111142014000681

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

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COVER SHEET

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S.E.C. Registration Number

A S I A N   T E R M I N A L S   I N C .

(Company's Full Name)

A T I   H E A D   O F F I C E   A . B O N I F A C I O

D R I V E , P O R T   A R E A , M A N I L A

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

ATTY. RODOLFO G. CORVITE,JR.

Contact Person

5286000

Company Telephone Number

1 1	1 4
Month	*Day*

1 7 - Q

FORM TYPE

4th Thursday of April

0 4	2 4
Month	*Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

8 6 6

Total No. of Stockholders
As of 10-31-2014

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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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, 2014
Period Ended Date

____
(Secondary License Type and File Number)

cc: Philippine Stock Exchange

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, 2014**
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, 2014 and are applicable to the Company and none of these is expected to have a significant effect on the consolidated financial statements:

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

- Recoverable Amount Disclosures for Non-Financial Assets *(Amendments to PAS 36)*. These narrow-scope amendments to PAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarified that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

To be adopted on January 1, 2015

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

PFRS 9 *Financial Instruments* (2009), PFRS 9 *Financial Instruments* (2010) and PFRS 9 *Financial Instruments* (2013)

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

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, 2014

Revenues for the nine months ended September 30, 2014 grew by 22.9% to P5,946.5 million from P4,839.6 million for the same period last year. Revenues were higher than last year due to: a) higher international containerized cargo volumes, especially strong in BCT, which grew by 568.4% over the same period last year; and b) higher international non-containerized cargo volumes.

Cost and expenses for the nine months of 2014 went up by 26.1% to P3,806.2 million from P3,018.9 million in the same period last year. Port authorities' share in gross revenues in 2014 of P1,208.0 million were higher by 43.5% compared to P841.7 million last year due to increased revenues and higher variable fee rate. Labor costs in 2014 totaled P736.5 million, 10.4% higher than P666.8 million last year due salary rate increase and more manpower to support higher volumes handled. Depreciation and amortization increased by 10.5% to P639.0 from P578.0 million last year on account of additions to intangible assets. Equipment running costs rose by 15.5% to P406.9 million this year from P352.3 million last year due to higher repairs and maintenance and parts replacement costs for Quay Cranes (QCs), Rubber-Tired Gantries (RTGs), reach stackers, empty handlers, forklifts and ITV and higher fuel consumption for Rubber-Tired Gantries (RTGs) and ITVs brought about by port congestion. Taxes and licenses in 2014 of P161.0 million were 34.5% higher than P119.7 in 2013 due to higher realty tax on account of increased real property (land) valuation (Ordinance No. 8330), declaration of additional areas and equipment and higher tax rate. Security, health, environment and safety of P102.0 million in 2014 went up by 47.1% from P69.3 million in 2013 due to additional security posts for additional areas as part of expansion and higher safety costs. Rental of P103.7 million in 2014 increased by 78.2% from P58.2 million in the same period last year due to forklift, crane, genset and pay loader rentals relative to higher volumes. Facilities-related expenses of P116.4 million in 2014 were up by 7.6% from P108.2 million in 2013 due to higher water consumption, higher cost of lights and building maintenance, and higher IT costs. Professional fees of P43.9 million in 2014 rose by 117.5% from P20.2 million last year due to higher consultancy and recruitment fees. General transport in 2014 of P33.3 million were higher by 3.9% compared to P32.0 million last year on account of higher trucking costs. Management fees this year of P76.4 million increased by 33.6% compared to P57.2 million last year as a result of higher net income. Other expenses went up by 128.5% to P118.8 million in 2014 from P52.0 million last year, as last year included reversal of excess provisions for claims relating to cargo, labor, and civil cases and this year included higher expenses related to corporate social responsibility and provision for obsolescence.

Insurance in 2014 of P57.3 million declined by 4.7% from P60.1 million in 2013 due to lower property insurance premiums.

Finance costs in 2014 of P406.2 million increased by 26.5% from P321.1 million due to higher interest expense on concession rights payable. Finance income decreased to P23.1 million this year from P43.7

million last year due to lower interest rates for money market placements and lower cash balance. Others-net amounted to P189.6 million in 2014 while in 2013, Others-net amounted to negative P343.3 million. This account includes unrealized forex gains and losses on revaluation of dollar-denominated concession rights payable following the change in accounting policy in relation to fixed concession fees amounting to P117.3 million forex gain in 2014 vs. P389.0 million forex loss for the same period last year.

Income before income tax for the three quarters of 2014 of P1,946.8 million was 62.2% above the P1,200.1 million in the same period last year. Provision for income tax in 2014 of P551.6 million were higher by 67.3% compared to P329.8 million in the same period last year.

Net income amounted to P1,395.2 million for the nine months ended September 30, 2014, 60.3% higher compared to P870.3 million for the same period last year. Excluding the unrealized foreign exchange gains attributable to port concession rights payable, net income would have been P1,311.4 million for the nine months ended September 30, 2014, 14.9% higher than the P1,141.3 million for the same period last year. Earnings per share this year was P0.77, last year was P0.44.

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 nine months of 2014:

- 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, 2014 of P18,980.2 million grew by 1.8% from P18,649.3 million as of December 31, 2013. Current assets increased by 13.8% to P4,215.7 million as of September 30, 2014 from P3,705.4 million as of December 31, 2013. Cash and cash equivalents of P3,236.3 million as of September 30, 2014 was higher by 17.7% compared to P2,750.1 million as of December 31, 2013. Trade and other receivables-net went up by 16.8% to P426.4 million as of September 30, 2014 from P365.0 million as of end 2013 on account of revenues for the period. Spare parts and supplies-net of P198.4 million as of September 30, 2014 increased by 5.4% from P188.2 million as of December 31, 2013 in support of operational requirements and equipment maintenance program. Prepaid expenses as of September 30, 2014 amounted to P354.5 million, 11.8% lower than P402.2 million as of December 31, 2013.

Total noncurrent assets declined by 1.2% to P14,764.5 million as of September 30, 2014 from P14,943.9 million as of December 31, 2013. Investment in an associate of P49.7 million as of September 30, 2014 dropped by 13.9% from P57.7 million as of December 31, 2013 on account of cash dividend received from an associate. Property and equipment-net of P366.0 million as of September 30, 2014 increased by 7.1% compared to P341.7 million as of December 31, 2013. Additions to property and equipment which were not subject of the service concession arrangement totaled P60.1 million. Intangible assets-net decreased by 1.8% to P13,904.8 million as of September 30, 2014 from P14,153.2 million as of December 31, 2013 due to amortization for the period. Deferred tax assets – net amounted to P375.1 million as of September 30, 2014, 22.7% higher than P305.7 million as of December 31, 2013 resulting from the additional deferred tax on concession rights payable related to fixed fees. Other noncurrent assets went down by 19.5% to P68.9 million as of September 30, 2014 from P85.5 million as of December 31, 2013 due to amortization of input taxes on additions to property and equipment and intangible assets.

Total liabilities of P9,504.3 million as of September 30, 2014 were lower by 2.4% compared to P9,734.0 million as of December 31, 2013. Trade and other payables of P1,496.3 million as of September 30, 2014 declined by 14.6% compared to P1,752.2 million as of December 31, 2013 brought about by payments on equipment acquisitions. Trade and other payables are covered by agreed payment schedules. Provisions for claims were up by 4.9% to P54.6 million as of September 30, 2014 from P52.1 million as of December 31, 2013 following the provisions for claims relating to cargo, labor, and civil cases. Concession rights payable-current portion increased by 6.0% compared to P132.3 million as of September 30, 2014 from P124.8 million as of December 31, 2013 due to depreciation of Philippine peso against the US dollar. Income and other taxes payable of P174.9 million as of September 30, 2014 was higher by 3.5% compared with P169.1 million as of December 31, 2013 due to income tax for the period. Concession rights payable-net of current portion decreased by 0.3% to P7,550.6 million as of September 30, 2014 from P7,569.9 million as of December 31, 2013 due to revaluation and payments of PPA fixed fees. Pension liability of P95.5 million increased by 44.8% as of September 30, 2014 from P66.0 million as of December 31, 2013.

Consolidated Cash Flows

Net cash provided by operating activities in the three quarters of 2014 amounted to P2,033.0 million, 10.0% higher compared to P1,848.8 million in the same period last year due to higher operating income.

Net cash used in investing activities in the three quarters of 2014 was P365.1 million, 94.5% lower than the P6,674.9 million in the same period last year. Last year included the initial recording of the concession rights asset (intangibles) following the change in accounting policy in relation to fixed concession fees.

Net cash used in financing activities in the three quarters of 2014 was P1,177.6 million, compared to net cash provided which amounted to P4,499.4 million in the same period last year. Last year included the initial recording of the concession rights liability following the change in accounting policy in relation to fixed concession fees.

Key Performance Indicators (KPI)

KPIs discussed below were based on consolidated amounts as portions pertaining to the Company's subsidiary ATI Batangas, Inc. (ATIB) were not material. As of end September 2014:

- ATIB's total assets were only 4.0% of the consolidated total assets
- Income before other income and expense for ATIB was only 10.8% of consolidated income before other income and expenses.

Consolidated KPI	Manner of Calculation	As of September 30		Discussion
		2014	2013	
Return on Capital Employed	Percentage of annualized income before other income and expenses over capital employed	16.1%	15.5%	Increase resulted from higher annualized income before other income (expense) during the period.
Return on Equity attributable to equity holders of the parent	Percentage of annualized net income over equity attributable to equity holders of the parent	20.2%	19.4%	Increase due to higher annualized net income.

Current ratio	Ratio of current assets over current liabilities	2.27 : 1.00	2.22 : 1.00	Increase due to higher current asset.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	2.00 : 1.00	2.10 : 1.00	Decrease due to higher equity
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	1.00 : 1.00	1.10 : 1.00	Decrease due to higher equity
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	11 days	13 days	Due to improved collection efforts.
Lost Time Injury	No. of lost time from injuries per standard man-hours	1.68	0	Due to higher number of injuries.

Note: Income before other income and expenses is defined as Revenues less Costs and expenses.
Capital employed is defined as Total assets less Current liabilities.

PART II. OTHER INFORMATION

On April 24, 2014, the Board of Directors of ATI approved a cash dividend of P0.35 per share to stockholders on record as of May 13, 2014. Dividends were paid on September 6, 2014. As of date of this report, the Company has ordinary shares only.

Submissions of SEC Form 17-C:

Date Filed	Reference	Particulars
January 24, 2014	SEC 17-C	Certificate of Attendance to the 2013 Board Meetings
January 24, 2014	SEC 17-C	Certification on Compliance with the Manual on Corporate Governance
February 18, 2014	SEC 17-C	Notice of Guidelines for Nominations for Election to the Board of Directors
February 26, 2014	SEC 17-C	Setting the date, venue, agenda and record date of the 2014 Annual Stockholders' Meeting, Amendment to the second article of the Articles of Incorporation
April 28, 2014	SEC 17-C	Declaration of cash dividends, appointment of independent auditors, approval of the audited financial statements, approval of the amendments to the Articles of Incorporation, results of the 2014 Annual Stockholders' Meeting and Organizational Meeting
May 9, 2014	SEC 17-C	Certification on Qualification of Independent Directors
July 21, 2014	SEC 17-C	SEC Approval of Amendment to Company Articles of Incorporation

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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, 2014

Principal Financial/Accounting Officer:

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

Date : November 14, 2014

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

		September 30, 2014 (Unaudited)		December 31, 2013 (Audited)
ASSETS				
Current Assets				
Cash and cash equivalents	P	**3,236,337**	P	2,750,116
Trade and other receivables - net		**426,443**		364,982
Spare parts and supplies		**198,387**		188,155
Prepaid expenses		**354,529**		402,152
Total Current Assets		**4,215,696**		3,705,405
Noncurrent Assets				
Investment in an associate		**49,714**		57,713
Property and equipment - net		**366,047**		341,718
Intangible assets - net		**13,904,779**		14,153,233
Deferred tax assets - net		**375,069**		305,681
Other noncurrent assets		**68,861**		85,548
Total Noncurrent Assets		**14,764,470**		14,943,893
TOTAL ASSETS	P	**18,980,166**	P	18,649,298
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	P	**1,496,310**	P	1,752,178
Provisions for claims		**54,586**		52,060
Port concession rights payable - current portion		**132,274**		124,782
Income and other taxes payable		**174,935**		169,080
Total Current Liabilities		**1,858,105**		2,098,100
Noncurrent Liabilities				
Port concession rights payable - net of current portion		**7,550,639**		7,569,891
Pension liability		**95,516**		65,974
Total Noncurrent Liabilities		**7,646,155**		7,635,865
		9,504,260		9,733,965
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		**7,347,206**		6,653,749
Other reserves		**(139,627)**		(5,820)
		9,471,879		8,912,229
Non-controlling Interest		**4,027**		3,104
Total Equity		**9,475,906**		8,915,333
TOTAL LIABILITIES AND EQUITY	P	**18,980,166**	P	18,649,298

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

	For the third quarter ended September 30 2014	For the third quarter ended September 30 2013 (As re-stated)	For the nine months ended September 30 2014	For the nine months ended September 30 2013 (As re-stated)
REVENUES FROM OPERATIONS	**P 2,023,775**	P 1,740,077	**P 5,946,465**	P 4,839,605
COSTS AND EXPENSES	**(1,319,409)**	(1,073,097)	**(3,806,221)**	(3,018,944)
OTHER INCOME AND EXPENSES				
Finance cost	**(134,825)**	(138,268)	**(406,174)**	(321,058)
Finance income	**8,195**	6,640	**23,108**	43,730
Others - net	**66,116**	(42,884)	**189,631**	(343,270)
	(60,514)	(174,512)	**(193,435)**	(620,598)
CONSTRUCTION REVENUES	**164,762**	358,038	**373,138**	6,689,552
CONSTRUCTION COSTS	**(164,762)**	(358,038)	**(373,138)**	(6,689,552)
	-	-	**-**	-
INCOME BEFORE INCOME TAX	**643,853**	492,468	**1,946,809**	1,200,063
INCOME TAX EXPENSE				
Current	**200,081**	171,307	**563,641**	465,973
Deferred	**(18,472)**	(31,564)	**(12,042)**	(136,204)
	181,609	139,743	**551,599**	329,769
NET INCOME	**P 462,244**	P 352,725	**P 1,395,210**	P 870,294
Income Attributable To:				
Equity /Holders of the Parent Company	**P 461,811**	P 352,333	**P 1,393,457**	P 868,987
Non - controlling interest	**433**	392	**1,753**	1,307
	P 462,244	P 352,725	**P 1,395,210**	P 870,294
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	**P 0.23**	P 0.18	**P 0.70**	P 0.43

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

	For the third quarter ended September 30		For the nine months ended September 30	
	2014	2013 (As re-stated)	2014	2013 (As re-stated)
NET INCOME	**P 462,244**	P 352,725	**P 1,395,210**	P 870,294
OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER, NET OF TAX				
Items that will never be reclassified to profit or loss	-	-	-	-
Items that are or may be reclassified to profit or loss				
Fair value losses on cash flow hedge, net of tax	**(133,807)**	-	**(133,807)**	-
TOTAL COMPREHENSIVE INCOME	**P 328,437**	P 352,725	**P 1,261,403**	P 870,294
Income Attributable To:				
Equity /Holders of the Parent Company	**P 328,004**	P 352,333	**P 1,259,650**	P 868,987
Non - controlling interest	**433**	392	**1,753**	1,307
	P 328,437	P 352,725	**P 1,261,403**	P 870,294

ASIAN TERMINALS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands, Except Per Share Data)

	Attributable to Equity Holders of the Parent Company							
			Retained Earnings					
	Common Stock	Additional Paid-in Capital	Appropriated for Port Development	Unappropriated	Other Reserves	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2014	**P 2,000,000**	**P 264,300**	**P 4,700,000**	**P 1,953,749**	**(P 5,820)**	**P 8,912,229**	**P 3,104**	**P 8,915,333**
Cash dividends - P0.35 a share for ATI	-	-	-	**(700,000)**	-	**(700,000)**	**(830)**	**(700,830)**
Net income for the period	-	-	-	**1,393,457**	-	**1,393,457**	**1,753**	**1,395,210**
Other comprehensive income								
Fair value losses on cash flow hedges, net of tax	-	-	-	-	**(133,807)**	**(133,807)**	-	**(133,807)**
Balance at September 30, 2014	**P 2,000,000**	**P 264,300**	**P 4,700,000**	**P 2,647,206**	**(P 139,627)**	**P 9,471,879**	**P 4,027**	**P 9,475,906**
Balance at January 1, 2013, as previously stated	P 2,000,000	P 264,300	P 1,000,000	P 5,237,416	(P 5,820)	P 8,495,896	P 1,906	P 8,497,802
Impact of changes in accounting policies	-	-	-	(144,273)	-	(144,273)	-	(144,273)
Balance at January 1, 2013, as restated	2,000,000	264,300	1,000,000	5,093,143	(5,820)	8,351,623	1,906	8,353,529
Cash dividends - P0.35 a share for ATI	-	-	-	(700,000)	-	(700,000)	(830)	(700,830)
Net income for the period	-	-	-	868,987	-	868,987	1,308	870,294
Balance at September 30, 2013		P 264,300	P 1,000,000	P 5,262,129	(P 5,820)	P 8,520,609	P 2,383	P 8,522,993

ASIAN TERMINALS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	For the third quarter ended September 30		For the nine months ended September 30	
	2014	2013 (As re-stated)	2014	2013 (As re-stated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	P 643,852	P 492,465	P 1,946,809	P 1,200,063
Adjustments for:				
Depreciation and amortization	224,665	199,463	638,956	577,990
Finance cost	134,825	138,268	406,174	321,058
Finance income	(8,195)	(6,640)	(23,108)	(43,730)
Contribution to retirement funds	-	-	-	(28,036)
Net unrealized foreign exchange (gains) losses	4,290	53,917	(113,187)	388,276
Equity in net earnings of an associate	(10,237)	(8,332)	(24,959)	(20,525)
Loss (gain) on disposals of:				
Property and equipment	(635)	(31)	-	(71)
Amortization of noncurrent prepaid rental	246	244	738	736
Provisions for inventory obsolescence	2,608	-	7,825	-
Operating income before working capital changes	991,419	869,354	2,839,248	2,395,761
Decrease (increase) in:				
Trade and other receivables	(92,587)	(69,275)	(55,683)	(49,655)
Spare parts and supplies	(7,087)	(365)	(18,058)	(3,753)
Prepaid expenses	70,284	(144,199)	47,622	(142,076)
Increase (decrease) in:				
Trade and other payables	(12,869)	9,439	(224,536)	170,824
Provisions for claims	6,464	(939)	2,526	(34,806)
Income and other taxes payable	(45,711)	119,823	(12,849)	(12,790)
Cash generated from operations	909,912	783,838	2,578,270	2,323,505
Finance cost paid	(37)	(83)	(349)	12
Income tax paid	(188,296)	(161,235)	(544,936)	(474,706)
Net cash provided by operating activities	721,580	622,520	2,032,985	1,848,811
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and Equipment	(32,840)	(6,506)	(60,124)	(29,358)
Intangible assets	(164,763)	(358,038)	(373,139)	(6,689,552)
Increase in other noncurrent assets	9,410	7,136	16,003	18,981
Proceeds from disposals of:				
Property and Equipment	635	31	54	71
Intangible assets	18,379	-	18,379	-
(Decrease) Increase in deposits	(93)	(27)	782	(82)
Dividends received	9,672	-	32,957	25,076
Net cash used in investing activities	(159,600)	(357,404)	(365,088)	(6,674,864)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	-	-	(700,000)	(700,000)
Cash dividend to non-controlling interest	-	-	(830)	(830)
Port concession rights payable	(164,415)	(164,415)	(493,244)	5,155,435
Finance income received	3,398	6,584	16,493	44,762
Net cash (used in) provided by financing activities	(161,017)	(157,831)	(1,177,581)	4,499,367
NET INCREASE IN CASH AND CASH EQUIVALENTS	400,963	107,285	490,316	(326,686)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	268	(105)	(4,095)	714
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	2,835,106	2,586,039	2,750,116	3,019,190
CASH & CASH EQUIVALENTS AT END OF YEAR	P 3,236,337	P 2,693,218	P 3,236,337	P 2,693,218

SELECTED
EXPLANATORY NOTES
September 30, 2014
(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	
	2014	2013 (As re-stated)
Revenue	P 5,946,465	P 4,839,605
Intangible Assets (excluding goodwill)	13,862,718	13,429,534
Property and equipment - net	366,047	411,350
Total assets	18,980,166	17,889,760
Total liabilities	9,504,260	9,366,767
Capital expenditures		
Intangible Assets	373,139	6,689,552
Property and equipment	60,124	29,358
Depreciation and amortization	638,956	577,990
Noncash expenses (income) other than depreciation and amortization	7,825	-

2. Trade Receivables - net

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

	As of September 30, 2014	As of December 31, 2013
Up to 6 months	P 299,908	P 310,682
Over 6 months to 1 year	-	-
Over 1 year	-	-
Total	P 299,908	P 310,682

3. Property and Equipment

A summary of property and equipment follows:

	Port facilities and equipment	Bulk grain terminal	Leasehold improvements	Furnitures, fixtures and equipment	Transportation and other equipment	Construction In-progress	September 30, 2014	December 31, 2013 (Audited)
Cost								
Balance at beginning of year	P 55,416	P -	P 521,032	P 287,383	P 117,455	P 12,552	P 993,838	1,377,794
Additions	1,950	-	9,150	9,859	20,390	18,775	60,124	82,619.5
Disposals	-	-	-	(2,341)	(4,091)	-	(6,432)	(240,624)
Reclassifications	295	-	-	3,598	73	(3,965)	0	(207,765)
Retirements	-	-	-	-	-	-	-	(18,190)
Balance at end of year	57,661	-	530,182	298,499	133,827	27,362	1,047,530	993,834
Accumulated depreciation and amortization:								
Balance at beginning of year	44,304	-	313,953	212,770	81,093	-	652,120	941,998
Additions	2,489	-	9,142	15,358	8,752	-	35,741	51,313
Disposals	-	-	-	(2,287)	(4,091)	-	(6,378)	(220,578)
Reclassification	-	-	-	-	-	-	-	(102,427)
Retirements	-	-	-	-	-	-	-	(18,190)
Balance at end of year	46,793	-	323,095	225,841	85,754	-	681,483	652,116
Net book value	P 10,868	P -	P 207,087	P 72,658	P 48,073	P 27,362	P 366,047	P 341,718

4. Intangible Assets

As of September 30, 2014

	Port Concession Rights					
Cost:	Upfront Fees	Fixed Fees	Port Infrastructure	SubTotal	Goodwill	Total
Balance at beginning of year	P 282,000	P 8,342,270	P 11,091,945	P 19,716,215	P 42,060	P 19,758,275
Additions			373,139	373,139	-	373,139
Disposals	-	-	(48,342)	(48,342)	-	(48,342)
Retirements	-	-	(49,691)	(49,691)	-	(49,691)
Balance at end of year	282,000	8,342,270	11,367,050	19,991,321	42,060	20,033,381
Accumulated depreciation and amortization:						
Balance at beginning of year	6,974	1,403,843	4,194,224	5,605,041	-	5,605,041
Additions	2,820	228,100	372,295	603,215	-	603,215
Disposals	-	-	(47,237)	(47,237)	-	(47,237)
Retirements	-	-	(32,417)	(32,417)	-	(32,417)
Balance at end of year	9,794	1,631,943	4,486,865	6,128,603	-	6,128,602
Net book value	P 272,206	P 6,710,327	P 6,880,185	P 13,862,719	P 42,060	P 13,904,779

As of December 31, 2013 (Audited)

	Port Concession Rights					
Cost:	Upfront Fees	Fixed Fees	Port Infrastructure	SubTotal	Goodwill	Total
Balance at beginning of year, as previously reported	P -	P -	P 9,279,830	P 9,279,830	P 42,060	P 9,321,890
Effect of change in accounting policy	-	2,771,975	-	2,771,975	-	2,771,975
Balance at beginning of year, as restated	-	2,771,975	9,279,830	12,051,804	42,060	12,093,865
Additions	282,000	5,570,295	1,614,985	7,467,280	-	7,467,280
Disposals	-	-	(329)	(329)	-	(329)
Reclassifications	-		207,765	207,765	-	207,765
Retirements	-	-	(10,306)	(10,306)	-	(10,306)
Balance at end of year	282,000	8,342,270	11,091,945	19,716,215	42,060	19,758,276
Accumulated depreciation and amortization:						
Balance at beginning of year, as previously reported	-		3,664,008	3,664,008	-	3,664,008
Effect of change in accounting policy	-	1,123,628	-	1,123,628	-	1,123,628
Balance at beginning of year, as restated	-	1,123,628	3,664,008	4,787,636	-	4,787,636
Additions	6,974	280,216	418,276	705,466	-	705,466
Disposals	-	-	(329)	(329)	-	(329)
Reclassifications	-		122,573	122,573	-	122,573
Retirements	-	-	(10,306)	(10,306)	-	(10,306)
Balance at end of year	6,974	1,403,843	4,194,224	5,605,041	-	5,605,041
Net book value	P 275,026	P 6,938,427	P 6,897,722	P 14,111,174	P 42,060	P 14,153,234

Service concession represents property and equipment which is the subject of the concession arrangement that will be transferred to the Philippine Ports Authority (PPA) at the end of the operating contracts.

5. Trade and Other Payables

	September 30, 2014	December 31, 2013 (Audited)
Trade	P 80,808	P 148,126
Accrued expenses:		
Finance costs	136,306	139,950
Personnel costs	174,916	97,392
Rental	69,696	65,433
Repairs and maintenance	28,848	27,367
Security expenses	17,724	13,422
Professional fees	10,941	10,839
Safety and environment	2,281	1,635
Others	241,024	288,856
Equipment acquisitions	128,769	457,463
Due to government agencies	485,486	403,145
Shippers' and brokers' deposits	56,307	49,325
Due to related parties	896	4,788
Others	62,308	44,436
	P 1,496,310	P 1,752,178

6. Other Income and Expenses

Finance cost is broken down as follows:

		For the nine months ended September 30		
		2014		2013 (As re-stated)
Interest on port concession rights payable	P	403,969	P	328,241
Interest component of pension expense		1,855		6,313
Interest on bank loans/credit facilities		350		(13,496)
	P	406,174	P	321,058

Finance income is broken down as follows:

		For the nine months ended September 30		
		2014		2013 (As re-stated)
Interest on cash in banks and short-term investments	P	22,270	P	42,776
Accretion of rental deposits		838		954
	P	23,108	P	43,730

Others consisted of the following:

		For the nine months ended September 30		
		2014		2013 (As re-stated)
Lease and other income - net	P	4,421	P	2,703
Equity in net earnings of an associate		24,959		20,525
Foreign exchange gains (losses) - others		(1,255)		8,635
Management income		5,238		4,678
Income from insurance claims		54,878		-
Realized and unrealized foreign exchange gains (losses) - port concession rights payable		101,389		(379,811)
	P	189,631	(P	343,270)

Foreign exchange gains (losses) – port concession rights payable resulted from revaluation of foreign currency-denominated port concession rights payable and include realized foreign exchange gains and losses on payment of dollar-denominated port authorities' share.

Excluding the unrealized foreign exchange gains attributable to port concession rights payable, net income would have been P1,311.4 million for the nine months ended September 30, 2014, 14.9% higher than the P1,141.3 million for the same period last year. Earnings per share this year was P0.77, last year was P0.44.

7. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash and cash equivalents, trade and other receivables and deposits, which arise directly from its operations. Other financial instruments include available-for sale investments.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, credit risk, and liquidity risk. The Board of Directors 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.

As of September 30, 2014, the Company's interest bearing financial instruments are its cash and cash equivalents.

Fair Value Sensitivity Analysis for Fixed Rate Instruments
The Company has no derivative instruments, therefore, a change in interest rates at the reporting date would not affect profit or loss.

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:

		Contractual Cash Flows					
As of September 30, 2014	**Carrying Amount**	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**>5 years**	**Total**
Trade and other payables	**P 1,496,310**	**P 750,398**	**P 292,033**	**P 453,879**	**P -**	**P -**	**P 1,496,310**
Port concession rights payables	**7,682,913**	**-**	**164,415**	**493,244**	**3,331,164**	**10,984,966**	**14,973,789**
Total	**P 9,179,223**	**P 750,398**	**P 456,448**	**P 947,123**	**P3,331,164**	**P10,984,966**	**P 16,470,099**

		Contractual Cash Flows					
As of December 31, 2013	Carrying Amount	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Trade and other payables	P 1,752,178	P 1,061,036	P 58,882	P 492,681	P -	P -	P 1,612,599
Port concession rights payables	7,694,673	-	164,415	493,244	3,316,873	12,021,999	15,996,531
Total	P 9,446,851	P 1,061,036	P 223,297	P 985,925	P 3,316,873	P 12,021,999	P 17,609,130

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.

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

As of September 30, 2014, 93% of the total trade and other receivables which are neither past due nor impaired are of high grade quality.

Foreign Currency Risk

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

Nature of risk being hedged
In accordance with the Company's risk management policies, the Company hedges the spot exchange risk on the highly probable forecast USD revenue transactions using a nonderivative financial instrument i.e. concession rights payable denominated in USD. The financial liability creates an exposure to the functional currency i.e. PHP which offsets the foreign currency exposure on the highly probable USD revenue stream.

Type of hedging relationship
Cash flow hedge of foreign currency sales transactions.

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

Hedging Instrument
The Company uses the concession rights payable as a hedging instrument to hedge the spot exchange risk in the highly probable forecast transactions. The fair value of the concession rights payable as at September 30, 2014 was P7.7 million.

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 foreign currency-denominated accounts are as follows:

	As of September 30, 2014	As of December 31, 2013
Assets:		
Cash and cash equivalents	**US$787**	US$1,586
Trade and other receivables	**344**	374
	1,131	1,960
Liabilities:		
Trade and other payables	**2,211**	2,042
Concession rights payable	**155,524**	157,390
	157,735	159,432
Net foreign currency-denominated assets (liabilities)	**(US$156,604)**	(US$15,7472)
Peso equivalent	**(P7,027,605)**	(P6,991,757)

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 Before Income Tax	Effect on Equity
September 30, 2014			
	+5%	**(P 351,380)**	**(P 245,966)**
	-5%	**351,380**	**245,966**
December 31, 2013			
	+5%	(P 349,588)	(P 244,711)
	-5%	349,588	244,711

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 September 30, 2014.

The Company is not subject to externally imposed capital requirements.

The table below shows the capital structure of the Company.

		September 30, 2014		December 31, 2013
Capital Stock	P	2,000,000	P	2,000,000
Additional paid-in capital		264,300		264,300
Retained Earnings		7,347,206		6,653,749
Other reserves		(139,627)		(5,820)
Total	P	9,471,879	P	8,912,229

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, 2014				As of December 31, 2013			
		Carrying Values		Fair Values		Carrying Values		Fair Values
Financial assets:								
Loans and receivables:								
Cash and cash equivalents	P	3,236,337	P	3,236,337	P	2,750,116	P	2,750,116
Trade and other receivables - net		426,443		426,443		364,982		364,982
Deposits		26,858		35,354		26,802		36,147
		3,689,638		3,698,134		3,141,900		3,151,245
AFS financial assets		2,652		2,652		2,652		2,652
	P	3,692,290	P	3,700,786	P	3,144,552	P	3,153,897
Financial liabilities:								
Other Financial liabilities:								
Trade and other payables	P	1,496,310	P	1,496,310	P	1,752,178	P	1,752,178
Concession rights payable		7,682,913		7,682,913		7,694,673		7,694,673
	P	9,179,223	P	9,179,223	P	9,446,851	P	9,446,851

Fair Value of Financial Instruments

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

a. Nonderivative financial instruments

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

Quoted market prices have been used to determine the fair values of listed 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 4.14% and 3.75% in 2014 and 2013, respectively.

b. Hedge of foreign-currency sales transaction using a nonderivative instrument

Commencing July 1, 2014, the Company hedges the spot exchange risk on the highly probable forecast USD revenue transactions using a non-derivative financial instrument i.e. service concession liability denominated in USD. The service concession liability remains outstanding (subject to reduction of quarterly installments) up to 2038. However, the Company has designated 67% of the monthly USD revenue as the hedged item for the next three years from the date of designation. The Company has restricted the hedged item so that the hedged item matches to the extent of the notional value of the hedging instrument on the date of designation.

The concession rights payable i.e. hedging instrument is a nonderivative monetary item. A nonderivative financial instrument is permitted to be used as a hedging instrument only for hedges of foreign currency risk. The effective portion of the foreign exchange gains and losses on the hedging instrument are recognized in other comprehensive income.

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

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

Hedge Effectiveness Results

As of September 30, 2014, the effective fair value changes on the Company's cash flow hedge that were deferred in equity amounted to P133.8 million, net of tax.

c. Derivative instruments

As of September 30, 2014 and December 31, 2013, respectively, the Company has no derivative financial instruments.

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).

	Level 1	Level 2	Level 3
As of September 30, 2014			
AFS financial assets	**P 933**	**P -**	**P 1,719**
As of December 31, 2013			
AFS financial assets	P 933	P -	P 1,719

There have been no transfers from one level to another in 2014 and 2013.