ASIAN TERMINALS INC.
ISO 14001 & OHSAS 18001 certified
Delivering reliable and consistent services.

Asian Terminals Incorporated Head Office,
A. Bonifacio Drive, Port Area,
Manila, Philippines 1018
P.O. Box 3021, Manila, Philippines
Tel. No. (632) 528 6000
Fax (632) 527 2467

August 14, 2013

PHILIPPINE STOCK EXCHANGE, INC.
Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue,
Makati City

Attention : **MS. JANET ENCARNACION**
Head-Disclosure Department

RE : SEC Form 17-Q (June 30, 2013)

Gentlemen,

Please find our SEC Form 17-Q for the second quarter of 2013.

Thank you.

Truly yours,

Atty. Rodolfo G. Corvite, Jr.
Corporate Secretary/ CIO

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)

June 30, 2013
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 : **June 30, 2013**
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 except for the change in the accounting policy with respect to the accounting for the fixed element of the Company's payments to Philippine Ports Authority (PPA), which is reported under item 1 of the attached Selected Explanatory Notes.
- Information regarding the business segment is reported under item 2 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, 2013 and are applicable to the Company:

- *Presentation of Items of Other Comprehensive Income (Amendments to PAS 1).* The amendments: (a) require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; (b) do not change the existing option to present profit or loss and other comprehensive income in two statements; and, (c) change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other PFRSs continue to apply in this regard. The adoption of these amendments to standard has no significant impact on the Company's consolidated financial statements.

- *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7).* These amendments include minimum disclosure requirements related to financial assets and financial liabilities that are: (a) offset in the statement of financial position; or (b) subject to enforceable master netting arrangements or similar agreements. They include a tabular reconciliation of gross and net amounts of financial assets and financial liabilities, separately showing amounts offset and not offset in the statement of financial position. The adoption of these amendments to standard has no significant impact on the Company's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements.* PFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when: (a) it is exposed or has rights to variable returns from its involvement with that investee; (b) it has the ability to affect those returns through its power over that investee; and (c) there is a link between power and returns. Control is reassessed as facts and circumstances change. PFRS 10 supersedes PAS 27 (2008), *Consolidated and Separate Financial Statements* and Philippine Interpretation SIC-12, *Consolidation - Special Purpose Entities*. The adoption has no significant impact on the Company's consolidated financial statements.

- PFRS 12, *Disclosure of Interests in Other Entities*. PFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e., joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities; and the effects of those interests on the entity's financial position, financial performance and cash flows. The adoption has no significant impact on the Company's consolidated financial statements.

- *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to PFRS 10, PFRS 11, and PFRS 12).* The amendments simplify the process of adopting PFRSs 10 and 11, and provide relief from the disclosures in respect of unconsolidated structured entities. Depending on the extent of comparative information provided in the financial statements, the amendments simplify the transition and provide additional relief from the disclosures that could have been onerous. The amendments limit the restatement of comparatives to the immediately preceding period; this applies to the full suite of standards. Entities that provide comparatives for more than one period have the option of leaving additional comparative periods unchanged. In addition, the date of initial application is now defined in PFRS 10 as the beginning of the annual reporting period in which the standard is applied for the first time. At this date, an entity tests whether there is a change in the consolidation conclusion for its investees. The adoption of these amendments has no significant impact on the Company's consolidated financial statements since the Company has assessed that the subsidiary being consolidated in accordance with the old PAS 27 will continue to be consolidated in accordance with PFRS 10.

- PFRS 13, *Fair Value Measurement*. PFRS 13 replaces the fair value measurement guidance contained in individual PFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other PFRSs. It does not introduce new requirements to measure assets or liabilities at fair value nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption has no significant impact on the Company's consolidated financial statements.

- PAS 19, *Employee Benefits* (Amended 2011). The amended PAS 19 includes the following requirements: (a) actuarial gains and losses are recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which is currently allowed under PAS 19; and, (b) expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company has been recognizing actuarial gains and losses in other comprehensive income already, therefore, the adoption of this amendment will have a minimal impact on the Company's consolidated financial statements as a result of using the discount rate to compute the expected return on plan assets.

- PAS 27, *Separate Financial Statements* (2011). PAS 27 (2011) supersedes PAS 27 (2008). PAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The adoption of these amendments has no significant impact on the separate financial entities in the Group.

- PAS 28, *Investments in Associates and Joint Ventures* (2011). PAS 28 (2011) supersedes PAS 28 (2008), *Investments in Associates*. PAS 28 (2011) makes the following amendments: (a) PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and, (b) on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or *vice versa*, the entity does not remeasure the retained interest. The adoption of these amendments has no significant impact on the Company's consolidated financial statements.

- *Annual Improvements to PFRSs 2009 - 2011 Cycle* contain amendments to 5 standards with consequential amendments to other standards and interpretations. Those which may be relevant to the Company are set below, none of which has a significant effect on the consolidated financial statements of the Company:

  - PAS 1 *Presentation of Financial Statements - Comparative Information beyond Minimum Requirements.* This is amended to clarify that only one comparative period - which is the preceding period - is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with PFRSs. For example, if an entity elects to present a third statement of comprehensive income, then this additional statement should be accompanied by all related notes, and all such additional information should be in accordance with PFRSs. However, the entity need not present other primary statements for that additional comparative period, such as a third statement of cash flows or the notes related to these other primary statements.

  - PAS 1 - *Presentation of the Opening Statement of Financial Position and Related Notes*. This is amended to clarify that: (a) the opening statement of financial position is required only if: a change in accounting policy, a retrospective restatement or a reclassification has a material effect upon the information in that statement of financial position; (b) except for the disclosures required under PAS 8, notes related to the opening statement of financial position are no longer required; and (c) the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented. This is regardless of whether an entity provides additional comparative information beyond the minimum comparative information requirements. The amendment explains that the requirements for the presentation of notes related to additional comparative information and those related to the opening statement of financial statements are different, because the underlying objectives are different.

  - PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment.* The amendment is to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in PAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using PAS 2, *Inventories*.

The following are the new standards, amendment to standards, and interpretations, which are effective January 1, 2013 but are not applicable to the Company:

- Amendments to PFRS 1, *Government Loans*
- PFRS 11, *Joint Arrangements*

<u>To be adopted on January 1, 2015</u>

- PFRS 9, *Financial Instruments* (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, *Financial Instruments* (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of PFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting. The adoption of PFRS 9 (2010) is expected to have an impact on the Company's financial assets, but not any impact on the Company's financial liabilities. PFRS 9 (2010 and 2009) is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted.

After consideration of the result of its impact evaluation, the Company has decided not to early adopt PFRS 9 (2009) or PFRS 9 (2010) for its 2013 financial reporting.

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

Consolidated Results of Operations for the six months ended June 30, 2013

Revenues for the six months ended June 30, 2013 of P2,576.6 million grew by 4.6% from P2,463.5 million in the same period last year. Revenues in South Harbor international operations increased by 5.1% due to favorable unit rates. Revenues from Port of Batangas increased by 2.8% on account of higher volume of Roll-on-Roll-off (RoRo) vehicles and higher revenues from special services. Revenues from South Harbor domestic terminal operations decreased by 17.2% due to lower cargo volume cargo and lower number of passengers.

Cost and expenses in the first half of 2013 amounted to P1,421.4 million, 3.2% higher compared to P1,376.8 million in the same period last year. Labor costs went up by 6.6% to P441.5 million in 2013 from P414.2 million last year due to salary rate increases. Equipment running costs increased by 6.8% to P259.1 million this year from P242.6 million last year due to higher repairs and maintenance and parts replacement costs for quay cranes (QCs) and rubber-tired gantries (RTGs). Depreciation and amortization were higher by 6.9% to P384.0 million in 2013 from P359.1 million last year on account of amortization of additional concession rights and intangible assets. Taxes and licenses in 2013 increased by 5.2% to P77.5 million from P73.6 in 2012 due to higher business tax. Security, health, environment and safety of P45.5 million in 2013 were 20.5% higher than P37.8 million in 2012 due to higher security costs brought about by rate increase and additional security posts and higher safety costs resulting from the enhancement of compliance to safety requirements. Rental of P37.2 million in 2013 rose by 16.4% from P31.9 million in the same period last year due to forklift rentals relative to higher volumes and additional space rental. Facilities-related expenses of P42.3 million in 2013 were 48.5% higher than P28.5 million in 2012 due to higher costs for pavements and lightings. Professional fees in 2013 went up to P12.9 million from P12.2 million in 2012 due to higher surveyors' costs.

Management fees this year of P30.1 million declined by 36.3% from P47.3 million last year as a result of lower net income before tax. Insurance in 2013 of P40.2 million were lower by 4.1% compared to P41.9 million in 2012 due to savings in insurance premiums. General transport decreased by 23.3% to P18.6 million in 2013 from P24.3 million in 2012 on account of lower trucking costs. Other expenses in 2013 of P30.5 million went down by 49.9% from P60.9 million in 2012 due to reversal of excess provisions for claims relating to cargo, labor, and civil cases.

Interest expense on concession rights payable amounted to P183.2 million in 2013, 54.9% higher than P118.2 million in 2012 due to increase in concession rights in South Harbor. Finance costs in 2013 was negative P9.4 million resulting from reversal of interest expense, in 2012 finance costs amounted to P1.3 million. Finance income increased to P37.1 million this year from P34.3 million last year due to higher average balance of cash and cash equivalents. Others-net of P318.9 million in 2013 was 406.8% higher than P103.9 million in 2012 due to net unrealized foreign exchange loss on the revaluation of the outstanding foreign-currency denominated fixed fees payable amounting to P365.4 million on account of the depreciation of the Philippine peso against the US dollar at June 30, 2013.

Income before income tax for the first semester of 2013 of P699.6 million was 36.7% lower than P1,105.3 million in the same period last year. Provision for income tax went down by 40.3% to P187.6 million in 2013 from P314.5 million in the same period last year.

Net income amounted to P512.0 million for the six months ended June 30, 2013, 35.3% lower compared to P790.8 million for the same period last year. Earnings per share (EPS) this year was P0.26, last year was P0.40. Excluding the impact of the change in accounting policy with respect to the accounting of the fixed fees payable to Philippine Ports Authority (PPA), net income would have increased by 3.3% or P26.8 million to P805.0 million from P779.0 million last year, and EPS this year would have been P0.40 vs. last year of P0.39.

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 six months of 2013:

- 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 June 30, 2013 of P18,059.6 million increased by 52.7% from P11,830.1 million as of December 31, 2012. Current assets decreased by 9.5% to P3,278.5 million as of June 30, 2013 from P3,623.8 million as of December 31, 2012. Cash and cash equivalents of P2,586.0 million as of June 30, 2013 was lower by 14.3% compared to P3,019.2 million as of December 31, 2012. Trade and other receivables-net went down by 3.3% to P275.0 million as of June 30, 2013 from P284.3 million as of end 2012 due to improved collection efforts. Spare parts and supplies-net of P196.0 million as of June 30, 2013 rose by 1.8% from P192.6 million as of December 31, 2012 in support of operational requirements and equipment maintenance program. Prepaid expenses as of June 30, 2013 amounted to P221.5 million, 73.5% up from P127.7 million as of December 31, 2012 on account of the unamortized portion of prepaid real property and business taxes for the year.

Total noncurrent assets were up by 80.1% to P14,781.1 million as of June 30, 2013 from P8,206.4 million as of December 31, 2012. Investment in an associate of P53.1 million as of June 30, 2013 were lower by 19.5% from P66.0 million as of December 31, 2012 resulting from cash dividend received from an associate. Property and equipment-net of P423.5 million as of June 30, 2013 decreased by 2.8% compared to P435.8 million as of December 31, 2012 due to depreciation for the period. Additions to property and equipment which were not subject of the service concession arrangement totaled P22.9 million. Intangible assets-net increased by 87.0% to P13,965.6 million as of June 30, 2013 from P7,466.6 million as of December 31, 2012 due to recognition of additional concession rights (fixed fees payable to the port authorities) in South Harbor and additions to intangible assets which consisted of cargo handling equipment and civil works that were subject of the service concession arrangement amounting to P6,847.7 million. Deferred tax assets – net amounted to P253.2 million as of

June 30, 2013, 80.3% higher than P140.4 million as of December 31, 2012 resulting from the additional deferred tax on concession rights payable related to fixed fees. Other noncurrent assets went down by 17.7% to P57.5 million as of June 30, 2013 from P69.9 million as of December 31, 2013 due to amortization of input taxes on additions to property and equipment and intangible assets.

Total liabilities increased by 185.0% to P9,888.7 million as of June 30, 2013 from P3,470.3 million as of December 31, 2012. Trade and other payables of P1,403.8 million as of June 30, 2013 were up by 16.6% compared to P1,203.8 million as of December 31, 2012. Trade and other payables are covered by agreed payment schedules. Provisions for claims declined by 41.4% to P48.0 million as of June 30, 2013 from P81.9 million as of December 31, 2011 following the reversal of excess provisions for claims relating to cargo, labor, and civil cases. Income and other taxes payable of P29.9 million as of June 30, 2013 was lower by 62.4% compared with P79.6 million as of December 31, 2012 due to payment of withholding tax for cash dividends. Pension liability of P145.6 million decreased by 2.6% as of June 30, 2013 from P149.5 million as of December 31, 2012 on account of the contribution made to the retirement fund. Concession rights payable increased by 322.5% to P8,261.3 million as of June 30, 2013 from P1,955.5 million as of December 31, 2012 due to recognition of additional concession rights (fixed fees payable to the port authorities) in South Harbor.

Consolidated Cash Flows

Net cash provided by operating activities in the first six months of 2013 were up by 132.2% to P1,237.0 million in the six months of 2013 from P532.8 million in the same period last year due to increase in trade and other payables.

Net cash used in investing activities in the six months of 2013 was P6,795.5 million, significantly higher compared to P276.5 million in the same period last year due to additional concession rights and acquisition of property and equipment and intangible assets.

Net cash provided by financing activities in the first six months of 2013 amounted to P5,124.6 million while net cash used in financing activities totaled P652.4 million in the same period last year.

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 June 2013:

- ATIB's total assets were only 2.8% of the consolidated total assets
- Income before other income and expense for ATIB was only 9.7% of consolidated income before other income and expenses.

Ratios in parenthesis represent results without the effect of the change in accounting policy.

Consolidated KPI	Manner of Calculation	As of June 30		Discussion
		2013	2012	
Return on Capital Employed	Percentage of annualized income before other income and expenses over capital employed	15.7% (26.4%)	25.8% (30.8%)	Due to increase in total assets resulting to higher capital employed.
Return on Equity attributable to equity holders of the parent	Percentage of annualized net income over equity attributable to equity	12.4% (18.8%)	21.4% (20.6%)	Decrease due to higher equity.

	holders of the parent			
Current ratio	Ratio of current assets over current liabilities	2.21 : 1.00 (2.62 : 1.00)	2.26 : 1.00 (2.44 : 1.00)	Lower due to higher current liabilities.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	2.21 : 1.00 (1.17 : 1.00)	1.46 : 1.00 (1.17 : 1.00)	Due to increase in total assets.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	1.21 : 1.00 (0.17 : 1.00)	0.46 : 1.00 (0.17 : 1.00)	Increase resulting from increase in liabilities and stockholders' equity.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	10 days	17 days	Due to improved collection efforts.
Lost Time Injury	No. of lost time from injuries per standard man-hours	0	0.44	Improved as a result of extensive safety campaign and strict implementation of policy on health, safety and environment.

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 25, 2013, the Board of Directors of ATI approved a cash dividend of P0.35 per share to stockholders on record as of May 17, 2013. Dividends were paid on June 11, 2013. As of date of this report, the Company has ordinary shares only.

Submissions of SEC Form 17-C:

Date Filed	Reference	Particulars
January 15, 2013	SEC 17-C	Certification of Attendance of Directors in 2012 Meetings
January 16, 2013	SEC 17-C	Resignation of Director and Election of Replacement and Appointment to the committees vacated by resigning director
January 25, 2013	SEC 17-C	Certification of Compliance with the Manual on Corporate Governance
February 15, 2013	SEC 17-C	Notice of Guidelines for Nominations for Election to the Board of Directors
February 22, 2013	SEC 17-C	Setting the date, venue, agenda and record date of the 2013 Annual Stockholders' Meeting
April 26, 2013	SEC 17-C	Declaration of cash dividends, appointment of independent auditors, approval of the audited financial statements; results of the 2013 annual stockholders' meeting and organizational meeting
May 7, 2013	SEC 17-C	Certification on Qualification of Independent Directors

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:

Tristan P. Carpio

JOSE TRISTAN P. CARPIO
Vice President and Chief Financial Officer

Date : August 14, 2013

Principal Financial/Accounting Officer:

MBPleno

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

Date : August 14, 2013

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

		June 30, 2013 (Unaudited)		December 31, 2012 (As restated)
ASSETS				
Current Assets				
Cash and cash equivalents	P	2,586,039	P	3,019,190
Trade and other receivables - net		275,012		284,284
Spare parts and supplies - at net realizable value		196,019		192,631
Prepaid expenses		221,452		127,655
Total Current Assets		3,278,522		3,623,760
Noncurrent Assets				
Investment in an associate - at equity		53,111		65,993
Property and equipment - net		423,489		435,796
Intangible assets - net		13,965,560		7,466,643
Other financial assets		28,165		27,642
Deferred tax assets - net		253,239		140,425
Other noncurrent assets		57,540		69,878
Total Noncurrent Assets		14,781,104		8,206,377
TOTAL ASSETS	P	18,059,626	P	11,830,137
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	P	1,403,801	P	1,203,750
Provisions for claims		48,001		81,868
Income and other taxes payable		29,915		79,641
Total Current Liabilities		1,481,717		1,365,259
Noncurrent Liabilities				
Pension liability		145,648		149,523
Concession rights payable		8,261,293		1,955,524
Total Noncurrent Liabilities		8,406,941		2,105,047
Equity Attributable to Equity Holders of the Parent				
Capital stock		2,000,000		2,000,000
Additional paid in capital		264,300		264,300
Retained earnings		5,910,496		6,099,445
Other reserves		(5,820)		(5,820)
		8,168,976		8,357,925
Non-controlling Interest		1,992		1,906
Total Equity		8,170,968		8,359,831
TOTAL LIABILITIES AND EQUITY	P	18,059,626	P	11,830,137

ASIAN TERMINALS, INC. AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Unaudited, In Thousands, Except Per Share Data)

		For the second quarter ended June 30			For the six months ended June 30		
		2013		2012		2013		2012
REVENUES	P	1,447,216	P	1,293,048	P	2,576,603	P	2,463,455
COSTS AND EXPENSES		(798,967)		(701,162)		(1,421,412)		(1,376,827)
OTHER INCOME AND EXPENSES								
Interest expense on concession rights payable		(183,195)		(58,755)		(183,195)		(118,233)
Finance cost		(4,277)		(570)		9,371		(1,315)
Finance income		15,790		16,353		37,091		34,307
Others - net		(326,596)		51,923		(318,865)		103,933
INCOME BEFORE INCOME TAX		149,971		600,837		699,593		1,105,320
INCOME TAX EXPENSE								
Current		167,076		167,700		300,438		291,608
Deferred		(133,000)		495		(112,813)		22,894
		34,076		168,195		187,625		314,502
NET INCOME	P	115,895	P	432,642	P	511,968	P	790,818
OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER, NET OF TAX		-		-		-		-
TOTAL NET INCOME AND OTHER COMPREHENSIVE INCOME	P	115,895	P	432,642	P	511,968	P	790,818
Attributable To:								
Owners of the Parent Company	P	115,401	P	432,145	P	511,052	P	789,955
Non-controlling interest		494		497		916		863
	P	115,895	P	432,642	P	511,968	P	790,818
Basic/Diluted Earnings Per Share Attributable to Owners of the Parent Company	P	0.06	P	0.22	P	0.26	P	0.40

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

	Common Stock	Additional Paid-in Capital	Retained Earnings: Appropriated for Port Development	Retained Earnings: Unappropriated	Other Reserves	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2013, as restated	**P 2,000,000**	**P 264,300**	**P 1,000,000**	**P 5,099,444**	**(P 5,820)**	**P 8,357,924**	**P 1,906**	**P 8,359,830**
Cash dividends - ₱0.35 a share for ATI				**(700,000)**		**(700,000)**	**(830)**	**(700,830)**
Net income for the period				**511,052**		**511,052**	**916**	**511,968**
Balance at June 30, 2013	**P 2,000,000**	**P 264,300**	**P 1,000,000**	**P 4,910,496**	**(P 5,820)**	**P 8,168,976**	**P 1,992**	**P 8,170,968**
Balance at January 1, 2012, as restated	P 2,000,000	P 264,300	P 1,000,000	P 4,043,648	(P 5,820)	P 7,302,128	P 1,135	P 7,303,263
Cash dividends - ₱0.30 a share for ATI				(600,000)		(600,000)	(830)	(600,830)
Net income for the period				789,955		789,955	863	790,818
Balance at June 30, 2012	P 2,000,000	P 264,300	P 1,000,000	P 4,233,603	(P 5,820)	P 7,492,083	P 1,168	P 7,493,251

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

	For the second quarter ended June 30		For the six months ended June 30	
	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	P 149,971	P 600,837	P 699,593	P 1,105,320
Adjustments for:				
Depreciation and amortization	263,158	179,259	383,989	359,057
Interest expense on concession rights payable	183,195	58,755	183,195	118,233
Finance cost	4,277	570	(9,371)	1,315
Finance income	(15,791)	(16,353)	(37,091)	(34,307)
Contribution to retirement fund	-	-	(28,036)	(2,597)
Net unrealized foreign exchange losses	479,278	(92,350)	479,536	(89,203)
Equity in net earnings of an associate	(6,626)	(5,355)	(12,193)	(10,573)
Gain on disposals of:				
Property and equipment	(35)	(240)	(40)	(476)
Intangible Assets	-	-	-	277
Amortization of noncurrent prepaid rental	246	246	492	492
Operating income before working capital changes	1,057,673	725,369	1,660,074	1,447,538
Decrease (increase) in:				
Trade and other receivables	(1,958)	(55,022)	7,715	(76,422)
Spare parts and supplies	3,879	(2,101)	(3,388)	4,708
Prepaid expenses	(13,406)	101,195	(93,797)	63,891
Increase (decrease) in:				
Trade and other payables	71,397	32,820	(28,597)	(612,159)
Provisions for claims	(469)	944	(33,867)	3,019
Income and other taxes payable	15,104	46,330	(36,693)	15,184
Net cash generated from operations	1,132,220	849,535	1,471,447	845,759
Finance cost paid	78,734	(2,699)	78,986	(6,753)
Income tax paid	(313,471)	(306,181)	(313,471)	(306,181)
Net cash provided by operating activities	897,483	540,655	1,236,962	532,825
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and Equipment	(11,488)	(13,067)	(22,852)	(22,038)
Intangible assets	(6,655,326)	(212,111)	(6,847,749)	(316,830)
Finance income received	16,697	16,468	38,178	34,200
Increase in other noncurrent assets	7,043	6,172	11,846	11,912
Proceeds from disposals of:				
Property and Equipment	35	240	40	476
Intangible assets	-	-	-	267
Decrease in deposits	(54)	(1,054)	(54)	(2,365)
Dividends received	-	-	25,076	17,911
Net cash used in investing activities	(6,643,093)	(203,352)	(6,795,515)	(276,467)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	(700,000)	(600,000)	(700,000)	(600,000)
Cash dividend to non-controlling interest	(830)	(830)	(830)	(830)
Concession rights payable	5,825,411	(34,151)	5,825,411	(51,615)
Net cash (used in) provided by financing activities	5,124,581	(634,981)	5,124,581	(652,445)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(621,029)	(297,678)	(433,972)	(396,087)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,077	(1,314)	821	(3,042)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	3,205,991	2,412,838	3,019,190	2,512,975
CASH & CASH EQUIVALENTS AT END OF YEAR	P 2,586,039	P 2,113,846	P 2,586,039	P 2,113,846

SELECTED
EXPLANATORY NOTES
June 30, 2013
(Amounts in Thousands)

1. Change in accounting policy – Accounting for fixed fees paid to grantor

The Group changed its accounting policy with respect to the accounting for the fixed element of its payments to Philippine Ports Authority (PPA). The Group as the operator, makes payments to PPA as the grantor, at the inception of the service concession arrangement and/or over the concession period. As a result of the change, the Group includes the fair value of the fixed element of such payments in the cost of the intangible asset (service concession) and recognizes a corresponding financial liability at inception of agreement. The Group believes that such accounting treatment provides more information about the financial performance of this asset along with the risks associated with this asset and is consistent with industry practice in relation to this type of asset. Previously, fixed fees paid to PPA were accounted for on an "as incurred" basis, that is, they were recognized as they were incurred.

This change in accounting policy was applied retrospectively. The following table summarizes the adjustments made to the 2012 consolidated statement of financial position and consolidated statements of comprehensive income including impact on earnings per share (EPS) for 2012, on adoption of the new accounting policy:

Effect on consolidated statement of financial position

	Intangible asset	Concession liability	Accrued interest	Deferred tax asset-net	Retained Earnings
Balance as reported at December 31, 2012	5,657,882	-	-	81,295	6,237,416
Effect of change in accounting policy	1,808,761	1,955,524	50,337	59,130	(137,971)
Restated balance at December 31, 2012	7,466,643	1,955,524	50,337	140,425	6,099,445

Effect on consolidated statements of comprehensive income for the six months ended June 30

	2013	2012
Amortization expense	(141,130)	(133,438)
Interest expense	(183,195)	(118,233)
PPA fixed fees	240,850	175,745
Forex loss (gain)	11,476	(2,086)
Unrealized forex loss (gain)	(365,381)	94,911
Management fees	18,691	-
Provision for income tax - deferred	125,607	(5,070)
Effect on profit or loss	(293,082)	11,829

Impact on EPS for the six months ended June 30

	2013	2012 (As restated)
EPS prior to change in accounting policy	0.40	0.39
Effect of change in accounting policy	(0.14)	0.01
EPS	0.26	0.40

Prior to the change in accounting policy with respect to the accounting for the fixed fees payable to PPA, the consolidated statements of income and EPS are as follows:

		For the six months ended June 30 2013		2012
REVENUES	P	**2,576,603**	P	2,463,455
COSTS AND EXPENSES		**(1,539,823)**		(1,419,134)
OTHER INCOME AND EXPENSES				
Finance cost		**9,371**		(1,315)
Finance income		**37,091**		34,307
Others - net		**35,040**		11,107
INCOME BEFORE INCOME TAX		**1,118,282**		1,088,420
INCOME TAX EXPENSE				
Current		**300,438**		291,608
Deferred		**12,793**		17,824
		313,231		309,432
NET INCOME	P	**805,051**	P	778,988
OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER, NET OF TAX		**-**		-
TOTAL NET INCOME AND OTHER COMPREHENSIVE INCOME	P	**805,051**	P	778,988
Basic/Diluted Earnings Per Share Attributable to Owners of the Parent Company	P	**0.40**	P	0.39

2. 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 six months ended June 30 2013	2012
Revenue	**2,576,603**	2,463,455
Intangible Assets (excluding goodwill)	**13,923,500**	7,255,001
Property and equipment - net	**423,489**	397,709
Total assets	**18,059,626**	10,919,369
Total liabilities	**9,888,658**	3,426,118
Capital expenditures		
Intangible Assets	**6,847,749**	316,830
Property and equipment	**22,852**	22,038
Depreciation and amortization	**383,989**	359,057

3. Trade Receivables - net

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

		As of June 30, 2013		As of December 31, 2012
Up to 6 months	P	216,003	P	244,529
Over 6 months to 1 year		-		-
Over 1 year		-		-
Total	P	216,003	P	244,529

4. 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	June 30, 2013	December 31, 2012 (Audited)
Cost							
Balance at beginning of year	P 174,532	P 521,032	P 540,922	P 115,631	P 25,677	P 1,377,794	P 1,305,847
Additions	3,991	-	12,091	2,298	4,472	22,852	92,070
Disposals	-	-	(2,579)	-	-	(2,579)	(23,986)
Reclassifications	571	-	24,920	-	(25,491)	-	5,239
Retirements	-	-	(383)	-	-	(383)	(1,376)
Balance at end of year	179,094	521,032	574,971	117,929	4,658	1,397,684	1,377,794
Accumulated depreciation and amortization:							
Balance at beginning of year	135,624	302,525	427,919	75,930		941,998	907,929
Additions	6,680	5,714	16,349	6,416	-	35,159	60,522
Disposals	-	-	(2,579)	-	-	(2,579)	(23,986)
Reclassification	-	-	-	-	-	-	-
Retirements	-	-	(383)	-	-	(383)	(2,467)
Balance at end of year	142,304	308,239	441,306	82,346	-	974,195	941,998
Net book value	P 36,790	P 212,793	P 133,665	P 35,583	P 4,658	P 423,489	P 435,796

5. Intangible Assets

		June 30, 2013		December 31, 2012 (As restated)
Service concession	P	13,923,500	P	7,424,583
Goodwill		42,060		42,060
Total	P	13,965,560	P	7,466,643

The movements of service concession are as follows:

		June 30, 2013		December 31, 2012 (As restated)
Cost				
Balance at beginning of year	P	12,230,041	P	8,540,743
Additions		6,847,749		3,773,926
Derecognition		(10,007)		(84,628)
Balance at end of year		19,067,783		12,230,041
Accumulated amortization				
Balance at beginning of year		4,805,460		3,313,108
Amortization for the year		348,830		1,541,690
Derecognition		(10,007)		(49,338)
Balance at end of year		5,144,283		4,805,460
Carrying amount	P	13,923,500	P	7,424,581

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 as well as the fair value of concession rights granted by the PPA to the Group.

6. Trade and Other Payables

	June 30, 2013	December 31, 2012 (As restated)
Trade	P 60,678	P 67,226
Accrued expenses:		
Personnel costs	130,116	116,468
Rental	58,791	56,253
Repairs and maintenance	16,342	48,084
Finance costs	129,600	64,194
Security expenses	10,263	9,354
Professional fees	10,326	8,675
Safety and environment	1,652	1,409
Others	292,134	267,459
Due to government agencies	395,656	385,679
Equipment acquistions	203,094	89,444
Shippers' and brokers' deposits	45,295	42,550
Due to related parties	-	9,247
Others	49,854	37,708
Total	P 1,403,801	P 1,203,750

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 June 30, 2013, 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:

As of June 30, 2013	Carrying Amount	Contractual Cash Flows					
		On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Trade and other payables	P 1,403,801	P 751,279	P 70,679	P 581,843	P -	P -	P 1,403,801

As of December 31, 2012	Carrying Amount	Contractual Cash Flows					
		On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Trade and other payables	P 1,203,750	P 526,053	P 200,861	P 476,836	P -	P -	P 1,203,750

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 June 30, 2013, 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.

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

	As of June 30, 2013	As of December 31, 2012
Assets:		
Cash and cash equivalents	US$ 784	US$ 415
Trade and other receivables	327	255
	1,111	670
Liabilities:		
Trade and other payables	319	661
Concession rights payable	173,166	47,144
	173,485	47,805
Net foreign currency-denominated assets	US$ (172,374)	US$ (47,135)
Peso equivalent	P 7,446,557	P 1,934,892

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
June 30, 2013			
	+5%	(P 372,328)	P (260,630)
	-5%	372,328	260,630
December 31, 2012			
	+5%	(P 96,744)	P (67,721)
	-5%	96,744	67,721

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, 2013.

The Company is not subject to externally imposed capital requirements.

The table below shows the capital structure of the Company.

		As of June 30, 2013		As of December 31, 2012
Capital Stock	P	**2,000,000**	P	2,000,000
Additional paid-in capital		**264,300**		264,300
Retained Earnings		**5,910,496**		6,099,445
Other reserves		**(5,820)**		(5,820)
Total	P	**8,168,976**	P	8,357,925

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 June 30, 2013				As of December 31, 2012		
		Carrying Amount		**Fair Values**		Carrying Amount		Fair Values
Financial assets:								
Loans and receivables:								
Cash and cash equivalents	P	**2,586,039**	P	**2,586,039**	P	3,019,190	P	3,019,190
Trade and other receivables		**275,012**		**275,012**		284,284		284,284
Deposits		**25,514**		**34,523**		24,990		34,014
		2,886,565		**2,895,574**		3,328,464		3,337,488
AFS financial assets		**2,652**		**2,652**		2,652		2,652
	P	**2,889,217**	P	**2,898,226**	P	3,331,116	P	3,340,140
Financial liability:								
Other financial liabilities								
Trade and other payables	P	**1,403,801**	P	**1,403,801**	P	1,203,750	P	1,203,750
Concession rights payable		**8,261,293**	P	**8,261,293**		1,955,524	P	1,955,524
	P	**9,665,094**	P	**9,665,094**	P	3,159,274	P	3,159,274

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 4.15% and 5.66% in 2013 and 2012, respectively.

b. Derivative instruments

As of June 30, 2013 and December 31, 2012, 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 June 30, 2013			
AFS financial assets	**P 933**	**P -**	**P 1,719**
As of December 31, 2012			
AFS financial assets	P 933	P -	P 1,719

There have been no transfers from one level to another in 2013 and 2012.