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SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No. 0000133653
Company Name ASIAN TERMINALS INC. 2
Industry Classification
Company Type Stock Corporation

Document Information

Document ID 111142016000847
Document Type 17-Q (FORM 11-Q:QUARTERLY REPORT/FS)
Document Code 17-Q
Period Covered September 30, 2016
No. of Days Late 0
Department CFD
Remarks

SEC Number: 133653
File Number: _____

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

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

(632) 528-6000
(Telephone Number)

December 31
Calendar Year Ending
(Month & Day)

SEC Form 17-Q
Form Type

Amendment Designation (if applicable)

September 30, 2016
Period Ended Date

(Secondary License Type and File Number)

cc: Philippine Stock Exchange

ASIAN TERMINALS, INCORPORATED
Securities and Exchange Commission

SEC FORM 17-Q

Quarterly Report Pursuant to Section 17 of the Securities Regulation Code and SRC Rule 17-2(b) thereunder

1. For the quarter ended : **September 30, 2016**
2. Commission identification Number : **133653**
3. BIR Tax Identification No. : **330-000-132-413-V**
4. Exact name of issuer as specified in its charter : **ASIAN TERMINALS, INC.**
5. Province, country or other jurisdiction of incorporation or organization: **Manila, Philippines**
6. Industry Classification Code : _____ (SEC Use Only)
7. Address of issuer's principal office : **A. Bonifacio Drive South Harbor, Port Area, Manila**
8. Issuer's telephone number, including area code : **528-6000 (telephone number), 1018 (area code)**
9. Former name, former address and former fiscal year, if changed since last report: **A. Bonifacio Drive, South Harbor Port Area, Manila**

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

Title of Each Class	Number of shares of common stock outstanding and amount of debt outstanding
Capital stock – common	2,000,000,000 shares

11. Are any or all of the securities listed on the Stock Exchange?

Yes [X] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange Common Shares

12. Indicate by check mark whether the registrant:

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

Yes [X] No []

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

Yes [X] No []

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

With reference to the attached interim financial statements:

- There were no common stock equivalents issued during the period. As such, basic and diluted earnings per share were the same. Earnings per share for the period is shown in the accompanying Consolidated Statements of Comprehensive Income.
- The Company applied Philippine Financial Reporting Standards (PFRS) in preparing the consolidated financial statements.
- The same accounting policies and methods of computations were followed in the interim financial statements as compared with the most recent annual financial statements.
- Information regarding the business segment is reported under item 1 of the attached Selected Explanatory Notes.
- There was no material event subsequent to the end of this interim that had not been reflected in the financial statements of this interim period.
- There had been no uncertainties known to management that would cause the financial information not to be indicative of future operating results and financial condition.

New Standards, Amendments to Standards and Interpretations

The following are the new standards, amendment to standards, and interpretations, which are effective January 1, 2016 and are applicable to the Company and none of these is expected to have a significant effect on the consolidated financial statements:

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

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

- *Equity Method in Separate Financial Statements (Amendments to PAS 27).* The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries.
- *Annual Improvements to PFRSs 2012 – 2014 Cycle.* This cycle of improvements contains amendments to four standards:
 - *Disclosure of information "elsewhere in the interim financial report" (Amendment to PAS 34).* PAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report). The interim financial report is incomplete if the interim financial statements and any disclosure incorporated by

cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

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

- *Disclosure Initiative (Amendments to PAS 1)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:
 - Information should not be obscured by aggregating or by providing immaterial information.
 - Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.
 - The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.
 - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

Effective January 1, 2018

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

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

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

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

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

- *PFRS 15 Revenue from Contracts with Customers* replaces PAS 11 *Construction Contracts*, PAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. The new standard

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

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

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Consolidated Results of Operations for the nine months ended September 30, 2016

Revenues for the first three quarters of 2016 amounted to P6,795.3 million, posting a 10.8% growth from P6,132.5 million last year. This was brought about by increase in container volumes at South Harbor and Batangas Container Terminal and number of RoRo units at Batangas Port.

Government share in revenues for the first nine months of 2016 totaled P1,216.1 million, 10.7% higher than P1,098.2 million last year following higher revenues.

Cost and expenses in the first three quarters of 2016 of P3,176.9 million increased up by 12.3% from P2,828.8 million in the same period last year. Labor costs went up by 7.0% to P890.8 million in 2016 from P832.8 million last year due to salary rate increases. Depreciation and amortization of P835.7 million in 2016 was higher by 22.5% compared to P682.2 million last year on account of additions to intangible assets from acquisitions and contract renewal for Port of Batangas in October 2015. Professional fees were up by 206.3% to P120.8 million this year from P39.4 million last year due to higher legal expenses and consultancy fees. Management fees this year of P84.9 million was higher by 8.5% vs. P78.2 million last year following higher results. Insurance in 2016 grew by 8.0% to P51.1 million from P47.3 million last year due to increase in insurance premiums. Other expenses in 2016 amounted to P303.4 million, 109.4% up from P144.8 million last year due to higher communications, advertising, corporate responsibility, and transport expenses.

Equipment running costs decreased by 5.1% to P357.3 million this year from P376.4 million last year due to lower fuel and electricity costs. Taxes and licenses in 2016 went down by 12.8% to P189.6 million from P217.4 million in 2016 due to lower real property taxes. Rentals in 2016 dropped by 22.7% to P111.2 million from P143.9 million in the same period last year due to lower equipment rentals. Security, health, environment and safety declined by 12.8% to P118.8 million in 2016 from P136.2 million in 2015 due to lower safety costs. Facilities-related expenses amounted to P101.3 million in 2016, 7.6% lower than P109.6 in 2015 due to lower repair costs for pavements. General transport of P10.5 million in 2016 were lower by 37.4% compared to P16.8 million in 2015 due to lower trucking costs.

Finance income in 2016 of amounted to P45.5 million, 19.8% higher than P37.9 million last year due to higher cash balances and higher interest rates for money market placements. Finance costs in 2016 of P437.2 million were higher by 8.9% compared to P401.6 million in 2015 due to increase in interest expense on concession rights payable resulting from the contract renewal for Port of Batangas in October 2015. Others-net in 2016 amounted to negative P51.6 million vs. negative P39.1 million in 2015, with higher forex losses on cash flow hedge and port concession rights payable following the depreciation of the Philippine Peso against the US Dollar.

Income before income tax in the first nine months of 2016 of P1,958.9 was higher by 8.7% than P1,802.8 million for the same period last year. Provision for income tax increased by 7.5% to P532.3 million in 2016 from P495.3 million in the same period last year.

Net income for the nine months ended September 30, 2016 of P1,426.7 million was up by 9.1% from P1,307.5 million for the same period last year. Excluding the foreign exchange gain (losses) attributable to port concession rights payable, net income would have been P1,551.9 million for the first nine months of 2016, 13.9% higher than P1,362.6 million for the same period last year. Earnings per share this year was P0.71, last year was P0.65.

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

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

In the first nine months of 2016:

- There had been no known trend, demand, commitment, event or uncertainty that had or are reasonably expected to have a material favorable or unfavorable impact on the Company's liquidity or revenues from continuing operations, other than those discussed in this report.
- There had been no significant element of income that did not arise from the Company's continuing operations.
- There had been no seasonal factor that had a material effect on the financial condition and results of operations.
- 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.
- There had been no material off-balance sheet transaction, arrangement, obligation (including contingent obligation), and other relationship of the Company with unconsolidated entity or other person created during the period that would address the past and would have a material impact on future operations.

Consolidated Financial Condition

Total assets as of September 30, 2016 increased by 5.1% to P22,432.0 million from P21,341.8 million as of December 31, 2015. Current assets went up by 26.9% to P6,644.5 million as of September 30, 2016 from P5,237.6 million as of December 31, 2015. Cash and cash equivalents of P5,424.1 million as of September 30, 2016 was higher by 31.7% compared to P4,118.8 million as of December 31, 2015. Trade and other receivables-net grew by 14.4% to P403.1 million as of September 30, 2016 from P352.4 million as of end 2015. Spare parts and supplies-net of P295.9 million as of September 30, 2016 rose by 12.6% from P262.8 million as of December 31, 2015. Prepaid expenses as of September 30, 2016 totaled P521.5 million, 3.5% up from P503.7 million as of December 31, 2015 on account of the unamortized portion of prepaid real property and business taxes for the year.

Total noncurrent assets as of September 30, 2016 of P15,787.5 million decreased by 2.0% from P16,104.2 million as of December 31, 2015. Investment in an associate increased by 17.6% to P62.7 million as of September 30, 2016 from P53.3 million as of December 31, 2015 due to higher equity in net earnings from an associate. Property and equipment – net as of September 30, 2016 of P456.5 million were lower by 7.0% than P491.0 million as of December 31, 2015 on account of depreciation for the period. Additions to property and equipment which were not subject of the service concession arrangement totaled P33.1 million in the first three quarters of 2016. Intangible assets – net as of September 30, 2016 totaled P14,523.5 million, 2.8% down from P14,934.3 million as of December 31, 2015 mainly due to amortization for the period. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P360.7 million in the first three quarters of 2016. Deferred tax assets – net amounted to P684.4 million as of September 30, 2016, 20.8% higher than P566.3 million as of December 31, 2015. Other noncurrent assets increased by 2.0% to P60.3 million as of September 30, 2016 from P59.1 million as of December 31, 2015 due to unamortized portion of input taxes on additions to property and equipment and intangible assets.

Total liabilities went up by 5.1% to P11,132.2 million as of September 30, 2016 from P10,594.1 million as of December 31, 2015. Trade and other payables increased by 30.6% to P1,846.6 million as of September 30, 2016 from P1,414.3 million as of December 31, 2015. Trade and other payables are covered by agreed payment schedules. Provisions for claims of P53.2 million as of September 30, 2016 slightly lower by 0.6% compared to P53.5 million as of December 31, 2015. Concession rights payable (current and noncurrent) increased by 1.1% to P8,839.0 million as of September 30, 2016 from P8,740.7 million as of December 31, 2015 due to the contract renewal for Port of Batangas in October 2015 reduced by payments of government share for the period. Income and other taxes payable of P163.0 million as of September 30, 2016 was lower by 16.4% than the P195.0 million as of December 31, 2015 due to payment of income tax. Pension liability of P230.5 million as of September 30, 2016 were higher by 20.9% compared to P190.6 million as of December 31, 2015.

Consolidated Cash Flows

Net cash provided by operating activities in the first nine months of 2016 was P3,036.0 million, 62.0% higher than P1,874.2 million in the same period last year due to higher operating income.

Net cash used in investing activities in the first three quarters of 2016 was P363.9 million, 34.6% lower than P556.5 million in the same period last year due to lower acquisition of property and equipment and intangible assets.

Net cash used in financing activities in the first nine months of 2016 was P1,370.4 million, 4.2% higher than P1,315.1 million in the same period last year due to higher payments of port concession rights payable.

Key Performance Indicators (KPI)

KPIs discussed below were based on consolidated amounts. As of end September 2016:

- ATIB's total assets were only 9.5% of the consolidated total assets
- Income before other income and expense for ATIB was only 13.9% of consolidated income before other income and expenses¹.

Consolidated KPI	Manner of Calculation	As of September 30		Discussion
		2016	2015	
Return on Capital Employed	Percentage of annualized income before other income and expenses over capital employed	14.8%	16.7%	Decrease due to higher capital employed.
Return on Equity attributable to equity holders of the parent	Percentage of annualized net income over equity attributable to equity holders of the parent	17.2%	19.9%	Decrease due to higher equity.
Current ratio	Ratio of current assets over current liabilities	2.90 : 1.00	2.50 : 1.00	Increase due to higher current assets.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.99 : 1.00	1.93 : 1.00	Increase due to higher assets.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.99 : 1.00	0.93 : 1.00	Weakened due to higher debt (increase in port concession rights payable following the contract renewal for Port of Batangas).

Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	11 days	9 days	Increase due to higher level of receivables.
Reportable Injury Frequency Rate (RIFR) ²	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	1.01	1.63	Improved as a result of extensive safety campaign and strict implementation of policy on health, safety and environment.

¹ Income before other income and expenses is defined as income before net financing costs, forex gains or losses and others.

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

PART II. OTHER INFORMATION

On April 28, 2016, the Board of Directors of ATI approved a cash dividend of P0.41 per share to stockholders on record as of May 20, 2016. Dividends were paid on June 15, 2016. As of date of this report, the Company has ordinary shares only.

Submissions of SEC Form 17-C:

Date Filed	Reference	Particulars
February 16, 2016	SEC 17-C	Notice of Guidelines for Nominations for Election to the Board of Directors
February 26, 2016	SEC 17-C	Setting the date, venue, agenda and record date of the 2016 Annual Stockholders' Meeting and closing of stock and transfer book; Approval of the 2015 Audited Financial Statements; Appointment of the independent auditors for 2016; Approval by the Board of the Amendment to the Articles and By-Laws
May 2, 2016	SEC 17-C	Results of the 2016 Annual Stockholders' Meeting; Declaration of cash dividends, record and payment dates; Results of the Organizational meeting
May 11, 2016	SEC 17-C	Certification of Independent Directors
July 15, 2016	SEC 17-C	Retirement of Arsenio Tanco and Suhail Al Banna as directors of ATI
August 8, 2016	SEC 17-C	Audit Committee Self-Assessment (2015)

SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

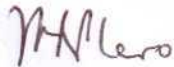
ASIAN TERMINALS, INCORPORATED
by:



JOSE TRISTAN P. CARPIO
Vice President and Chief Financial Officer

Date : November 14, 2016

Principal Financial/Accounting Officer:



MARICAR B. PLENO
Assistant Vice President for Accounting and Financial Planning

Date : November 14, 2016

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

	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P5,424,065	P4,118,761
Trade and other receivables - net	403,117	352,386
Spare parts and supplies	295,876	262,772
Prepaid expenses	521,488	503,676
Total Current Assets	6,644,546	5,237,595
Noncurrent Assets		
Investment in an associate	62,728	53,337
Property and equipment - net	456,484	491,030
Intangible assets - net and goodwill	14,523,504	14,934,326
Deferred tax assets - net	684,396	566,331
Other noncurrent assets	60,341	59,145
Total Noncurrent Assets	15,787,453	16,104,169
TOTAL ASSETS	P22,431,999	P21,341,764
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	P1,846,564	P1,414,259
Provisions for claims	53,207	53,539
Port concession rights payable - current portion	226,862	194,696
Income and other taxes payable	162,974	195,030
Total Current Liabilities	2,289,607	1,857,524
Noncurrent Liabilities		
Port concession rights payable - net of current portion	8,612,095	8,546,021
Pension liability	230,476	190,593
Total Noncurrent Liabilities	8,842,571	8,736,614
	11,132,178	10,594,138
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock	2,000,000	2,000,000
Additional paid-in capital	264,300	264,300
Retained earnings	9,375,501	8,770,700
Hedging reserve	(340,252)	(286,578)
Fair value reserve	(5,820)	(5,820)
	11,293,729	10,742,602
Non-controlling Interest	6,092	5,024
Total Equity	11,299,821	10,747,626
TOTAL LIABILITIES AND EQUITY	P22,431,999	P21,341,764

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

	For the third quarter ended September 30		For the nine months ended September 30	
	2016	2015	2016	2015
REVENUES FROM OPERATIONS	P2,398,210	P1,846,390	P6,795,292	P6,132,514
GOVERNMENT SHARE IN REVENUES	(443,639)	(346,259)	(1,216,065)	(1,098,184)
	1,954,571	1,500,131	5,579,227	5,034,329
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	(1,213,864)	(941,713)	(3,176,940)	(2,828,761)
OTHER INCOME AND EXPENSES				
Finance income	15,424	11,456	45,455	37,933
Finance cost	(144,990)	(133,367)	(437,216)	(401,643)
Others - net	(45,855)	(27,308)	(51,599)	(39,060)
	(175,420)	(149,219)	(443,360)	(402,770)
CONSTRUCTION REVENUES	120,574	278,279	360,651	514,577
CONSTRUCTION COSTS	(120,574)	(278,279)	(360,651)	(514,577)
	-	-	-	-
INCOME BEFORE INCOME TAX	565,287	409,199	1,958,927	1,802,798
INCOME TAX EXPENSE				
Current	184,361	135,350	627,321	559,660
Deferred	(30,675)	(28,361)	(95,062)	(64,367)
	153,686	106,990	532,259	495,293
NET INCOME	P411,601	P302,209	P1,426,668	P1,307,505
Income Attributable to				
Equity Holders of the Parent Company	P411,114	P301,461	P1,424,801	P1,305,341
Non - controlling interest	487	748	1,867	2,164
	P411,601	P302,209	P1,426,668	P1,307,505
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	P0.21	P0.15	P0.71	P0.65

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

	For the third quarter ended September 30		For the nine months ended September 30	
	2016	2015	2016	2015
NET INCOME FOR THE PERIOD	P 411,601	P 302,209	P 1,426,668	P 1,307,505
OTHER COMPREHENSIVE INCOME				
Items that are or may be reclassified to profit or loss				
Cash flow hedge - effective portion	(208,921)	(244,373)	(208,219)	(299,409)
Cash flow hedge - reclassified to profit or loss	43,166	27,930	131,541	48,877
Tax on items taken directly to equity	49,727	64,933	23,003	75,159
	(116,028)	(151,510)	(53,674)	(175,372)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD - Net of tax	(116,028)	(151,510)	(53,674)	(175,372)
TOTAL COMPREHENSIVE INCOME	P 295,573	P 150,699	P 1,372,993	P 1,132,132
Total Comprehensive Income Attributable to Equity Holders of the Parent Company	P 295,085	P 149,951	P 1,371,126	P 1,129,968
Non - controlling interest	487	748	1,867	2,164
	P 295,572	P 150,699	P 1,372,993	P 1,132,132

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

	Attributable to Equity Holders of the Parent Company										
	Common Stock	Additional Paid-in Capital	Retained Earnings			Hedging Reserve	Fair Value Reserves		Total	Non-controlling Interest	Total Equity
			Appropriated for Port Development	Unappropriated							
Balance at January 1, 2016	P2,000,000	P264,300	P6,100,000	P2,670,700	(P 286,578)	(P 5,820)		P10,742,602	P5,024	P10,747,626	
Cash dividends - P0.41 a share for ATI	-	-	-	(820,000)	-	-	-	(820,000)	(579)	(820,579)	
Purchase of shares of subsidiary	-	-	-	-	-	-	-	-	(220)	(220)	
Net income for the period	-	-	-	1,424,801	-	-	-	1,424,801	1,867	1,426,668	
Other comprehensive income											
Cash flow hedge - effective portion - net of tax	-	-	-	-	(145,753)	-	-	(145,753)	-	(145,753)	
Cash flow hedge - reclassified to profit or loss - net of tax	-	-	-	-	92,079	-	-	92,079	-	92,079	
Balance at September 30, 2016	P2,000,000	P264,300	P6,100,000	P3,275,501	(P 340,252)	(P 5,820)		P11,293,729	P6,092	P11,299,821	
Balance at January 1, 2015	P2,000,000	P264,300	P4,700,000	P3,141,267	P (106,838)	(P 5,820)		P9,992,909	P4,551	P9,997,460	
Cash dividends - P0.41 a share for ATI	-	-	-	(820,000)	-	-	-	(820,000)	(830)	(820,830)	
Purchase of ATIB shares	-	-	-	-	-	-	-	-	(982)	(982)	
Net income for the period	-	-	-	1,305,341	-	-	-	1,305,341	2,164	1,307,504	
Other comprehensive income											
Cash flow hedge - effective portion - net of tax	-	-	-	-	(209,586)	-	-	(209,586)	-	(209,586)	
Cash flow hedge - reclassified to profit or loss - net of tax	-	-	-	-	34,214	-	-	34,214	-	34,214	
Balance at September 30, 2015	P2,000,000	P264,300	P4,700,000	P3,626,608	P (282,211)	(P 5,820)		P10,302,878	P4,903	P10,307,781	

ASIAN TERMINALS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

For the third quarter ended September 30 For the nine months ended September 30

	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	P 565,287	P 409,201	P 1,958,927	P 1,802,798
Depreciation and amortization	282,227	231,797	835,696	682,224
Finance cost	144,990	133,368	437,216	401,643
Finance income	(15,424)	(11,456)	(45,455)	(37,933)
Net unrealized foreign exchange losses	48,129	33,275	134,156	55,780
Equity in net earnings of an associate	(11,103)	(9,486)	(31,959)	(26,544)
Loss (gain) on disposals of:				
Property and equipment	-	(247)	(499)	(718)
Intangible assets	154	(323)	(3,413)	2,063
Operating income before working capital changes	1,014,260	786,129	3,284,669	2,879,313
Decrease (increase) in:				
Trade and other receivables	16,278	37,220	(50,235)	101,596
Spare parts and supplies	(3,528)	(20,564)	(33,104)	(36,495)
Prepaid expenses	57,710	55,868	(17,812)	(86,375)
Increase (decrease) in:				
Trade and other payables	262,155	(21,046)	468,554	(377,371)
Provisions for claims	(3,984)	8,263	(332)	2,459
Income and other taxes payable	(37,441)	(39,433)	(15,226)	4,046
Cash generated from operations	1,305,450	806,436	3,636,514	2,487,174
Finance income received	15,028	11,346	43,815	36,071
Finance cost paid	(2,655)	481	(227)	1,445
Income tax paid	(271,566)	(149,607)	(644,151)	(650,491)
Net cash provided by operating activities	1,046,257	668,656	3,035,951	1,874,199
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and Equipment	(9,106)	(25,624)	(33,110)	(79,709)
Intangible assets	(120,574)	(278,279)	(360,651)	(514,577)
Decrease in other noncurrent assets	1,140	2,760	943	9,156
Proceeds from disposals of:				
Property and Equipment	-	247	1,175	718
Intangible assets	206	322	6,172	1,475
Increase in deposits	(326)	(7)	(996)	(343)
Dividends received	-	-	22,568	26,867
Net cash used in investing activities	(128,660)	(300,581)	(363,899)	(556,413)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	-	-	(820,000)	(820,000)
Cash dividend to non-controlling interest	-	-	(579)	(830)
Purchase of ATIB Shares	-	(982)	(219)	(982)
Port concession rights payable	(192,590)	(164,415)	(549,594)	(493,244)
Net cash used in financing activities	(192,590)	(165,397)	(1,370,392)	(1,315,056)
NET INCREASE IN CASH AND CASH EQUIVALENTS	725,007	202,678	1,301,660	2,730
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,297	1,487	3,644	1,463
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	4,697,761	3,406,954	4,118,761	3,606,926
CASH & CASH EQUIVALENTS AT END OF YEAR	P 5,424,065	P 3,611,119	P 5,424,065	P 3,611,119

**SELECTED
EXPLANATORY NOTES**
September 30, 2016
(Amounts in Thousands)

1. Segment Information

The Company's segment information became solely Ports in 2010, following the discontinued non-port operations in August 2010. Information with regard to the Company's Port business segment is presented below:

	For the nine months ended September 30			
	2016		2015	
Revenue	P	6,795,292	P	6,132,514
Intangible Assets (excluding goodwill)		14,481,445		14,015,170
Property and equipment - net		456,484		482,355
Total assets		22,431,999		19,936,972
Total liabilities		11,132,179		9,629,192
Capital expenditures				
Intangible Assets		360,651		514,577
Property and equipment		33,110		79,709
Depreciation and amortization		835,696		682,224

2. Trade Receivables - net

Presented below is the aging of the Company's trade receivables - net.

	As of September 30, 2016		As of December 31, 2015 (Audited)	
Up to 6 months	P	353,555	P	277,730
Over 6 months to 1 year		-		-
Over 1 year		-		-
Total	P	353,555	P	277,730

3. Property and Equipment

A summary of property and equipment follows:

	Port facilities and equipment		Leasehold improvements		Furnitures, fixtures and equipment		Transportation and other equipment		Construction In-progress		September 30, 2016	December 31, 2015 (Audited)		
Cost														
Balance at beginning of year	P	74,031	P	554,776	P	382,029	P	158,411	P	35,145	P	1,204,392	P	1,148,557
Additions		2,066		(1,934)		20,274		8,539		4,166		33,110		141,534
Disposals		-		-		(15,455)		(7,585)		-		(23,041)		(22,824)
Reclassifications		-		-		31,429		-		(31,429)		-		(39,895)
Retirements		-		-		(4,302)		-		-		(4,302)		(22,980)
Balance at end of year		76,097		552,842		413,975		159,365		7,882		1,210,159		1,204,392
Accumulated depreciation and Amortization:														
Balance at beginning of year		52,968		340,836		223,135		96,423		-		713,362		692,932
Additions		4,814		12,231		35,220		14,717		-		66,982		68,122
Disposals		-		-		(15,455)		(6,980)		-		(22,436)		(22,824)
Reclassification		-		-		-		-		-		-		(2,338)
Retirements		-		-		(4,233)		-		-		(4,233)		(22,530)
Balance at end of year		57,782		353,067		238,667		104,160		-		753,675		713,362
Carrying Amount	P	18,315	P	199,775	P	175,308	P	55,205	P	7,882	P	456,484	P	491,030

4. Intangible Assets

As of September 30, 2016

	Port Concession Rights						Goodwill	Total
	Upfront Fees	Fixed Fees	Infrastructure	SubTotal				
	Port							
	(In Thousands)							
Cost:								
Balance at beginning of year, as previously reported	P 282,000	P 9,279,694	P 12,396,335	P 21,958,029	P 42,060	P 22,000,089		
Additions	-	-	360,651	360,651	-	360,651		
Disposals	-	-	(189,486)	(189,486)	-	(189,486)		
Balance at end of year	282,000	9,279,694	12,567,500	22,129,194	42,060	22,171,254		
Accumulated depreciation and amortization:								
Balance at beginning of year	29,534	2,012,987	5,023,242	7,065,763	-	7,065,763		
Additions	8,460	289,947	470,307	768,714	-	768,714		
Disposals	-	-	(186,727)	(186,727)	-	(186,727)		
Balance at end of year	37,994	2,302,934	5,306,822	7,647,750	-	7,647,750		
Net book value	P 244,006	P 6,976,760	P 7,260,678	P 14,481,444	P 42,060	P 14,523,504		

As of December 31, 2015 (Audited)

	Port Concession Rights						Goodwill	Total
	Upfront Fees	Fixed Fees	Infrastructure	SubTotal				
	Port							
	(In Thousands)							
Cost:								
Balance at beginning of year, as previously reported	P 282,000	P 8,342,270	P 11,833,032	P 20,457,302	P 42,060	P 20,499,362		
Additions	-	937,424	664,250	1,601,675	-	1,601,675		
Disposals	-	-	(140,666)	(140,666)	-	(140,666)		
Reclassifications	-	-	39,896	39,896	-	39,896		
Retirements	-	-	(178)	(178)	-	(178)		
Balance at end of year	282,000	9,279,694	12,396,334	21,958,029	42,060	22,000,089		
Accumulated depreciation and amortization:								
Balance at beginning of year, as previously reported	18,254	1,696,697	4,608,976	6,323,927	-	6,323,927		
Additions	11,280	316,290	549,233	876,803	-	876,803		
Disposals	-	-	(137,128)	(137,128)	-	(137,128)		
Reclassifications	-	-	2,338	2,338	-	2,338		
Retirements	-	-	(178)	(178)	-	(178)		
Balance at end of year	29,534	2,012,988	5,023,242	7,065,763	-	7,065,763		
Net book value	P 252,466	P 7,266,707	P 7,373,092	P 14,892,266	P 42,060	P 14,934,326		

5. Trade and Other Payables

	September 30, 2016	December 31, 2015 (Audited)
Trade	P 91,263	P 121,876
Accrued expenses:		
Personnel costs	245,275	154,467
Finance costs	145,027	147,357
Professional fees	107,899	13,773
Marketing, commercial and promotion	103,691	54,033
Repairs and maintenance	38,954	41,919
Rental	27,678	38,795
Corporate social responsibility	26,420	30,036
Security expenses	13,776	19,686
Utilities	9,712	9,832
Safety and environment	1,762	1,294
Miscellaneous accrued expenses	250,439	72,216
Due to government agencies	500,495	388,471
Equipment acquisitions	109,333	157,739
Shippers' and brokers' deposits	77,875	76,411
Due to related parties	13,072	8,676
Other Payables	83,893	77,678
	P 1,846,564	P 1,414,259

6. Other Income and Expenses

Finance cost is broken down as follows:

		For the nine months ended September 30	
		2016	2015
Interest on port concession rights payable	P	431,024	P 397,921
Interest component of pension expense		5,965	3,614
Interest on bank loans/credit facilities		227	108
	P	437,216	P 401,643

Finance income is broken down as follows:

		For the nine months ended September 30	
		2016	2015
Interest on cash in banks and short-term investments	P	44,311	P 36,936
Accretion of rental deposits		1,144	997
	P	45,455	P 37,933

Others consisted of the following:

		For the nine months ended September 30	
		2016	2015
Equity in net earnings of an associate	P	31,959	P 26,544
Income from insurance claims		76,333	-
Management income		6,650	5,231
Foreign exchange losses - others		1,713	6,929
Lease and other income - net		10,595	988
Foreign exchange losses - port concession rights payable		(41,047)	(21,508)
Foreign exchange losses -cash flow hedge		(137,802)	(57,243)
	(P	51,599)	P (39,060)

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

7. Financial Risk Management Objectives and Policies

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

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

The interest rate profile of the Company's interest bearing financial instrument is as follows:

	September 30, 2016	December 31, 2015 (Audited)
Fixed Rate Instruments		
Cash and cash equivalents	P 5,423,471	P 4,116,282

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through consolidated statements of income; therefore, a change in interest rates at the reporting date would not affect consolidated statements of income.

Liquidity Risk

The Company monitors its risk to a shortage of funds using a liquidity planning tool. This tool considers the maturity of both the Company's financial investments and financial assets and projected cash flows from operations, among others. The Company'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 Company's financial liabilities based on contractual undiscounted payments:

As of September 30, 2016	Carrying Amount	On demand	Contractual Cash Flows				Total
			Less than 3 months	3 to 12 months	1 to 5 years	>5 years	
Trade and other payables	P 1,846,564	P 808,989	P 307,320	P 645,242	P 85,014	P -	P 1,846,564
Port concession rights payable	8,838,957	-	193,304	579,912	3,957,616	10,186,443	14,917,276
Total	P 10,685,521	P 808,989	P 500,624	P 1,225,154	P 4,042,630	P 10,186,443	P 16,763,840

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

Credit Risk

The Company trades only with recognized, creditworthy third parties. It is the Company'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 Company's exposure to bad debts is not significant. A regular review and evaluation of accounts is being executed to assess the credit standing of customers. In addition, a portion of revenues is on cash basis.

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

Financial information on the Company's maximum exposure to credit risk, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	As of September 30, 2016		As of December 31, 2015 (Audited)
Cash and cash equivalent	P 5,423,471	P	4,116,282
Trade and other receivables - net	403,117		352,386
Deposits	35,026		32,886
AFS financial assets	2,652		2,652
	P 5,864,266	P	4,504,206

There are no significant concentrations of credit risk within the Company.

As of September 30, 2016, 100% of the total trade and other receivables which are neither past due nor impaired are of high grade quality.

Foreign Currency Risk

The Company has foreign currency financial assets and liabilities arising from US dollar (USD)-denominated revenues, lease payments, PPA fees, and other foreign currency-denominated purchases by operating units.

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

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

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

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

The Company's foreign currency-denominated accounts are as follows:

	As of September 30, 2016	As of December 31, 2015 (Audited)
Assets		
Cash and cash equivalents	US\$3,236	US\$1,790
Trade and other receivables	129	142
	3,365	1,932
Liabilities		
Trade and other payables	1,698	2,219
Port concession rights payable	150,074	152,203
	151,772	154,422
Net foreign currency-denominated liabilities	(US\$148,407)	(US\$152,490)
Peso equivalent	(P7,197,740)	(P7,176,179)

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

Increase/Decrease in U.S. dollar Exchange Rate	Effect on Income		Effect on Equity
	Before Income Tax		
September 30, 2016			
+5%	P	(359,887)	P (251,921)
-5%		359,887	251,921
December 31, 2015 (Audited)			
+5%	P	(358,809)	P (251,166)
-5%		358,809	251,166

Capital Management

The primary objective of the Company'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 Company considers capital to include paid-up capital, retained earnings, and other reserves. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return to capital shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period ended June 30, 2016.

The Company is not subject to externally imposed capital requirements.

The table below shows the capital structure of the Company.

	September 30, 2016	December 31, 2015 (Audited)
Capital Stock	P 2,000,000	P 2,000,000
Additional paid-in capital	264,300	264,300
Retained Earnings	9,375,499	8,770,700
Hedging reserve	(340,252)	(286,578)
Fair value reserve	(5,820)	(5,820)
Total	P 11,293,727	P 10,742,602

8. Financial Instruments

The table below presents a comparison by category of carrying amounts and estimated fair values of all the Company's financial instruments.

	As of September 30, 2016		As of December 31, 2015 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets:				
Loans and receivables:				
Cash and cash equivalents	P 5,424,065	P 5,424,065	P 4,118,761	P 4,118,761
Trade and other receivables - net	403,117	403,117	352,386	352,386
Deposits	35,026	42,654	32,887	40,679
	5,862,208	5,869,836	4,504,033	4,511,826
AFS financial assets	2,652	2,652	2,652	2,652
	P 5,864,860	P 5,872,488	P 4,506,685	P 4,514,478
Financial liabilities:				
Other Financial liabilities:				
Trade and other payables	P 1,846,564	P 1,846,564	P 1,414,259	P 1,414,259
Port concession rights payable	8,838,958	10,022,804	8,740,717	10,416,690
	P 10,685,522	P 11,869,368	P 10,154,976	P 11,830,949

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 the short-term nature of these transactions.

Nonderivative Financial Instruments

Quoted market prices have been used to determine the fair values of listed available-for-sale investments. The fair values of unlisted AFS financial assets are based on cost since the fair values are not readily determinable.

For noninterest-bearing deposits, the fair value is estimated as the present value of all future cash discounted using the prevailing market rate of interest for a similar instrument. The discount rates used were 3.51% and 3.47% in 2016 and 2015, respectively.

The fair value of port concession rights payable was estimated at the present value of all future cash flows discounted using 5.92% and 11.48% for South Harbor and Batangas Container Terminal, respectively.

Fair Value Hierarchy

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

The different levels 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., prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of June 30, 2016	Level 1	Level 2	Level 3
AFS financial assets	P 933	P -	P 1,719
Port concession rights payable	-	10,100,505	-
	P 933	P 10,100,505	P 1,719
As of December 31, 2015 (Audited)	Level 1	Level 2	Level 3
AFS financial assets	P 933	P -	P 1,719
Port concession rights payable	-	10,416,690	-
	P 933	P 10,416,690	P 1,719

There have been no transfers from one level to another in 2016 and 2015.