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SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Company Name	ASIAN TERMINALS INC. 2
Industry Classification	
Company Type	Stock Corporation

Document Information

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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
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Amendment Designation (if applicable)

September 30, 2019
Period Ended Date

____
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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, 2019**
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 : **8528-6000 (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, 2019 and are applicable to the Company and none of these is expected to have a significant effect on the consolidated financial statements:

Effective January 1, 2019

- PFRS 16, *Leases* supersedes PAS 17, *Leases* and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements.

  Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

  PFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply PFRS 15 at or before the date of initial application of PFRS 16.

  The Company has decided it will apply the modified retrospective adoption method in PFRS 16, and, therefore, will only recognize leases on balance sheet as at January 1, 2019. In addition, it has decided to measure right-of-use assets by reference to the measurement of the lease liability on that date. This will ensure there is no immediate impact to net assets on that date.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments* clarifies how to apply the recognition and measurement requirements in PAS 12, *Income Taxes* when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the consolidated financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the Company chosen tax treatment. If it is not probable that the tax authority will accept the Company chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty - either the most likely amount or the expected value.

  The interpretation also requires the reassessment of judgements and estimates applied if facts and circumstances change - e.g., as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

  The interpretation is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The interpretation can be initially applied retrospectively applying PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* if possible without the use of hindsight, or retrospectively with the cumulative effect recognized at the date of initial application without restating comparative information.

  The Company is currently assessing the impact of the Philippine Interpretation IFRIC-23.

- *Prepayment Features with Negative Compensation (Amendments to* PFRS 9). The amendments cover the following areas:

  - Prepayment features with negative compensation. The amendment clarifies that a financial asset with a prepayment feature could be eligible for measurement at amortized cost or FVOCI irrespective of the event or circumstance that causes the early termination of the contract, which may be within or beyond the control of the parties, and a party may either pay or receive reasonable compensation for that early termination.

    The amendment is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Retrospective application is required, subject to relevant transitional reliefs.

  - Modification of financial liabilities. The amendment to the Basis for Conclusions on PFRS 9 clarifies that the standard provide an adequate basis for an entity to account for modifications and exchanges of financial liabilities that do not result in derecognition and the treatment is consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset - i.e., the amortized cost of the modified financial liability is recalculated by discounting the modified contractual cash flows using the original effective interest rate and any adjustment is recognized in profit or loss.

    If the initial application of PFRS 9 results in a change in accounting policy for these modifications or exchanges, then retrospective application is required, subject to relevant transition reliefs.

- *Long-term Interests in Associates and Joint Ventures* (Amendments to PAS 28). The amendment requires the application of PFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests (LTIs) that, in substance, form part of the entity's net investment in an associate or joint venture.

  The amendment explains the annual sequence in which PFRS 9 and PAS 28 are to be applied. In effect, PFRS 9 is first applied ignoring any prior years' PAS 28 loss absorption. If necessary, prior years' PAS 28 loss allocation is trued-up in the current year which may involve recognizing more prior years' losses, reversing these losses or re-allocating them between different LTI instruments. Any current year PAS 28 losses are allocated to the extent that the remaining LTI balance allows and any current year PAS 28 profits reverse any unrecognized prior years' losses and then allocations against LTI.

The amendment is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Retrospective application is required, subject to relevant transitional reliefs.

- *Plan Amendment, Curtailment or Settlement* (Amendments to PAS 19, *Employee Benefits).* The amendments clarify that on amendment, curtailment or settlement of a defined benefit pension plan, an entity now uses updated actuarial assumptions to determine its current service cost and net interest for the period. The effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

  The amendments apply for plan amendments, curtailments or settlements that occur on or after the beginning of the first annual reporting period that begins on or after January 1, 2019. Earlier application is permitted.

- *Annual Improvements to PFRSs 2015 - 2017 Cycle.* This cycle of improvements contains amendments to four standards:

  - Previously held interest in a joint operation (Amendments to PFRS 3, *Business Combinations* and PFRS 11, *Joint Arrangements*). The amendments clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party maintains or obtains joint control, then the previously held interest is not remeasured. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.

    The amendments apply to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted.

  - Income tax consequences of payments on financial instruments classified as equity (Amendments to PAS 12). The amendments clarify that all income tax consequences of dividends, including payments on financial instruments classified as equity, are recognized consistently with the transactions that generated the distributable profits, i.e. in profit or loss, Other Comprehensive Income or equity.

    The amendments are effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted. When an entity first applies those amendments, it shall apply them to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period.

  - *Borrowing Costs Eligible for Capitalization* (Amendments to PAS 23, *Borrowing Costs).* The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale are included in that general pool.

    The amendments are effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The amendments are applied to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies the amendments.

Effective January 1, 2020

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

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

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

  These amendments are effective for annual reporting periods beginning on or after January 1, 2020.

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

  - confirmed that a business must include inputs and a process, and clarified that:
    - the process must be substantive; and
    - the inputs and process must together significantly contribute to creating outputs;

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

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

  The amendments apply to business combinations and asset acquisitions in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

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

  (a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';
  (b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;

(c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;
(d) clarifying the explanatory paragraphs accompanying the definition; and
(e) aligning the wording of the definition of material across PFRS Standards and other publications.

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

The amendments apply prospectively for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

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

Consolidated Results of Operations for the six months ended September 30, 2019

Revenues for the nine months of 2019 of P10,165.1 million went up by 14.8% from P8,853.7 million in the same period last year. Revenues from South Harbor international containerized cargo operations and Batangas Container Terminal increased from last year by 9.6% and 63.8%, respectively, on account of higher container volumes, which grew by 12.3% and 38.7%, respectively.

Government share in revenues for the first nine months of 2019 amounted to P1,801.5 million increased by 9.8% from P1,640.5 million last year as a result of higher revenues subject to port authorities' share.

Cost and expenses rose by 16.5% to P4,198.0 million in the first nine months of 2019 from P3,604.8 million in the same period last year. Labor costs of P1,178.5 million this year were up by 12.0% compared to P1,052.2 million last year due to salary rate increases, higher overtime costs and additional headcount related to higher volumes. Depreciation and amortization in 2019 increased by 33.8% to P1,128.2 million from P843.4 million in 2018. Equipment running costs went up by 2.9% to P614.1 million this year from P596.8 million last year due to higher usage of equipment spare parts and tyres, higher electricity and higher fuel costs resulting from higher prices and higher consumption. Taxes and licenses in 2019 of P284.8 million were higher by 30.0% compared to P219.1 million in 2018 due to higher real property taxes and business taxes. Management fees of P176.4 million in 2019 were higher by 31.9% than P133.7 million in 2018 following higher net income. Security, health, environment and safety increased by 4.7% to P157.6 million in 2019 from P150.5 million in 2018 due to increase in safety initiatives. Insurance of P75.5 million in 2019 increased by 18.2% compared to P63.9 million last year due to higher insurance premiums. General transport of P83.8 million in 2019 were higher by 144.6% than P34.3 million in 2018 on account of higher trucking costs. Facilities-related expenses in 2019 was P159.7 million, 0.6% up from P158.8 million in 2018 due to higher repair and maintenance costs for buildings. Other expenses in 2019 amounted to P284.0 million 50.6% higher compared to P188.6 million last year mainly due to higher provision for claims.

Professional fees in 2019 of P19.3 million went down by 60.2% from P48.6 million last year due to lower consultancy fees. Rentals of P30.3 million in 2019 declined by 72.2% from P108.9 million in the same period last year due to reclassification of facility rent under PFRS 16. Entertainment, amusement and recreation in 2019 of P5.7 million went down by 5.8% from P6.0 million last year.

Finance income in 2019 of P131.8 million was higher by 84.1% against P71.6 million last year due to higher interest rates for money market placements and higher cash balance. Finance costs in 2019 of P420.2 million were higher by 4.0% against P404.1 million last year. Others-net was at P115.2 million in 2019 from negative P230.1 million in 2018 mainly due to last year's fair value losses on cash flow hedge.

Income before income tax in the first nine months of 2019 of P3,992.5 million grew by 31.1% from P3,045.9 million in the same period last year. Provision for income tax increased by 33.3% to P1,141.0 million in 2019 from P855.9 million in the same period last year.

Net income of P2,851.5 million for the first nine months of 2019 was 30.2% higher than P2,190.0 million for the same period last year. Earnings per share this year was P1.43, last year was P1.09.

The Company's businesses are 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, typhoons and other major calamities); and
- material changes in foreign exchange rates.

In the first nine months of 2019:

- 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, 2019 increased by 6.2% to P30,920.5 million from P29,123.2 million as of December 31, 2018. Total current assets as of September 30, 2019 grew by 0.8% to P9,149.6 million from P9,080.4 million as of December 31, 2018. Cash and cash equivalents of P6,691.6 million as of September 30, 2019 was lower by 2.6% compared to P6,868.5 million as of December 31, 2018. Trade and other receivables-net of P618.4 million as of September 30, 2019 decreased by 16.7% from P742.0 million as of December 31, 2018. Spare parts and supplies-net as of September 30, 2019 rose by 24.0% to P629.4 million from P507.5 million as of December 31, 2018 in support of operational requirements and equipment maintenance program. Prepaid expenses of P1,210.2 million as September 30, 2019 went up by 25.7% from P962.4 million as of December 31, 2018 on account of the unamortized portion of prepaid real property and business taxes for the year and also higher input taxes on PPA fees and various purchases.

Total noncurrent assets of P21,770.9 million as of September 30, 2019 was higher by 8.6% compared to P20,042.7 million as of December 31, 2018. Investment in an associate decreased by 36.2% to P53.4 million as of September 30, 2019 from P83.6 million as of December 31, 2018 on account of cash dividends received from an associate. Property and equipment – net amounted to P899.0 million, up by 1.7% from P883.9 million as of December 31, 2018. Intangible assets – net of P19,048.6 million was higher by 6.0% than P17,962.6 million as of December 31, 2018. The acquisitions of property and equipment and intangible assets, which amounted to P139.2 million and P2.0 billion, respectively, was partially offset by the increase in depreciation and amortization. PFRS 16 right of use asset – net of P687.3 million as of September 30, 2019 based on new accounting standard PFRS 16 effective January 1, 2019. Deferred tax assets – net amounted to P979.9 million as of September 30, 2019, was higher by 3.0% compared to P951.3 million as of December 31, 2018. Other noncurrent assets decreased by 36.3% to P102.8 million as of September 30, 2019 from P161.3 million as of December 31, 2018 due to lower input taxes on additions to property and equipment.

Total liabilities increased by 0.6% to P13,352.3 million as of September 30, 2019 from P13,269.3 million as of December 31, 2018. Trade and other payables decreased by 6.0% to P3,570.0 million as of September 30, 2019 from P3,797.4 million as of December 31, 2018. Trade and other payables are covered by agreed payment schedules. Provisions for claims of P265.4 million as of September 30, 2019 increased by 21.0% from P219.4 million as of December 31, 2018. Concession rights payable (current and noncurrent) as of September 30, 2019 decreased by 3.6% to P8,543.5 million from P8,866.9 million as of December 31, 2018 due to payments of government share for the period. Income and other taxes payable of P285.0 million as of September 30, 2019 was lower by 13.9% compared to P330.9 million as of December 31, 2018. Pension liability of P30.0 million was down by 45.2% as of September 30, 2019 from P54.8 million as of December 31, 2018. PFRS 16 lease liability was at P658.4 million as of September 30, 2019, based on new accounting standard PFRS 16 effective January 1, 2019.

Consolidated Cash Flows

Net cash provided by operating activities in the first nine months of 2019 was P3,644.8 million, 17.1% higher than P3,111.3 million in the same period last year due to higher operating income and decrease in trade and other receivables reduced by decrease in trade and other payables and prepaid expenses.

Net cash used in investing activities in the first nine months of 2019 of P1,973.5 million was higher by 7.2% versus the P1,841.0 million in the same period last year due to higher acquisition of intangible assets reduced by decrease in other noncurrent assets.

Net cash used in financing activities in the first nine months of 2019 was P1,811.9 million, 21.9% higher than P1,486.9 million in the same period last year due to higher payments of cash dividends and payment for PFRS 16 lease liability.

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 2019:

- ATIB's total assets were only 9.0% of the consolidated total assets
- Income before other income and expense for ATIB was only 4.7% of consolidated income before other income and expenses[1].

Consolidated KPI	Manner of Calculation	As of September 30		Discussion
		2019	2018	
Return on Capital Employed	Percentage of income before interest and tax over capital employed	19.9%	19.9%	Maintained.
Return on Equity attributable to equity holders of the parent	Percentage of annualized net income over equity attributable to equity holders of the parent	22.8%	20.6%	Improved due to increase in net income.
Current ratio	Ratio of current assets over current liabilities	2.06 : 1.00	2.51 : 1.00	Decrease due to higher current liabilities.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.76 : 1.00	1.85 : 1.00	Decreased due to increase in retained earnings.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.76 : 1.00	0.85 : 1.00	Improved due to increase in stockholders' equity
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	11 days	12 days	Decreased due to improve collection.
Net Income Margin	Net income over revenues less government share in revenues	34.1%	30.4%	Increase due to higher net income growth.
Reportable Injury Frequency Rate (RIFR)[2]	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	0.61	0.83	Improved as a result of extensive safety campaign and strict implementation of HSES policies.

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

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

PART II. OTHER INFORMATION

On April 25, 2019, the Board of Directors of ATI approved a cash dividend of P0.5625 per share to stockholders on record as of May 24, 2019 payable on June 18, 2019. As of date of this report, the Company has ordinary shares only.

Submissions of SEC Form 17-C:

Date Filed	Reference	Particulars
February 15, 2019	SEC 17-C	Notice of Guidelines for Nominations for Election to the Board of Directors
February 27, 2019	SEC 17-C	Setting the date, venue, agenda and record date of the 2019 Annual Stockholders' Meeting and closing of stock and transfer book; Approval of the 2018 Audited Financial Statements; Appointment of the independent auditors for 2019
April 29, 2019	SEC 17-C	Results of the 2019 Annual Stockholders' Meeting, Declaration of Cash Dividends, Record and Payment Dates and Results of the Organizational Meeting
August 2, 2019	SEC 17-C	Audit Committee Self-Assessment (Self Rating Form)
August 23, 2019	SEC 17-C	Resignation of Mr. Matthew Leech as director and member of Executive and Compensation Committees; Election of Mr. Glen C. Hilton as replacement of Mr. Leech in the board and in the Compensation and Executive Committees; Approval of the Related Party Transactions Policy

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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 for Finance and Chief Financial Officer

Date: November 13, 2019

Principal Financial/Accounting Officer:

MARISSA R. PINCA
Senior Manager for Accounting and Financial Planning

Date: November 13, 2019

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

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**P6,691,638**	P6,868,485
Trade and other receivables - net	**618,413**	742,027
Spare parts and supplies	**629,350**	507,538
Prepaid expenses	**1,210,162**	962,362
Total Current Assets	**9,149,563**	9,080,412
Noncurrent Assets		
Investment in an associate	**53,371**	83,636
Property and equipment - net	**898,970**	883,945
Intangible assets - net	**19,048,571**	17,962,561
PFRS 16 right of use asset - net	**687,339**	-
Deferred tax assets - net	**979,883**	951,305
Other noncurrent assets	**102,757**	161,291
Total Noncurrent Assets	**21,770,891**	20,042,738
TOTAL ASSETS	**P30,920,454**	P29,123,150
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	**P3,569,950**	P3,797,432
Provisions for claims	**265,414**	219,359
Port concession rights payable - current portion	**311,917**	296,234
Income and other taxes payable	**284,971**	330,873
Total Current Liabilities	**4,432,252**	4,643,898
Noncurrent Liabilities		
Port concession rights payable - net of current portion	**8,231,561**	8,570,648
Pension liability	**30,007**	54,753
PFRS 16 lease liability	**658,431**	-
Total Noncurrent Liabilities	**8,919,999**	8,625,401
Total Liabilities	**13,352,251**	13,269,299
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	**15,298,974**	13,585,013
Fair value reserve	**(5,820)**	(5,820)
	17,557,454	15,843,493
Non-controlling Interest	**10,749**	10,358
Total Equity	**17,568,203**	15,853,851
TOTAL LIABILITIES AND EQUITY	**P30,920,454**	P29,123,150

See Notes to Consolidated Financial Statements.

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

	For the Third quarter ended September 30		For the nine months ended September 30	
	2019	2018	**2019**	2018
REVENUES FROM OPERATIONS	**P3,127,713**	P3,156,800	**P10,165,136**	P8,853,720
GOVERNMENT SHARE IN REVENUES	**(547,403)**	(605,956)	**(1,801,467)**	(1,640,492)
	2,580,310	2,550,844	**8,363,669**	7,213,228
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	**(1,472,415)**	(1,241,222)	**(4,198,042)**	(3,604,790)
OTHER INCOME AND EXPENSES				
Finance income	**35,266**	30,230	**131,849**	71,634
Finance cost	**(140,044)**	(137,607)	**(420,175)**	(404,050)
Others - net	**(10,692)**	(103,663)	**115,225**	(230,087)
	(115,470)	(211,040)	**(173,101)**	(562,503)
CONSTRUCTION REVENUES	**697,125**	531,577	**1,960,473**	1,562,104
CONSTRUCTION COSTS	**(697,125)**	(531,577)	**(1,960,473)**	(1,562,104)
	-	-	**-**	-
INCOME BEFORE INCOME TAX	**992,425**	1,098,582	**3,992,526**	3,045,935
INCOME TAX EXPENSE				
Current	**336,728**	348,994	**1,169,556**	944,459
Deferred	**(51,742)**	(38,873)	**(28,578)**	(88,565)
	284,986	310,121	**1,140,978**	855,894
NET INCOME	**P707,440**	P788,461	**P2,851,548**	P2,190,041
Income Attributable to				
Equity Holders of the Parent Company	**P707,176**	P788,050	**P2,850,577**	P2,188,493
Non - controlling interest	**264**	411	**971**	1,548
	P707,440	P788,461	**P2,851,548**	P2,190,041
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Comp:	**P0.35**	P0.39	**P1.43**	P1.09

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

	For the Third quarter ended September 30		For the nine months ended September 30	
	2019	2018	**2019**	2018
NET INCOME FOR THE PERIOD	**P707,440**	P 788,461	**P2,851,548**	P2,190,041
OTHER COMPREHENSIVE INCOME				
Items that are or may be reclassified to profit or loss				
Cash flow hedge - effective portion	-	(97,017)	-	(587,960)
Cash flow hedge - reclassified to profit or loss	-	117,064	-	289,677
Tax on items taken directly to equity	-	(6,014)	-	89,485
	-	14,033	-	(208,798)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD -				
Net of tax	-	14,033	-	(208,798)
TOTAL COMPREHENSIVE INCOME	**P707,440**	P802,494	**P2,851,548**	P1,981,243
Total Comprehensive Income Attributable to				
Equity Holders of the Parent Company	**P707,176**	P 802,083	**P2,850,577**	P1,979,695
Non - controlling interest	**264**	411	**971**	1,548
	P707,440	P 802,494	**P2,851,548**	P1,981,243

See Notes to Consolidated Financial Statements.

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

	Attributable to Equity Holders of the Parent Company								
			Retained Earnings						
	Common Stock	Additional Paid-in Capital	Appropriated for Port Development	Unappropriated	Hedging Reserve	Fair Value Reserves	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2019	**P2,000,000**	**P264,300**	**P10,500,000**	**P3,085,013**	**P -**	**(P 5,820)**	**P15,843,493**	**P10,358**	**P15,853,851**
Cash dividends - P0.5625 a share for ATI	-	-	-	**(1,125,000)**	-	-	**(1,125,000)**	**(580)**	**(1,125,580)**
Net income for the period	-	-	-	**2,850,577**	-	-	**2,850,577**	**971**	**2,851,548**
PFRS 16 Adjustments	-	-	-	**(11,616)**	-	-	**(11,616)**	-	**(11,616)**
Balance at September 30, 2019	**P2,000,000**	**P264,300**	**P10,500,000**	**P4,798,974**	**P -**	**(P 5,820)**	**P17,557,454**	**P10,749**	**P17,568,203**
Balance at January 1, 2018	P2,000,000	P264,300	P9,700,000	P1,875,652	(P 207,620) P	(5,820)	P13,626,512	P9,029	P13,635,541
Cash dividends - P0.45 a share for ATI	-	-	-	(900,000)	-	-	(900,000)	(580)	(900,580)
Net income for the period	-	-	-	2,188,493	-	-	2,188,493	1,548	2,190,041
Other comprehensive income									
Cash flow hedge - effective portion - net of tax	-	-	-	-	(411,571)	-	(411,571)	-	(411,571)
Cash flow hedge - reclassified to profit or loss - net of tax	-	-	-	-	202,774	-	202,774	-	202,774
Balance at Septebmer 30, 2018	P2,000,000	P264,300	P9,700,000	P3,164,145	(P 416,417)	(P 5,820)	P14,706,209	P9,996	P14,716,205

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

	For the third quarter ended September 30		*For the nine months ended September 30*	
	2019	2018	**2019**	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**P992,425**	P1,098,582	**P3,992,526**	P3,045,935
Adjustments for:				
Depreciation and amortization	**394,413**	281,881	**1,128,222**	843,400
Finance cost	**140,044**	137,607	**420,175**	404,050
Finance income	**(35,266)**	(30,230)	**(131,849)**	(71,634)
Contribution to retirement funds	**(9)**	-	**(48,796)**	(60,469)
Net unrealized foreign exchange gains (losses)	**38,992**	86,775	**(100,163)**	186,551
Equity in net earnings of an associate	**(10,166)**	(15,136)	**(38,873)**	(40,905)
Gain on disposals of:				
Property and equipment	**698**	(2,009)	**3,714**	(2,418)
Intangible assets	**786**	-	**4,867**	-
Provisions for inventory obsolescence	**6,000**	8,000	**18,000**	8,000
PFRS 16 adjustment	**-**	-	**(43,740)**	-
Operating income before working capital changes	**1,527,917**	1,565,470	**5,204,083**	4,312,510
Reversals for:				
Doubtful accounts	**-**	(5,950)	**-**	(5,950)
Decrease (increase) in:				
Trade and other receivables	**20,721**	(37,698)	**112,408**	(89,721)
Spare parts and supplies	**(49,542)**	(15,870)	**(139,812)**	(102,136)
Prepaid expenses	**(21,075)**	55,983	**(247,800)**	(118,853)
Increase (decrease) in:				
Trade and other payables	**540,257**	(72,310)	**(257,564)**	(1,696)
Provisions for claims	**100,210**	(7,314)	**46,055**	10,369
Income and other taxes payable	**(68)**	(49,970)	**21,412**	(37,589)
Cash generated from operations	**2,118,420**	1,432,341	**4,738,782**	3,966,934
Finance income received	**36,349**	30,595	**143,055**	63,096
Finance cost paid	**(61)**	(89)	**(164)**	(334)
Income tax paid	**(390,421)**	(328,538)	**(1,236,870)**	(918,358)
Net cash provided by operating activities	**1,764,287**	1,134,309	**3,644,803**	3,111,338
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and Equipment	**(45,089)**	(73,675)	**(139,204)**	(166,258)
Intangible assets	**(1,362,278)**	(531,577)	**(1,953,392)**	(1,562,104)
Decrease (increase) in other noncurrent assets	**6,380**	(51,276)	**59,647**	(172,756)
Proceeds from disposals of:				
Property and Equipment	**(698)**	2,009	**(3,714)**	2,418
Intangible assets	**(734)**	2	**(4,815)**	2
Increase in deposits	**(4,341)**	-	**(1,113)**	(4,985)
Dividends received	**69,138**	-	**69,138**	62,690
Net cash used in investing activities	**(1,337,622)**	(654,517)	**(1,973,453)**	(1,840,993)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	**-**	-	**(1,125,000)**	(900,000)
Cash dividend to non-controlling interest	**-**	-	**(580)**	(580)
PFRS 16 lease liability	**(43,756)**	-	**(104,383)**	-
Port concession rights payable	**(196,133)**	(195,448)	**(581,888)**	(586,343)
Net cash used in financing activities	**(239,889)**	(195,448)	**(1,811,851)**	(1,486,923)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**186,776**	284,344	**(140,501)**	(216,578)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**36,252**	30,291	**(36,346)**	103,125
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	**6,468,610**	6,517,101	**6,868,485**	6,945,189
CASH & CASH EQUIVALENTS AT END OF YEAR	**P6,691,638**	P 6,831,736	**P6,691,638**	P6,831,736

SELECTED
EXPLANATORY NOTES
September 30, 2019
(Amounts in Thousands)

1. Segment Information

Information with regard to the Company's Port business segment is presented below:

	For the nine months ended September 30	
	2019	2018
Revenue	**P10,165,136**	P8,853,720
Intangible Assets (excluding goodwill)	**19,006,512**	16,515,041
Property and equipment - net	**898,970**	646,634
Total assets	**30,920,454**	27,187,947
Total liabilities	**13,352,251**	12,471,742
Capital expenditures		
Intangible Assets	***1,960,473***	*1,562,104*
Property and equipment	**139,204**	166,258
Depreciation and amortization	**1,128,222**	843,400
Noncash expenses (income) other than depreciation and amortization	**18,000**	8,000

2. Trade and Other Receivables

	As of September 30, 2019	As of December 31, 2018 (Audited)
Trade receivables	**P511,442**	P658,794
Receivable from insurance	**37,132**	19,357
Due from related parties	**33,437**	11,246
Receivable from escrow fund	**13,635**	13,635
Advances to officers and employees	**13,382**	19,546
Interest receivable	**5,455**	16,661
Other receivables	**14,459**	15,440
	628,942	754,679
Allowance for impairment losses	***(10,529)***	*(12,652)*
	P618,413	P742,027

Trade and other receivables are noninterest-bearing and generally have credit term of thirty (30) days.

3. Property and Equipment

A summary of property and equipment follows:

	Port facilities and equipment	Leasehold improvements	Furnitures, fixtures and equipment	Transportation and other equipment	Construction In-progress	September 30, 2019	December 31, 2018 (Audited)
Cost							
Balance at beginning of year	P 164,443	P 599,967	P 668,665	P 205,541	P 254,505	P 1,893,121	P 1,501,700
Additions	21,420	33,580	18,146	47,664	20,894	141,704	436,192
Disposals	(60,135)	-	(1,282)	(5,363)	-	(66,780)	(44,771)
Reclassifications	72,487	-	11,289	2,277	(46,382)	39,671	-
Balance at end of year	198,215	633,547	696,818	250,119	229,017	2,007,716	1,893,121
Accumulated depreciation							
Balance at beginning of year	132,668	392,342	363,444	120,722	-	1,009,176	936,082
Depreciation	8,172	15,540	69,604	22,464	-	115,780	117,865
Disposals	(60,135)	-	(1,282)	(5,363)	-	(66,780)	(44,771)
Balance at end of year	80,705	407,882	432,337	137,823	-	1,108,746	1,009,176
Carrying Amount	P 117,510	P 225,665	P 214,481	P 112,296	P 229,017	P 898,970	P 883,945

4. Intangible Assets

As of September 30, 2019

	Port Concession Rights					
	Upfront Fees	**Fixed Fees**	**Port Infrastructure**	**SubTotal**	**Goodwill**	**Total**
Cost						
Balance at beginning of year	P282,000	P9,279,694	P18,251,073	P27,812,767	P42,060	P27,854,827
Additions	-	-	1,960,473	1,960,473	-	1,960,473
Disposals	-	-	(99,104)	(99,104)	-	(99,104)
Balance at end of year	282,000	9,279,694	20,112,442	29,674,136	42,060	29,716,196
Accumulated amortization						
Balance at beginning of year	63,374	3,172,774	6,656,117	9,892,265	-	9,892,265
Amortization	5,640	292,767	576,005	874,412	-	874,412
Disposals	-	-	(99,052)	(99,052)	-	(99,052)
Balance at end of year	69,014	3,465,541	7,133,070	10,667,625	-	10,667,625
Carrying Amount	P212,986	P5,814,153	P12,979,372	P19,006,511	P42,060	P19,048,571

As of December 31, 2018 (Audited)

	Port Concession Rights					
	Upfront Fees	Fixed Fees	Port Infrastructure	SubTotal	Goodwill	Total
Cost						
Balance at beginning of year	P282,000	P9,279,694	P15,084,610	P24,646,304	P42,060	P24,688,364
Additions	-	-	3,222,423	3,222,423	-	3,222,423
Disposals	-	-	(55,960)	(55,960)	-	(55,960)
Balance at end of year	282,000	9,279,694	18,251,073	27,812,767	42,060	27,854,826
Accumulated amortization						
Balance at beginning of year	52,094	2,786,178	6,096,935	8,935,207	-	8,935,207
Additions	11,280	386,596	615,141	1,013,017	-	1,013,017
Disposals	-	-	(55,958)	(55,958)	-	(55,958)
Balance at end of year	63,374	3,172,774	6,656,117	9,892,265	-	9,892,265
Carrying Amount	P218,626	P6,106,920	P11,594,956	P17,920,502	P42,060	P17,962,561

5. Trade and Other Payables

	September 30, 2019	December 31, 2018 (Audited)
Trade	P330,592	P370,635
Accrued expenses:		
Marketing, commercial and promotion	853,997	518,798
Personnel costs	291,442	222,876
Finance costs	145,625	151,091
Professional fees	119,039	147,924
Repairs and maintenance	113,162	86,111
Security expenses	40,138	45,344
Rental	39,229	65,089
Trucking Expenses	31,068	30,790
Corporate social responsibility	15,102	*11,842*
Utilities	13,923	14,210
Safety and environment	4,722	4,723
Miscellaneous accrued expenses	30,407	61,638
Due to government agencies	680,442	696,023
Equipment acquisitions	607,348	1,133,236
Shippers' and brokers' deposits	82,586	110,403
Due to related parties	15,357	10,489
Other Payables	155,771	116,210
	P3,569,950	P3,797,432

6. Other Income and Expenses

Finance cost is broken down as follows:

	For the nine months ended September 30	
	2019	2018
Interest on port concession rights payable	**P398,208**	P398,798
Interest component of pension expense	**1,665**	4,918
Interest on bank loans/credit facilities	**163**	334
Interest on PFRS 16 lease liability	**20,139**	-
	P420,175	P404,050

Finance income is broken down as follows:

	For the nine months ended September 30	
	2019	2018
Interest on cash in banks and short-term investments	**P131,849**	P70,074
Accretion of rental deposits	**-**	1,560
	P131,849	P71,634

Others consisted of the following:

	For the nine months ended September 30	
	2019	2018
Income from insurance claims	**P44,046**	P-
Equity in net earnings of an associate	**38,873**	40,905
Foreign exchange gains (losses) - port concession rights payable	**38,270**	(95,897)
Lease and other income - net	**16,117**	3,590
Management income	**7,288**	7,295
Foreign exchange gains (losses) - others	**(29,369)**	103,697
Foreign exchange losses -cash flow hedge	**-**	(289,677)
	P115,225	P (230,087)

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

7. Financial Risk and Capital Management Objectives and Policies

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

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The BOD reviews and agrees on policies for managing each of these risks.

Interest Rate Risk

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

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

	September 30, 2019	December 31, 2018 (Audited)
Fixed Rate Instruments		
Cash and cash equivalents	**P6,690,930**	P6,867,826

Excluding cash on hand amounting to P0.7 million as at September 30, 2019 and 2018.

Fair Value Sensitivity Analysis for Fixed Rate Instruments

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

Liquidity Risk

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

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

As of September 30, 2019	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*	**P2,889,508**	**P354,355**	**P514,972**	**P2,020,181**	**P -**	**P -**	**P2,889,508**
Port concession rights payable	**8,543,478**	**-**	**197,991**	**593,973**	**3,995,247**	**7,817,742**	**12,604,953**
Total	**P11,432,986**	**P354,355**	**P712,963**	**P2,614,154**	**P3,995,247**	**P7,817,742**	**P15,494,461**

** excluding due to government agencies amounting to P680.4 million*

As of December 31, 2018 (Audited)	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*	P3,101,409	P345,689	P492,020	P2,263,700	P -	P -	P3,101,409
Port concession rights payable	8,866,882		197,152	591,457	4,003,742	8,373,061	13,165,412
Total	P11,968,291	P345,689	P689,172	P2,855,157	P4,003,742	P8,373,061	P16,266,821

** excluding due to government agencies amounting to P696.0 million*

Credit Risk

Credit risk on trade and other receivables represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations.

The Company trades only with recognized and 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/annual review and evaluation of accounts is being implemented to assess the credit standing of customers.

The Company does not require collateral in respect of trade and other receivables. The Company does not have trade and other receivables for which no loss allowance is recognized because of collateral. The carrying amounts of trade and other receivables represent the maximum credit exposure.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash in bank and cash equivalents, deposits and FVOCI - equity, 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. The Company trades only with reputable banks and recognized third parties.

Exposure to credit risk is monitored on an ongoing basis. Credit checks are being performed on all clients requesting credit over certain amounts. Credit is not extended beyond authorized limits, established where appropriate through consultation with a professional credit vetting organization. Credit granted is subject to regular review, to ensure it remains consistent with the clients' current credit worthiness and appropriate to the anticipated volume of business.

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

	As of September 30, 2019	As of December 31, 2018 (Audited)
Cash and cash equivalents*	**P6,690,930**	P6,867,826
Trade and other receivables - net	**618,413**	742,027
Deposits	**42,154**	41,040
Equity securities	**2,652**	2,652
	P7,354,149	P7,653,545

**excluding cash on hand amounting to P0.7 million as at September 30, 2019 and 2018.*

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

The table below shows the credit quality of the Company's financial assets based on their historical experience with the corresponding debtor.

	As at September 30, 2019			
	Grade A	**Grade B**	**Grade C**	**Total**
Cash in banks and cash equivalents	**P6,690,930**	**P -**	**P -**	**P6,690,930**
Trade and other receivables - net	**370,014**	**248,399**	**-**	**618,413**
Deposits	**42,154**	**-**	**-**	**42,154**
Equity securities	**2,652**	**-**	**-**	**2,652**
	P7,105,750	**P248,399**	**P -**	**P7,354,149**

	As at December 31, 2018 (Audited)			
	Grade A	Grade B	Grade C	Total
Cash in banks and cash equivalents	P6,867,826	P -	P -	P6,867,826
Trade and other receivables - net	407,285	334,742	-	742,027
Deposits	41,040	-	-	41,040
Equity securities	2,652	-	-	2,652
	P7,318,803	P334,742	P -	P7,653,545

Grade A receivables pertain to those receivables from customers that always pay on time or even before the maturity date. Grade B includes receivables that are collected on their due dates provided that they were reminded or followed up by the Company. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Company are included under Grade C.

Cash in banks is considered good quality (Grade A) as this pertains to deposits in reputable banks.

Expected Credit Loss Assessment as at September 30, 2019

The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying expected credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Exposures within each credit risk grade are segmented by industry classification and an ECL rate is calculated for each segment based on delinquency and actual credit loss experience.

The following table provides information about the exposure to credit risk for trade and other receivables as at September 30, 2019:

	Gross Carrying Amount	**Impairment Loss Allowance**	**Credit-impaired**
Current (not past due)	P566,116	P -	No
1 - 30 days past due	6,262	-	No
31 - 60 days past due	5,644	-	No
61- 90 days past due	39,501	-	No
More than 90 days past due	11,418	10,529	Yes
Balance at September 30, 2019	**P628,942**	**P10,529**	

Loss rates are based on actual credit loss experience over three years considering circumstances at the reporting date. Any adjustment to the loss rates for forecasts of future economic conditions are not expected to be material. The Company applies the simplified approach in providing for expected credit losses prescribed by PFRS 9, which permits the use of the lifetime expected loss provision and applies a provision matrix. The application of the expected loss rates to the receivables of the Company does not have a material impact on the financial statements.

The maturity of the Company's trade and other receivables is less than one year so the lifetime expected credit losses and the 12-month expected credit losses are similar.

Cash in Banks and Cash Equivalents

The Company held cash in banks and cash equivalents of P6.7 billion and P6.9 billion as at September 30, 2019 and December 31, 2018, respectively. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Grade A.

Impairment on cash in banks and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash in bank and cash equivalents have low credit risk based on the external credit ratings of the counterparties and any ECL is expected to be immaterial.

Foreign Currency Risk

The Company has foreign currency financial assets and liabilities arising from US dollar denominated revenues, lease payments, government share, 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 September 30, 2019	As of December 31, 2018
Assets		
Cash and cash equivalents	**US$56,866**	US$45,648
	56,866	45,648
Liabilities		
Trade and other payables	**11,358**	2,998
Port concession rights payable	**139,782**	142,611
	151,140	145,609
Net foreign currency-denominated liabilities	**(US$94,274)**	(US$99,961)
Peso equivalent	**(P4,886,221)**	(P5,255,949)

The exchange rates applicable for US dollar as at September 30, 2019 and December 31, 2018 are P51.83 and P52.58, respectively.

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, 2019			
	5%	***(P244,311)***	***(P171,018)***
	-5%	**244,311**	**171,018**
December 31, 2018			
	5%	(P262,797)	(P183,958)
	-5%	262,797	183,958

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 capital stock, additional paid-in capital, retained earnings, fair value reserve and hedging 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, 2019.

The Company is not subject to externally imposed capital requirements.

The table below shows the capital structure of the Company.

	September 30, 2019	December 31, 2018 (Audited)
Capital Stock	**P2,000,000**	P2,000,000
Additional paid-in capital	**264,300**	264,300
Retained Earnings	**15,298,974**	13,585,013
Fair value reserve	**(5,820)**	(5,820)
Total	**P17,557,454**	P15,843,493

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, 2019		As of December 31, 2018 (Audited)	
	Carrying Amount	**Fair Values**	Carrying Amount	Fair Values
Financial Assets				
Cash and cash equivalents	**P6,691,638**	**P6,691,638**	P6,868,485	P6,868,485
Trade and other receivables - net	**618,413**	**618,413**	742,027	742,027
Deposits	**42,154**	**46,852**	41,040	44,298
	7,352,205	**7,356,903**	7,651,552	7,654,810
Equity securities	**2,652**	**2,652**	2,652	2,652
	P7,354,857	**P7,359,555**	P7,654,204	P7,657,462
Financial Liabilities				
Other Financial liabilities:				
Trade and other payables*	**P2,889,508**	**P2,889,508**	P3,101,409	P3,101,409
Port concession rights payable	**8,543,478**	**10,063,716**	8,866,882	9,060,531
IFRS 16 Lease Liability	**658,431**	**658,431**	-	-
	P12,091,417	**P13,611,655**	P11,968,291	P12,161,940

** excluding due to government agencies amounting to P680.4 million and P696.0 million in 2019 and 2018, respectively.*

Fair Value of Financial Instruments

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

Nonderivative Financial Instruments

Quoted market prices have been used to determine the fair values of listed equity securities. The fair values of unquoted equity securities are not reliably determinable.

For noninterest-bearing deposits, the fair value is estimated as the present value of all future cash discounted using the prevailing market rate on interest for a similar instrument. The discount rates used are 4.2% in 2019 and 7.0% in 2018.

The fair value of port concession rights payable was estimated at the present value of all future cash flows discounted using the applicable rates for similar types of loans ranging from 4.64% to 5.03% in 2019 and 6.61% to 7.13% in 2018.

Fair Value Hierarchy

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

Fair Value Hierarchy

As of September 30, 2019	**Level 1**	**Level 2**	**Level 3**
Equity securities	**P933**	**P -**	**P1,719**
Port concession rights payable	**-**	**10,063,716**	**-**
	P933	**P10,063,716**	**P1,719**

As of December 31, 2018 (Audited)	Level 1	Level 2	Level 3
Equity securities	P933	P -	P1,719
Port concession rights payable	-	9,060,531	-
	P933	P9,060,531	P1,719

There have been no transfers from one level to another in 2019 and 2018.