1,849,725
Labor costs	21	1,759,712	1,633,131	1,495,219
Equipment running		850,123	824,520	665,431
Taxes and licenses		503,507	549,240	419,726
Facilities-related expenses		309,287	270,297	214,414
Insurance		276,031	213,391	198,358
Management fees	20	259,221	173,445	133,598
General transport		212,893	179,283	116,549
Security, health, environment and safety		183,346	167,477	152,497
Marketing, commercial and promotion		22,709	10,391	7,015
Professional fees		21,837	25,410	12,898
Rental	23	10,851	33,745	13,960
Entertainment, amusement and recreation		8,847	10,066	3,453
Provision for claims	15	48	832	7,172
Others		221,187	176,428	136,225
		P6,628,665	P6,176,412	P5,426,240

Labor costs include salaries, benefits and pension expense.

Spare parts and supplies used and included under equipment running amounted to P272.6 million, P256.4 million and P249.4 million in 2023, 2022 and 2021, respectively.

Provision for spare parts and supplies obsolescence included under other costs and expenses amounted to P10.0 million in 2023 and nil in 2022 and 2021.

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 P189.1 million, P45.5 million and P5.8 million in 2023, 2022 and 2021, respectively (see Note 6).

Finance cost is broken down as follows:

	Note	2023	2022	2021
Interest on port concession rights payable		P445,150	P468,782	P490,497
Interest on lease liability	23	43,627	26,737	7,530
Interest component of pension expense	21	11,995	9,777	5,753
Interest on bank loans/credit facilities		2,759	276	288
		P503,531	P505,572	P504,068

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	2023	2022	2021
Equity in net earnings of an associate	9	P38,812	P32,374	P44,782
Management income	20	7,950	7,557	8,588
Gain on disposal of equipment and intangible assets		5,359	6,416	1,232
Foreign exchange (losses) - port concession rights payable		(66,418)	(728,712)	(459,448)
Foreign exchange gains (losses) - others		(8,461)	127,889	135,737
Other income - net		63,086	24,782	14,202
		P40,328	(P529,694)	(P254,907)

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

Other income - net recognized in 2023 is mostly comprised of income from the reversal of long-outstanding deposits of dormant customers of the Parent Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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		Lease Liability	Terms	Conditions
				Due from Related Parties	Due to Related Parties			
<b>Associate</b>								
▪ Management income	20A	2023	P7,950	P641	P-		Payable on demand	Unsecured; no impairment
		2022	7,557	491	-		Payable on demand	Unsecured; no impairment
▪ Dividend income	9	2023	28,658	-	-		Payable on demand	Unsecured; no impairment
		2022	35,465	-	-		Payable on demand	Unsecured; no impairment
<b>Post-Employment Benefit Plan</b>								
▪ Retirement fund	20B	2023	55,682	24,939	-		Payable on demand	Unsecured; no impairment
		2022	35,018	13,902	-		Payable on demand	Unsecured; no impairment
<b>Others</b>								
▪ Advances	20D	2023	208,635	81,444	29,677		Payable on demand	Unsecured; no impairment
		2022	112,682	5,338	3,997		Payable on demand	Unsecured; no impairment
▪ Management fees	20C	2023	259,221	-	17,266		Payable within ten (10 days) of the following month	Unsecured
		2022	173,445	-	19,215		Payable within ten (10 days) of the following month	Unsecured
▪ Lease	20E	2023	45,413	-	-	375,639	Payable within five (5 days) of the following month	Unsecured
		2022	40,993	-	-	396,948	Payable within five (5 days) of the following month	Unsecured
<b>TOTAL</b>		<b>2023</b>		<b>P107,024</b>	<b>P46,943</b>	<b>P375,639</b>		
<b>TOTAL</b>		<b>2022</b>		<b>P19,731</b>	<b>P23,212</b>	<b>P396,948</b>		

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 expired in 2020 and was 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, 2023 and 2022, 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:

	2023	2022
Short-term employee benefits	P134,508	P229,274
Post-employment benefits	11,187	11,114
	<b>P145,695</b>	<b>P240,388</b>

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

## 21. PENSIONS

The Group's latest actuarial valuation reports are as at December 31, 2023. 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		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Current service cost	P35,418	P40,643	P34,334	P3,775	P5,021	P6,305	P39,193	P45,664	P40,639
Interest cost on defined benefit obligation	37,977	28,824	19,473	3,540	2,840	2,407	41,517	31,664	21,880
Interest income on plan assets	(26,370)	(19,928)	(14,494)	(3,152)	(1,959)	(1,633)	(29,522)	(21,887)	(16,127)
Net pension expense	<b>P47,025</b>	<b>P49,539</b>	<b>P39,313</b>	<b>P4,163</b>	<b>P5,902</b>	<b>P7,079</b>	<b>P51,188</b>	<b>P55,441</b>	<b>P46,392</b>

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	
	2023	2022	2023	2022	2023	2022
Present value of pension obligations	(P666,550)	(P575,897)	(50,376)	(P50,696)	(P716,926)	(P626,593)
Fair value of plan assets	437,648	378,155	42,499	41,029	480,147	419,184
Pension liability	<b>(P228,902)</b>	<b>(P197,742)</b>	<b>(P7,877)</b>	<b>(P9,667)</b>	<b>(P236,779)</b>	<b>(P207,409)</b>

### Changes in the Present Value of Pension Obligations

	ATI		ATIB		TOTAL	
	2023	2022	2023	2022	2023	2022
Present value of pension obligations at beginning of year	P575,897	P605,375	P50,696	P54,937	P626,593	P660,312
Current service cost	35,418	40,643	3,775	5,021	39,193	45,664
Interest cost	37,977	28,824	3,540	2,840	41,517	31,664
Benefits paid	(51,439)	(65,763)	(320)	(346)	(51,759)	(66,109)
Actuarial loss (gain)	68,697	(33,182)	(7,315)	(11,756)	61,382	(44,938)
Present value of pension obligations at end of year	<b>P666,550</b>	<b>P575,897</b>	<b>P50,376</b>	<b>P50,696</b>	<b>P716,926</b>	<b>P626,593</b>

### Changes in the Fair Value of Plan Assets

	ATI		ATIB		TOTAL	
	2023	2022	2023	2022	2023	2022
Fair value of plan assets at beginning of year	P378,155	P384,731	P41,029	P33,972	P419,184	P418,703
Interest income	26,370	19,928	3,152	1,959	29,522	21,887
Actual contributions	75,743	67,046	8,762	7,932	84,505	74,978
Remeasurement gain on plan assets	8,819	(27,787)	(10,124)	(2,488)	(1,305)	(30,275)
Benefits paid	(51,439)	(65,763)	(320)	(346)	(51,759)	(66,109)
Fair value of plan assets at end of year	<b>P437,648</b>	<b>P378,155</b>	<b>P42,499</b>	<b>P41,029</b>	<b>P480,147</b>	<b>P419,184</b>

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, 2023 and 2022, the balance due from the retirement fund amounted to P24.9 million and P13.9 million, respectively (see Note 20).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	ATI			ATIB			TOTAL		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Actuarial gain (loss) due to:									
Changes in financial assumptions	(P76,928)	P106,392	(P24,382)	P6,536	P15,051	P8,798	(P70,392)	P121,443	(P15,584)
Changes in demographic assumptions	-	-	(28,543)	-	-	-	-	-	(28,543)
Experience adjustment	8,231	(73,210)	43,292	779	(3,295)	568	9,010	(76,505)	43,860
Remeasurement gain (loss) on plan assets	8,819	(27,787)	(6,366)	(10,124)	(2,488)	(494)	(1,305)	(30,275)	(6,860)
	(P59,878)	P5,395	(P15,999)	(P2,809)	P9,268	P8,872	(P62,687)	P14,663	(P7,127)

The cumulative amount of actuarial gain (loss) recognized in the consolidated statements of changes in equity included under "Retained earnings" account amounted to (P43.5) million and P19.2 million as at December 31, 2023 and, 2022, 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	
	2023	2022	2023	2022	2023	2022
Cash and cash equivalents	P73	P62	P131	P149	P204	P211
Investment in UITF	7,000	3,450	6,253	6,590	13,253	10,040
Equity instruments	59,531	62,214	5,995	5,904	65,526	68,118
Investment in government securities	342,929	276,893	27,590	25,377	370,519	302,270
Debt instruments	24,938	30,024	2,165	2,526	27,103	32,550
Other receivables	4,907	5,723	396	513	5,303	6,236
Liabilities	(1,730)	(211)	(31)	(30)	(1,761)	(241)
	P437,648	P378,155	P42,499	P41,029	P480,147	P419,184

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	
	2023	2022	2023	2022
Discount rate at end of year	6.14%	7.26%	6.16%	7.34%
Salary increase rate	5.0%-6.0%	3.5%-6.0%	5.0%-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	
	2023	2022	2023	2022
Average expected future service years	14	14	17	17

Maturity analysis of the benefit payments:

	2023	
	Expected Benefit Payments	
	ATI	ATIB
Within 1 year	P89,865	P4,799
Within 1 - 5 years	260,163	14,780
More than 5 years	3,317,728	441,274

	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

## 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:

	ATI		ATIB	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	(P51,060)	P60,077	(P5,022)	P6,092
Salary increase rate	62,603	(54,142)	6,265	(5,249)

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

The Group expects to pay P69.4 million in contributions to defined benefit pension plans in 2024.

## 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:

	2023	2022	2020
(a) Net income attributable to Equity Holders of the Parent Company (in thousands)	P4,435,986	P3,024,811	P2,236,720
(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)	P2.22	P1.51	P1.12

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

## 23. COMMITMENTS AND CONTINGENCIES

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

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

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 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<sup>rd</sup> year, USD5.08 million for the 4<sup>th</sup>-7<sup>th</sup> year, and USD5.33 million for the 8<sup>th</sup>-25<sup>th</sup> 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, portorage 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. The movements in the port concession rights payable are as follows:

	2023	2022
Balance as at January 1	P7,933,311	P7,702,171
Accretion of port concession rights payable	622,316	463,180
Payments during the year	(972,915)	(799,238)
Effects of exchange rate changes	(116,107)	567,198
Balance as at December 31	P7,466,605	P7,933,311

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

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 2023, 2022 and 2021.

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.

In 2022, the lease contract was renewed for another period of five (5) years commencing on February 1, 2022 until January 1, 2027 with the same terms and conditions as the original lease contract.

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	2023	2022
Balance at January 1		P775,248	P458,999
Additions to right-of-use assets		152,000	535,631
Amortization during the year	18	(201,037)	(219,382)
Balance at December 31		P726,211	P775,248

### ii. Lease Liabilities

	Note	2023	2022
Balance at January 1		P765,092	P452,637
Additions to lease liabilities		152,000	535,631
Interest expense during the year	19	43,627	26,737
Payments made		(235,915)	(249,913)
Balance at December 31		P724,804	P765,092

As at December 31, 2023 and 2022, the Group has current and noncurrent lease liabilities included in the consolidated statements of financial position as follows:

	2023	2022
Current	P46,615	P118,066
Noncurrent	678,189	647,026
	P724,804	P765,092

The maturity analysis of undiscounted lease payments as of December 31, 2023 and 2022 is as follows:

	2023	2022
Within one year	P74,038	P107,873
More than one year to five years	256,610	238,398
More than five years	901,973	988,724
	P1,232,621	P1,334,995

### iii. Amounts Recognized in Profit or Loss

	Note	2023	2022
Depreciation expense	18	P201,037	P219,382
Interest on lease liabilities	19	43,627	26,737
Expenses relating to short-term and/or low value leases	18	10,851	33,745
Total		P255,515	P279,864

### iv. Amounts Recognized in Statements of Cash Flows

	2023	2022
Payments of lease liabilities	P192,288	P223,176
Interest paid	43,627	26,737
Cash outflow relating to short-term and/or low value leases	10,960	33,745
Total cash outflow for leases	P246,875	P283,658

a. 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, 2023 and 2022, the interest rate profile of the Group's interest-bearing financial instrument is as follows:

	2023	2022
Fixed Rate Instruments		
Cash and cash equivalents*	P5,422,997	P4,597,576

\*Excluding cash on hand amounting to P1.9 million and P2.7 million as at December 31, 2023 and 2022, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Fair Value Sensitivity Analysis for Fixed Rate Instruments

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

## Liquidity Risk

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

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

As at December 31, 2023	Contractual Cash Flows						Total
	Carrying Amount	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	
Trade and other payables*	P1,966,847	P274,952	P366,187	P1,325,708	P-	P-	P1,966,847
Port concession rights payable	7,466,605	-	200,127	600,380	2,783,366	6,258,786	9,842,659
Lease liabilities	724,804	-	27,841	46,197	256,610	901,973	1,232,621
	<b>P10,158,256</b>	<b>P274,952</b>	<b>P594,155</b>	<b>P1,972,285</b>	<b>P3,039,976</b>	<b>P7,160,759</b>	<b>P13,042,127</b>

\*Excluding due to government agencies amounting to P967.6 million as at December 31, 2023.

As at December 31, 2022	Contractual Cash Flows						Total
	Carrying Amount	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	
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
	<b>P11,051,994</b>	<b>P283,721</b>	<b>P818,754</b>	<b>P2,163,569</b>	<b>P3,161,318</b>	<b>P7,247,510</b>	<b>P13,674,872</b>

\*Excluding due to government agencies amounting to P939.0 million as at December 31, 2022.

## 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, 2023 and 2022, without considering the effects of collaterals and other risk mitigation techniques, is presented below

	Note	2023	2022
Cash and cash equivalents*	6	P5,422,997	P4,597,576
Trade and other receivables - net	7	830,653	905,985
Deposits	12	70,899	84,107
Equity securities	12	2,652	2,652
		<b>P6,327,201</b>	<b>P5,590,320</b>

\*Excluding cash on hand amounting to P1.9 million and P2.7 million as at December 31, 2023 and 2022, 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, 2023			
	Grade A	Grade B	Grade C	Total
Cash in banks and cash equivalents	P5,422,997	P-	P-	P5,422,997
Trade and other receivables - net	514,775	315,878	-	830,653
Deposits	70,899	-	-	70,899
Equity securities	2,652	-	-	2,652
	<b>P6,011,323</b>	<b>P315,878</b>	<b>P-</b>	<b>P6,327,201</b>

	As at December 31, 2022			Total
	Grade A	Grade B	Grade C	
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
	<b>P5,245,795</b>	<b>P344,525</b>	<b>P-</b>	<b>P5,590,320</b>

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	2023	2022
Shipping lines		P364,899	P397,992
Others		465,754	507,993
	7	<b>P830,653</b>	<b>P905,985</b>

## 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, 2023 and 2022:

	Gross Carrying Amount	Impairment Loss Allowance	Credit-Impaired
Current (not past due)	P714,489	P-	No
1 - 30 days past due	47,954	-	No
31 - 60 days past due	19,413	-	No
61 - 90 days past due	34,586	-	No
More than 90 days past due	18,406	4,195	Yes
<b>Balance at December 31, 2023</b>	<b>P834,848</b>	<b>P4,195</b>	

	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
<b>Balance at December 31, 2022</b>	<b>P910,180</b>	<b>P4,195</b>	

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 since 2021. The allowance for impairment as at December 31, 2023 and 2022 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)	-
<b>Balance at December 31</b>	<b>P4,195</b>	<b>P1,089</b>	<b>P3,106</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Cash in Banks and Cash Equivalents

The Group held cash in banks and cash equivalents of P5.4 billion and P4.6 billion as at December 31, 2023 and 2022, 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:

	2023	2022
<b>Assets</b>		
Cash and cash equivalents	USD19,007	USD18,757
<b>Liabilities</b>		
Trade and other payables	2,378	63,033
Port concession rights payable	120,527	125,605
	122,905	188,638
Net foreign currency-denominated liabilities	(USD103,898)	(USD169,881)
Peso equivalent	(P5,755,949)	(P9,479,360)

The exchange rates applicable for USD as at December 31, 2023 and 2022 are P55.4 and P55.8, 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
2023	+5%	(P287,797)	(P215,848)
	-5%	287,797	215,848
2022	+5%	(473,968)	(355,476)
	-5%	473,968	355,476

## Capital Management

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

The Group considers capital to include capital stock, additional paid-in capital, retained earnings, and fair value 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	2023	2022
Capital stock		P2,000,000	P2,000,000
Additional paid-in capital		264,300	264,300
Retained earnings		22,276,607	19,887,619
Fair value reserve		(5,820)	(5,820)
Total	16	P24,535,087	P22,146,099

## 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, 2023 and 2022.

	Note	2023		2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>					
Cash and cash equivalents	6	P5,424,938	P5,424,938	P4,600,267	P4,600,267
Trade and other receivables - net	7	830,653	830,653	905,985	905,985
Deposits	12	70,899	77,068	84,107	90,199
		6,326,490	6,332,659	5,590,359	5,596,451
Equity securities	12	2,652	2,652	2,652	2,652
		P6,329,142	P6,335,311	P5,593,011	P5,599,103
<b>Financial Liabilities</b>					
Other financial liabilities:					
Trade and other payables*	14	P1,966,847	P1,966,847	P2,353,591	P2,353,591
Port concession rights payable		7,466,605	8,187,761	7,933,311	8,189,861
		P9,433,452	P10,154,608	P10,286,902	P10,543,452

\*Excluding due to government agencies amounting to P967.6 million and P939.0 million as at December 31, 2023 and 2022, 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 5.8% in 2023 and 6.0% in 2022 (see Note 12).

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 5.97% to 6.01% in 2023 and 6.19% to 7.23% in 2022.

## Fair Value Hierarchy

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

As at December 31, 2023	Note	Level 1	Level 2	Level 3
Equity securities	12	P933	P-	P1,719
Port concession rights payable		-	8,187,761	-
		P933	P8,187,761	P1,719
<b>As at December 31, 2022</b>	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Equity securities	12	P933	P-	P1,719
Port concession rights payable		-	8,189,861	-
		P933	P8,189,861	P1,719

There have been no transfers from one level to another in 2023 and 2022.

## 26. REVENUES FROM OPERATIONS

The Group derives revenue from the transfer of services in the following major service lines:

	2023	2021	2021
<b>Revenues from Operations</b>			
Stevedoring	P6,587,928	P5,862,108	P4,775,548
Arrastre	5,960,647	5,532,700	4,587,974
Logistics	160,055	188,913	106,907
Special and other services	2,743,170	2,038,983	1,692,315
	P15,451,800	P13,622,704	P11,162,744