108122016001506

SECURITIES AND EXCHANGE COMMISSION

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Company Information

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

Document Information

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COVER SHEET

1	3	3	6	5	3

S.E.C. Registration Number

ASIAN TERMINALS INC.

(Company's Full Name)

ATI HEAD OFFICE A. BONIFACIO DRIVE, PORT AREA, MANILA 1018

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

ATTY. RODOLFO G. CORVITE,JR.

Contact Person

5286000

Company Telephone Number

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Month	*Day*	FORM TYPE	*Month*	*Day*
			2016 Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

8 4 9

As of July 31, 2016
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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SEC Number: 133653
File Number: ______

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

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

(632) 528-6000
(Telephone Number)

December 31
Calendar Year Ending
(Month & Day)

SEC Form 17-Q
Form Type

____
Amendment Designation (if applicable)

June 30, 2016
Period Ended Date

____
(Secondary License Type and File Number)

cc: Philippine Stock Exchange

ASIAN TERMINALS, INCORPORATED

Securities and Exchange Commission

SEC FORM 17-Q

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

1. For the quarter ended : **June 30, 2016**
2. Commission identification Number : **133653**
3. BIR Tax Identification No. : **330-000-132-413-V**
4. Exact name of issuer as specified in its charter : **ASIAN TERMINALS, INC.**
5. Province, country or other jurisdiction of incorporation or organization: **Manila, Philippines**
6. Industry Classification Code :_____________ (SEC Use Only)
7. Address of issuer's principal office : **A. Bonifacio Drive South Harbor, Port Area, Manila**
8. Issuer's telephone number, including area code : **528-6000 (telephone number), 1018 (area code)**
9. Former name, former address and former fiscal year, if changed since last report: **A. Bonifacio Drive, South Harbor Port Area, Manila**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

Yes [X] No [ ]

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

Philippine Stock Exchange Common Shares

12. Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

With reference to the attached interim financial statements:

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

New Standards, Amendments to Standards and Interpretations

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

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

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

- *Equity Method in Separate Financial Statements (Amendments to PAS 27).* The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries.

- *Annual Improvements to PFRSs 2012 – 2014 Cycle.* This cycle of improvements contains amendments to four standards:

  - *Disclosure of information "elsewhere in the interim financial report' (Amendment to PAS 34).* PAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report). The interim financial report is incomplete if the interim financial statements and any disclosure incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

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

- *Disclosure Initiative (Amendments to PAS 1)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:

  - Information should not be obscured by aggregating or by providing immaterial information.

  - Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.

  - The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

  - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

Effective January 1, 2018

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

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

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

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

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

- *PFRS 15 Revenue from Contracts with Customers* replaces PAS 11 *Construction Contracts*, PAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

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

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

Consolidated Results of Operations for the six months ended June 30, 2016

Revenues for the six months ended June 30, 2016 totaled P4,397.1 million. The 2.6% growth from P4,286.1 million last year was due to higher container volume in South Harbor as well as increased volume of international CBUs in Batangas.

Cost and expenses in the first six months of 2016 of P1,963.1 million went up by 4.0% from P1,887.0 million in the same period last year. Labor costs increased by 4.3% to P586.5 million in 2016 from P562.4 million last year due to salary rate increases. Depreciation and amortization of P553.5 million in 2016 was higher by 22.9% compared to P450.4 million last year on account of additions to intangible assets from acquisitions and contract renewal for Port of Batangas in October 2015. Insurance of P34.0 million increased by 10.0% compared to P30.9 million last year due to higher insurance premiums. Other expenses in 2016 totaled P124.7 million, 29.5% above the P96.3 million last year due to higher provision for claims.

Equipment running costs were slightly down by 0.6% to P228.7 million this year from P230.2 million last year due to lower fuel and electricity costs. Taxes and licenses in 2016 declined by 17.8% to P124.8 million from P151.8 million in 2016 due to lower real property taxes. Rentals in 2016 decreased by 28.3% to P74.0 million from P103.2 million in the same period last year due to lower equipment rentals. Security, health, environment and safety dropped by 9.5% to P82.9 million in 2016 from P91.6 million in 2015 due to lower safety costs. Management fees this year of P60.3 million was slightly lower by 0.6% compared to P60.7 million last year. Facilities-related expenses amounted to P63.1 million in 2016, 9.3% below the P69.6 million in 2015 due to lower repair costs for pavements, lighting and air conditioning. General transport went down by 41.4% to P7.4 million in 2016 from P12.6 million in 2015 on account of lower trucking costs.

Finance income in 2016 of P30.0 million increased by 13.4% from P26.5 million last year due to higher cash balances and higher interest rates for money market placements. Finance costs in 2016 of P292.2 million were higher by 8.9% vs. P268.3 million in 2015 due to increase in interest expense on concession rights payable following the contract renewal for Port of Batangas in October 2015. Others-net went down to negative P5.7 million in 2016 from negative P11.8 million in 2015 as business interruption claim from insurance on damaged equipment mitigated higher forex losses on cash flow hedge and port concession rights payable.

Income before income tax in the first six months of 2016 was at the same level as last year at P1,393.6 million. Provision for income tax decreased by 2.5% to P378.6 million in 2016 from P388.3 million in the same period last year.

Net income for the six months ended June 30, 2016 of P1,015.1 million was slightly higher by 1.0% than P1,005.3 million for the same period last year. Excluding the foreign exchange gain (losses) attributable to port concession rights payable, net income would have been P1,095.7 million for the six months of 2016, 6.3% higher than P1,030.4 million for the same period last year. Earnings per share this year was P0.51, last year was P0.50.

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

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

In the first six months of 2016:

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

Consolidated Financial Condition

Total assets as of June 30, 2016 grew by 2.3% to P21,838.0 million from P21,341.8 million as of December 31, 2015. Current assets increased by 14.3% to P5,988.7 million as of June 30, 2016 from P5,237.6 million as of December 31, 2015. Cash and cash equivalents of P4,697.8 million as of June 30, 2016 was higher by 14.1% compared to P4,118.8 million as of December 31, 2015. Trade and other receivables-net went up by 19.0% to P419.4 million as of June 30, 2016 from P352.4 million as of end 2015. Spare parts and supplies-net of P292.3 million as of June 30, 2016 rose by 11.3% compared to P262.8 million as of December 31, 2015. Prepaid expenses as of June 30, 2016 totaled P579.2 million, 15.0% up from P503.7 million as of December 31, 2015 on account of the unamortized portion of prepaid real property and business taxes for the year.

Total noncurrent assets as of June 30, 2016 of P15,849.3 million were lower by 1.6% compared to P16,104.2 million as of December 31, 2015. Investment in an associate decreased by 3.2% to P51.6 million as of June 30, 2016 from P53.3 million as of December 31, 2015 on account of cash dividends received from an associate. Property and equipment – net as of June 30, 2016 went down to P470.1 million from P491.0 million as of December 31, 2015 on account of depreciation for the period. Additions to property and equipment which were not subject of the service concession arrangement totaled P24.0 million in the first two quarters of 2016. Intangible assets – net as of June 30, 2016 amounted to P14,620.8 million, 1.8% lower than P14,892.3 million as of December 31, 2015 mainly due to amortization for the period. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P240.1 million in the first two quarters of 2016. Deferred tax assets – net amounted to P604.0 million as of June 30, 2016, 6.7% above P566.3 million as of December 31, 2015. Other noncurrent assets increased by 2.7% to P60.8 million as of June 30, 2016 from P59.1 million as of December 31, 2015 due to unamortized portion of input taxes on additions to property and equipment and intangible assets.

Total liabilities increased by 2.3% to P10,833.7 million as of June 30, 2016 from P10,594.1 million as of December 31, 2015. Trade and other payables went up by 13.1% to P1,599.0 million as of June 30, 2016 from P1,414.3 million as of December 31, 2015. Trade and other payables are covered by agreed payment schedules. Provisions for claims of P57.2 million as of June 30, 2016 grew by 6.8% compared to P53.5 million as of December 31, 2015. Concession rights payable (current and noncurrent) slightly decreased by 0.8% to P8,672.7 million as of June 30, 2016 from P8,740.7 million as of December 31, 2015 due to payments of government share for the period, offset by the contract renewal for Port of Batangas in October 2015. Income and other taxes payable of P287.6 million as of June 30, 2016 was 47.5% above the P195.0 million as of December 31, 2015 due to income tax for the second quarter of 2016. Pension liability of P217.2 million were higher by 14.0% as of June 30, 2016 compared to P190.6 million as of December 31, 2015.

Consolidated Cash Flows

Net cash provided by operating activities in the first six months of 2016 was P1,989.7 million, 65.0% higher than P1,205.5 million in the same period last year due to higher operating income.

Net cash used in investing activities in the first two quarters of 2016 was P235.2 million, 8.1% lower than P255.8 million in the same period last year due to lower acquisition of property and equipment.

Net cash used in financing activities in the first six months of 2016 was P1,177.8 million, 2.4% higher than P1,149.7 million in the same period last year due to higher payments of port concession rights payable.

Key Performance Indicators (KPI)

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

- ATIB's total assets were only 9.8% of the consolidated total assets
- Income before other income and expense for ATIB was only 14.7% of consolidated income before other income and expenses[1].

Consolidated KPI	Manner of Calculation	As of June 30		Discussion
		2016	2015	
Return on Capital Employed	Percentage of annualized income before other income and expenses over capital employed	15.0%	16.7%	Decrease due to higher capital employed.
Return on Equity attributable to equity holders of the parent	Percentage of annualized net income over equity attributable to equity holders of the parent	18.7%	19.9%	Decrease due to higher equity.
Current ratio	Ratio of current assets over current liabilities	2.77 : 1.00	2.50 : 1.00	Increase due to higher current assets.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.99 : 1.00	1.93 : 1.00	Increase due to higher assets.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.99 : 1.00	0.93 : 1.00	Weakened due to higher debt (increase in port concession rights payable following the contract renewal for Port of Batangas).
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	11 days	9 days	Increase due to higher level of receivables.

Reportable Injury Frequency Rate (RIFR)[2]	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	0.92	1.63	Improved as a result of extensive safety campaign and strict implementation of policy on health, safety and environment.

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

[2] 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 28, 2016, the Board of Directors of ATI approved a cash dividend of P0.41 per share to stockholders on record as of May 20, 2016. Dividends were paid on June 15, 2016. As of date of this report, the Company has ordinary shares only.

Submissions of SEC Form 17-C:

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

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 12, 2016

Principal Financial/Accounting Officer:

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

Date : August 12, 2016

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

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**P4,697,761**	P4,118,761
Trade and other receivables - net	**419,395**	352,386
Spare parts and supplies	**292,348**	262,772
Prepaid expenses	**579,198**	503,676
Total Current Assets	**5,988,702**	5,237,595
Noncurrent Assets		
Investment in an associate	**51,625**	53,337
Property and equipment - net	**470,062**	491,030
Intangible assets - net and goodwill	**14,662,834**	14,934,326
Deferred tax assets - net	**603,995**	566,331
Other noncurrent assets	**60,758**	59,145
Total Noncurrent Assets	**15,849,274**	16,104,169
TOTAL ASSETS	**P21,837,976**	P21,341,764
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	**P1,599,048**	P1,414,259
Provisions for claims	**57,191**	53,539
Port concession rights payable - current portion	**216,019**	194,696
Income and other taxes payable	**287,621**	195,030
Total Current Liabilities	**2,159,879**	1,857,524
Noncurrent Liabilities		
Port concession rights payable - net of current portion	**8,456,667**	8,546,021
Pension liability	**217,181**	190,593
Total Noncurrent Liabilities	**8,673,848**	8,736,614
	10,833,727	10,594,138
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock	**2,000,000**	2,000,000
Additional paid-in capital	**264,300**	264,300
Retained earnings	**8,964,386**	8,770,700
Hedging reserve	**(224,224)**	(286,578)
Fair value reserve	**(5,820)**	(5,820)
	10,998,642	10,742,602
Non-controlling Interest	**5,607**	5,024
Total Equity	**11,004,249**	10,747,626
TOTAL LIABILITIES AND EQUITY	**P21,837,976**	P21,341,764

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

	For the second quarter ended June 30		For the six months ended June 30	
	2016	2015	**2016**	2015
REVENUES FROM OPERATIONS	**P2,431,541**	P1,927,091	**P4,397,082**	P4,286,123
GOVERNMENT SHARE IN REVENUES	**(458,738)**	(365,609)	**(772,426)**	(751,925)
	1,972,803	1,561,482	**3,624,656**	3,534,198
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	**(1,011,945)**	(950,604)	**(1,963,077)**	(1,887,048)
OTHER INCOME AND EXPENSES				
Finance income	**15,125**	14,169	**30,031**	26,476
Finance cost	**(145,730)**	(133,878)	**(292,226)**	(268,276)
Others - net	**43,322**	(5,466)	**(5,744)**	(11,752)
	(87,283)	(125,175)	**(267,939)**	(253,552)
CONSTRUCTION REVENUES	**96,754**	144,495	**240,077**	236,298
CONSTRUCTION COSTS	**(96,754)**	(144,495)	**(240,077)**	(236,298)
	-	-	**-**	-
INCOME BEFORE INCOME TAX	**873,575**	485,702	**1,393,640**	1,393,597
INCOME TAX EXPENSE				
Current	**271,566**	149,496	**442,960**	424,310
Deferred	**(30,954)**	(19,479)	**(64,387)**	(36,007)
	240,612	130,017	**378,573**	388,303
NET INCOME	**P632,963**	P355,685	**P1,015,067**	P1,005,294
Income Attributable to				
Equity Holders of the Parent Company	**P632,175**	P354,943	**P1,013,686**	P1,003,879
Non - controlling interest	**788**	741	**1,381**	1,415
	P632,963	P355,684	**P1,015,067**	P1,005,294
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	**P0.32**	P0.18	**P0.51**	P0.50

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

	For the second quarter ended June 30				For the six months ended June 30			
		2016		2015		2016		2015
NET INCOME FOR THE PERIOD	**P**	**632,963**	P	355,685	**P**	**1,015,067**	P	1,005,294
OTHER COMPREHENSIVE INCOME								
Items that are or may be reclassified to profit or loss								
Cash flow hedge - effective portion		**(144,347)**		(58,024)		**702**		(55,035)
Cash flow hedge - reclassified to profit or loss		**38,666**		12,379		**88,375**		20,947
Tax on items taken directly to equity		**31,704**		13,694		**(26,723)**		10,226
		(73,977)		(31,952)		**62,354**		(23,862)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD - Net of tax		**(73,977)**		(31,953)		**62,354**		(23,862)
TOTAL COMPREHENSIVE INCOME	**P**	**558,986**	P	323,733	**P**	**1,077,421**	P	981,432
Total Comprehensive Income Attributable to								
Equity Holders of the Parent Company	**P**	**558,198**	P	322,992	**P**	**1,076,040**	P	980,017
Non - controlling interest		**788**		741		**1,381**		1,415
	P	**558,986**	P	323,733	**P**	**1,077,421**	P	981,432

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, 2016	P2,000,000	P264,300	P4,700,000	P4,070,700	(P286,578)	(P5,820)	P10,742,602	P5,024	P10,747,626
Cash dividends - P0.41 a share for ATI	-	-	-	(820,000)	-	-	(820,000)	(579)	(820,579)
Purchase of shares of subsidiary	-	-	-	-	-	-	-	(219)	(219)
Net income for the period	-	-	-	1,013,686	-	-	1,013,686	1,381	1,015,067
Other comprehensive income									
Cash flow hedge - effective portion - net of tax	-	-	-	-	492	-	492	-	492
Cash flow hedge - reclassified to profit or loss - net of tax	-	-	-	-	61,862	-	61,862	-	61,862
Balance at June 30, 2016	**P2,000,000**	**P264,300**	**P4,700,000**	**P4,264,386**	**(P224,224)**	**(P5,820)**	**P10,998,642**	**P5,607**	**P11,004,249**
Balance at January 1, 2015	P2,000,000	P264,300	P4,700,000	P3,141,267	P (106,838)	(P5,820)	P9,992,909	P4,551	P9,997,460
Cash dividends - P0.41 a share for ATI	-	-	-	(820,000)	-	-	(820,000)	(830)	(820,830)
Net income for the period	-	-	-	1,003,879	-	-	1,003,879	1,415	1,005,294
Other comprehensive income									
Cash flow hedge - effective portion - net of tax	-	-	-	-	(38,525)	-	(38,525)	-	(38,525)
Cash flow hedge - reclassified to profit or loss - net of tax	-	-	-	-	14,663	-	14,663	-	14,663
Balance at June 30, 2015	P2,000,000	P264,300	P4,700,000	P3,325,146	P (130,700)	(P5,820)	P10,152,926	P5,136	P10,158,062

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	
	2016	2015	**2016**	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**P 873,576**	P 485,702	**P 1,393,640**	P 1,393,597
Depreciation and amortization	**279,181**	226,714	**553,469**	450,427
Finance cost	**145,730**	133,877	**292,226**	268,275
Finance income	**(15,125)**	(14,169)	**(30,031)**	(26,476)
Net unrealized foreign exchange losses	**38,182**	22,368	**86,027**	22,504
Equity in net earnings of an associate	**(11,065)**	(8,506)	**(20,856)**	(17,058)
Loss (gain) on disposals of:				
Property and equipment	**325**	(314)	**(499)**	(470)
Intangible assets	**(2,537)**	381	**(3,568)**	2,386
Operating income before working capital changes	**1,308,268**	846,055	**2,270,409**	2,093,186
Decrease (increase) in:				
Trade and other receivables	**(58,727)**	11,552	**(66,513)**	64,376
Spare parts and supplies	**(15,195)**	(16,031)	**(29,576)**	(15,930)
Prepaid expenses	**123,656**	(1,163)	**(75,522)**	(142,243)
Increase (decrease) in:				
Trade and other payables	**166,424**	(48,057)	**206,398**	(356,325)
Provisions for claims	**1,463**	(4,284)	**3,653**	(5,805)
Income and other taxes payable	**58,803**	93,167	**22,216**	43,479
Cash generated from operations	**1,584,691**	881,239	**2,331,064**	1,680,738
Finance income received	**12,690**	13,563	**28,787**	24,726
Finance cost paid	**2,480**	487	**2,428**	964
Income tax paid	**(372,585)**	(500,884)	**(372,585)**	(500,884)
Net cash provided by operating activities	**1,227,277**	394,405	**1,989,694**	1,205,544
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and Equipment	**(17,337)**	(29,074)	**(24,004)**	(54,085)
Intangible assets	**(96,754)**	(144,495)	**(240,077)**	(236,298)
Decrease (Increase) in other noncurrent assets	**1,035**	832	**(197)**	6,397
Proceeds from disposals of:				
Property and Equipment	**352**	315	**1,175**	470
Intangible assets	**4,933**	1,006	**5,965**	1,153
Increase in deposits	**(332)**	(327)	**(669)**	(336)
Dividends received	**9,672**	8,956	**22,568**	26,867
Net cash used in investing activities	**(98,431)**	(162,787)	**(235,239)**	(255,832)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	**(820,000)**	(820,000)	**(820,000)**	(820,000)
Cash dividend to non-controlling interest	**(579)**	(830)	**(579)**	(830)
Purchase of ATIB Shares	**(219)**	-	**(219)**	-
Port concession rights payable	**(192,590)**	(172,900)	**(357,004)**	(328,829)
Net cash used in financing activities	**(1,013,388)**	(993,731)	**(1,177,802)**	(1,149,659)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**115,458**	(762,113)	**576,653**	(199,948)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**4,788**	115	**2,347**	(24)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	**4,577,515**	4,168,952	**4,118,761**	3,606,926
CASH & CASH EQUIVALENTS AT END OF YEAR	**P 4,697,761**	P 3,406,954	**P 4,697,761**	P 3,406,954

SELECTED
EXPLANATORY NOTES
June 30, 2016
(Amounts in Thousands)

1. Segment Information

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

	For the six months ended June 30 2016	2015
Revenue	P **4,397,082**	P 4,286,123
Intangible Assets (excluding goodwill)	**14,620,774**	13,949,114
Property and equipment - net	**470,062**	476,304
Total assets	**21,837,976**	19,633,086
Total liabilities	**10,833,727**	9,475,024
Capital expenditures		
Intangible Assets	**240,077**	236,298
Property and equipment	**24,004**	54,085
Depreciation and amortization	**553,469**	450,427

2. Trade Receivables - net

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

	As of June 30, 2016	As of December 31, 2015 (Audited)
Up to 6 months	P **358,419**	P 277,730
Over 6 months to 1 year	-	-
Over 1 year	-	-
Total	P **358,419**	P 277,730

3. Property and Equipment

A summary of property and equipment follows:

	Port facilities and equipment	Leasehold improvements	Furnitures, fixtures and equipment	Transportation and other equipment	Construction In-progress	June 30, 2016	December 31, 2015 (Audited)
Cost							
Balance at beginning of year	P 74,031	P 554,776	P 382,029	P 158,411	P 35,145	P 1,204,392	P 1,148,557
Additions	1,972	(711)	12,626	7,484	2,634	24,004	141,534
Disposals	-	-	(12,007)	(6,636)	-	(18,643)	(22,824)
Reclassifications	-	-	24,682	-	(24,682)	-	(39,895)
Retirements	-	-	(86)	-	-	(86)	(22,980)
Balance at end of year	76,003	554,065	407,244	159,260	13,095	1,209,667	1,204,392
Accumulated depreciation and Amortization:							
Balance at beginning of year	52,968	340,836	223,135	96,423	-	713,362	692,932
Additions	3,144	8,453	22,804	9,897	-	44,298	68,122
Disposals	-	-	(12,007)	(6,031)	-	(18,039)	(22,824)
Reclassification	-	-	-	-	-	-	(2,338)
Retirements	-	-	(17)	-	-	(17)	(22,530)
Balance at end of year	56,112	349,289	233,915	100,289	-	739,605	713,362
Carrying Amount	P 19,891	P 204,776	P 173,329	P 58,971	P 13,095	P 470,062	P 491,030

4. Intangible Assets

As of June 30, 2016

	Port Concession Rights					
	Upfront Fees	Fixed Fees	Port Infrastructure	SubTotal	Goodwill	Total
			(In Thousands)			
Cost:						
Balance at beginning of year, as previously reported	P 282,000	P 9,279,694	P 12,396,335	P 21,958,029	P 42,060	P 22,000,089
Additions	-	-	240,077	240,077	-	240,077
Disposals	-	-	(182,810)	(182,810)	-	(182,810)
Balance at end of year	282,000	9,279,694	12,453,602	22,015,296	42,060	22,057,356
Accumulated depreciation and amortization:						
Balance at beginning of year	29,534	2,012,987	5,023,242	7,065,763	-	7,065,763
Additions	5,640	193,298	310,232	509,170	-	509,170
Disposals	-	-	(180,411)	(180,411)	-	(180,411)
Balance at end of year	35,174	2,206,285	5,153,063	7,394,522	-	7,394,522
Net book value	P 246,826	P 7,073,409	P 7,300,539	P 14,620,774	P 42,060	P 14,662,834

As of December 31, 2015 (Audited)

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

5. Trade and Other Payables

	June 30, 2016	December 31, 2015 (Audited)
Trade	P 96,837	P 121,876
Accrued expenses:		
Personnel costs	194,684	154,467
Finance costs	144,051	147,357
Marketing, commercial and promotion	97,942	54,033
Repairs and maintenance	63,249	41,919
Rental	27,699	38,795
Corporate social responsibility	14,766	30,036
Security expenses	15,638	19,686
Professional fees	13,107	13,773
Utilities	10,683	9,832
Safety and environment	1,875	1,294
Miscellaneous accrued expenses	126,595	72,216
Due to government agencies	503,951	388,471
Equipment acquisitions	108,898	157,739
Shippers' and brokers' deposits	84,636	76,411
Due to related parties	16,324	8,676
Other Payables	78,113	77,678
	P 1,599,048	P 1,414,259

6. Other Income and Expenses

Finance cost is broken down as follows:

	For the six months ended June 30			
		2016		2015
Interest on port concession rights payable	**P**	**288,135**	P	265,804
Interest component of pension expense		**3,977**		2,409
Interest on bank loans/credit facilities		**115**		62
	P	**292,226**	P	268,276

Finance income is broken down as follows:

	For the six months ended June 30			
		2016		2015
Interest on cash in banks and short-term investments	**P**	**29,283**	P	25,836
Accretion of rental deposits		**748**		640
	P	**30,031**	P	26,476

Others consisted of the following:

	For the six months ended June 30			
		2016		2015
Equity in net earnings of an associate	**P**	**20,856**	P	17,058
Income from insurance claims		**73,466**		-
Management income		**11,319**		3,406
Foreign exchange losses - others		**(121)**		3,813
Lease and other income - net		**3,930**		(219)
Foreign exchange losses - port concession rights payable		**(26,819)**		(13,330)
Foreign exchange losses -cash flow hedge		**(88,375)**		(22,480)
	P	**(5,744)**	P	(11,752)

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

7. Financial Risk Management Objectives and Policies

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

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

Interest Rate Risk

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

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

		June 30, 2016		December 31, 2015 (Audited)
Fixed Rate Instruments				
Cash and cash equivalents	P	**4,697,185**	P	4,116,282

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

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

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

			Contractual Cash Flows										
As of June 30, 2016		**Carrying Amount**		**On demand**		**Less than 3 months**		**3 to 12 months**		**1 to 5 years**		**>5 years**	**Total**
Trade and other payables	**P**	**1,599,048**	**P**	**751,976**	**P**	**342,673**	**P**	**504,399**	**P**	**-**	**P**	**-**	**P 1,599,048**
Port concession rights payable		**8,672,686**		**-**		**192,590**		**577,769**		**3,952,905**		**10,386,602**	**15,109,866**
Total	**P**	**10,271,734**	**P**	**751,976**	**P**	**535,263**		**P1,082,168**	**P**	**3,952,905**	**P**	**10,386,602**	**P 16,708,914**

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

Credit Risk
The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. A regular review and evaluation of accounts is being executed to assess the credit standing of customers. In addition, a portion of revenues is on cash basis.

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

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

		As of June 30, 2016		As of December 31, 2015 (Audited)
Cash and cash equivalent	P	4,697,185	P	4,116,282
Trade and other receivables - net		419,395		352,386
Deposits		34,304		32,886
AFS financial assets		2,652		2,652
	P	5,153,536	P	4,504,206

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

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

Foreign Currency Risk

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

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

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

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

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

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

	As of June 30, 2016	As of December 31, 2015 (Audited)
Assets		
Cash and cash equivalents	US$3,317	US$1,790
Trade and other receivables	142	142
	3,459	1,932
Liabilities		
Trade and other payables	1,881	2,219
Port concession rights payable	150,796	152,203
	152,677	154,422
Net foreign currency-denominated liabilities	(US$149,218	(US$152,490)
Peso equivalent	(P7,022,199)	(P7,176,179)

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

Increase/Decrease in U.S. dollar Exchange Rate		Effect on Income Before Income Tax		Effect on Equity
June 30, 2016				
+5%	**P**	**(351,110)**	**P**	**(245,777)**
-5%		**351,110**		**245,777**
December 31, 2015 (Audited)				
+5%	P	(358,809)	P	(251,166)
-5%		358,809		251,166

Capital Management

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

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

The Company is not subject to externally imposed capital requirements.

The table below shows the capital structure of the Company.

		June 30, 2016		December 31, 2015 (Audited)
Capital Stock	P	**2,000,000**	P	2,000,000
Additional paid-in capital		**264,300**		264,300
Retained Earnings		**8,964,386**		8,770,700
Hedging reserve		**(224,224)**		(286,578)
Fair value reserve		**(5,820)**		(5,820)
Total	P	**10,998,642**	P	10,742,602

8. Financial Instruments

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

		As of June 30, 2016				As of December 31, 2015 (Audited)		
		Carrying Values		**Fair Values**		Carrying Values		Fair Values
Financial assets:								
Loans and receivables:								
Cash and cash equivalents	P	4,697,761	P	4,697,761	P	4,118,761	P	4,118,761
Trade and other receivables - net		419,395		419,395		352,386		352,386
Deposits		34,304		42,690		32,887		40,679
		5,151,460		5,159,846		4,504,033		4,511,826
AFS financial assets		2,652		2,652		2,652		2,652
	P	5,154,112	P	5,162,498	P	4,506,685	P	4,514,478
Financial liabilities:								
Other Financial liabilities:								
Trade and other payables	P	1,599,048	P	1,599,048	P	1,414,259	P	1,414,259
Port concession rights payable		8,672,686		10,100,505		8,740,717		10,416,690
	P	10,271,734	P	11,699,553	P	10,154,976	P	11,830,949

Fair Value of Financial Instruments

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

Nonderivative Financial Instruments

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

For noninterest-bearing deposits, the fair value is estimated as the present value of all future cash discounted using the prevailing market rate of interest for a similar instrument. The discount rates used were 3.54% and 3.47% in 2016 and 2015, respectively.

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

Fair Value Hierarchy

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

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of June 30, 2016		**Level 1**		**Level 2**		**Level 3**
AFS financial assets	**P**	**933**	**P**	**-**	**P**	**1,719**
Port concession rights payable		**-**		**10,100,505**		**-**
	P	**933**	**P**	**10,100,505**	**P**	**1,719**

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

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