COVER SHEET

1	3	3	6	5	3

S.E.C. Registration Number

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

(Company's Full Name)

A T I   H E A D   O F F I C E   A . B O N I F A C I O
D R I V E , P O R T   A R E A , M A N I L A   1 0 1 8

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

ATTY. RODOLFO G. CORVITE,JR.

Contact Person

5286000

Company Telephone Number

1 1 | 1 0 — 17-Q — 0 4 | 2 7

Month *Day*

FORM TYPE

Month *Day*
2017 Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

8 3 7
As of Oct 31, 2017
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

SEC Number: 133653
File Number: ______

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

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

(632) 528-6000
(Telephone Number)

December 31
Calendar Year Ending
(Month & Day)

SEC Form 17-Q
Form Type

____
Amendment Designation (if applicable)

September 30, 2017
Period Ended Date

____
(Secondary License Type and File Number)

cc: Philippine Stock Exchange

ASIAN TERMINALS, INCORPORATED

Securities and Exchange Commission

SEC FORM 17-Q

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

1. For the quarter ended : **September 30, 2017**
2. Commission identification Number : **133653**
3. BIR Tax Identification No. : **330-000-132-413-V**
4. Exact name of issuer as specified in its charter : **ASIAN TERMINALS, INC.**
5. Province, country or other jurisdiction of incorporation or organization: **Manila, Philippines**
6. Industry Classification Code :______________ (SEC Use Only)
7. Address of issuer's principal office : **A. Bonifacio Drive South Harbor, Port Area, Manila**
8. Issuer's telephone number, including area code : **528-6000 (telephone number), 1018 (area code)**
9. Former name, former address and former fiscal year, if changed since last report: **A. Bonifacio Drive, South Harbor Port Area, Manila**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

Yes [X] No [ ]

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

Philippine Stock Exchange Common Shares

12. Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

With reference to the attached interim financial statements:

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

New Standards, Amendments to Standards and Interpretations

The following are the new standards, amendment to standards, and interpretations, which are effective January 1, 2017 and are applicable to the Company and none of these is expected to have a significant effect on the consolidated financial statements:

- *Disclosure initiative (Amendments to PAS 7).* The amendments address financial statements users' requests for improved disclosures about an entity's net debt relevant to understanding an entity's cash flows. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes – e.g. by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

  The amendments are effective for annual periods beginning on or after January 1, 2017. Early adoption is permitted. When an entity first applies the amendments, it is not required to provide comparative information for preceding periods.

- *Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to PAS 12).* The amendments clarify that:

  - the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset;

  - the calculation of future taxable profit in evaluating whether sufficient taxable profit will be available in future periods excludes tax deductions resulting from the reversal of the deductible *temporary differences;*

- the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and

- an entity assesses a deductible temporary difference related to unrealized losses in combination with all of its other deductible temporary differences, unless a tax law restricts the utilization of losses to deduction against income of a specific type.

The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2017. Early adoption is permitted. On initial application, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If an entity applies the relief, it shall disclose that fact.

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 new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted.

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

- PFRS 15, *Revenue from Contracts with Customers* replaces PAS 11, *Construction Contracts*, PAS 18 *Revenue* and related Philippine Interpretations. 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.

  The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

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

Consolidated Results of Operations for the nine months ended September 30, 2017

Revenues for the nine months ended September 30, 2017 totaled P7,723.1 million, up by 13.7% from P6,795.3 million in the same period last year on account of higher volumes for international containerized cargo operations in South Harbor and Batangas.

Government share in revenues for the nine months of 2017 amounted to P1,393.4 million, 14.6% higher than P1,216.1 million last year resulting from higher revenues subject to port authorities' share.

Cost and expenses rose by 4.4% to P3,317.7 million in the first nine months of 2017 from P3,176.9 million in the same period last year. Labor costs of P948.5 million this year were up by 6.8% compared to P888.0 million last year due to salary rate increases and higher overtime costs related to higher volumes. Depreciation and amortization in 2017 increased by 7.8% to P901.2 million from P835.7 million in 2016. Equipment running costs went up by 21.0% to P432.4 million this year from P357.3 million last year due to higher usage of equipment spare parts and higher fuel costs resulting from higher prices and higher consumption. Taxes and licenses in 2017 of P342.0 million were higher by 80.4% compared to P189.6 million in 2016 due to higher real property taxes. Security, health, environment and safety increased by 5.0 % to P124.6 million in 2017 from P118.8 million in 2016. Management fees of P106.5 million in 2017 were higher by 25.5% than P84.9 million in 2016 following higher net income. Facilities-related expenses in 2017 was P111.5 million, 10.0% up from P101.3 million in 2016 due to higher IT costs. General transport amounted to P31.1 million in 2017, significantly higher than P10.5 million in 2016 on account of higher trucking costs.

Rentals of P98.1 million in 2017 declined by 11.8% to P111.2 million in the same period last year due to lower equipment rentals. Insurance of P47.4 million in 2017 were lower by 7.3% compared to P51.1 million last year due to lower insurance premiums. Professional fees in 2017 of P15.4 million went down by 87.2% from P120.8 million last year, on account of higher legal expenses and consultancy fees last year. Other expenses in 2017 amounted to P155.5 million, 48.8% lower compared to P303.5 million last year due to lower communications, advertising and corporate responsibility.

Finance income in 2017 of P61.5 million were higher by 35.4% against P45.5 million last year due to higher interest rates for money market placements. Finance costs in 2017 of P427.2 million were lower by 2.3% vs. P437.2 million in 2016 due to declining interest expense on concession rights payable. Others-net increased to negative P206.9 million in 2017 from negative P51.6million in 2016 mainly due to fair value losses on cash flow hedge and forex losses on port concession rights payable following the depreciation of the Philippine Peso against the US Dollar.

Income before income tax in the first nine months of 2017 of P2,439.3 million grew by 24.5% from P1,958.9 million in the same period last year. Provision for income tax increased by 26.3% to P672.1 million in 2017 from P532.3 million in the same period last year.

Net income for the nine months ended September 30, 2017 of P1,767.2 million was up by 23.9% from P1,426.7 million for the same period last year. Excluding the foreign exchange gain (losses) attributable to port concession rights payable, net income would have been P1,953.7 million for the first nine months of 2017, 25.9% higher compared to P1,551.9 million for the same period last year. Earnings per share this year was P0.88, last year was P0.71.

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

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

In the first nine months of 2017:

- 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, 2017 increased by 6.8% to P24,722.9 million from P23,139.0 million as of December 31, 2016. Current assets rose by 18.7% to P8,413.9 million as of September 30, 2017 from P7,090.2 million as of December 31, 2016. Cash and cash equivalents of P6,998.9 million as of September 30, 2017 was higher by 19.0% compared to P5,881.2 million as of December 31, 2016. Trade and other receivables-net of P456.3 million as of September 30, 2017 increased by 7.0% from P426.5 million as of December 31, 2016. Spare parts and supplies-net as of September 30, 2017 rose by 16.5% to P366.4 million from P314.6 million as of December 31, 2016. Prepaid expenses as of September 30, 2017 of P593.3 million were higher by 26.8% than P467.9 million as of December 31, 2016 on account of the unamortized portion of prepaid real property and business taxes for the year.

Total noncurrent assets of P16,309.0 million as of September 30, 2017 was slightly higher than the P16,048.8 million as of December 31, 2016. Investment in an associate increased by 32.5% to P72.4 million as of September 30, 2017 from P54.7 million as of December 31, 2016 due to higher equity in net earnings from an associate. Property and equipment – net amounted to P472.8 million, slightly down from P483.2 million as of December 31, 2016 on account of depreciation for the period. Intangible assets – net and goodwill of P14,842.4 million was higher than P14,716.5 million as of December 31, 2016. The acquisitions of property and equipment and intangible assets, which amounted to P65.1 million and P951.9 million, respectively, was partially offset by the increase in depreciation and amortization. Deferred tax assets – net amounted to P873.1 million as of September 30, 2017, 19.0% above the P733.5 million as of December 31, 2016. Other noncurrent assets decreased by 20.7% to P48.3 million as of September 30, 2017 from P61.0 million as of December 31, 2016 due to amortization of input taxes on additions to property and equipment and intangible assets.

Total liabilities increased by 5.7% to P12,025.2 million as of September 30, 2017 from P11,378.9 million as of December 31, 2016. Trade and other payables rose by 27.4% to P2,549.2 million as of September 30, 2017 from P2,000.4 million as of December 31, 2016. Trade and other payables are covered by agreed payment schedules. Provisions for claims of P52.4 million as of September 30, 2017 increased by 2.9% from P50.9 million as of December 31, 2016. Concession rights payable (current and noncurrent) as of September 30, 2017 totaled P8,979.3 million slightly decreased by 0.1% from P8,985.9 million as of December 31, 2016. Income and other taxes payable of P260.0 million as of September 30, 2017 was higher by 31.4% compared to P197.9 million as of December 31, 2016 due to income tax for the third quarter of 2017. Pension liability of P184.2 million were up by 28.1% as of September 30, 2017 from P143.9 million as of December 31, 2016.

Consolidated Cash Flows

Net cash provided by operating activities in the first nine months of 2017 was P3,538.3 million, 16.5% higher than P3,036.0 million in the same period last year due to higher operating income.

Net cash used in investing activities in the first nine months 2017 of P988.4 million was significantly higher by 171.6% than P363.9 million in the same period last year due to higher acquisition of property and equipment and intangible assets.

Net cash used in financing activities in the first nine months of 2017 was P1,438.4 million, 5.0% higher than P1,370.4 million in the same period last year due to higher payments of port concession rights payable and cash dividends.

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 2017:

- ATIB's total assets were only 10.8% of the consolidated total assets
- Income before other income and expense for ATIB was only 10.4% of consolidated income before other income and expenses[1].

Consolidated KPI	Manner of Calculation	As of September 30		Discussion
		2017	2016	
Return on Capital Employed	Percentage of annualized net income before other income and expenses over capital employed	17.4%	14.8%	Improved due to higher increase in annualized net income.
Return on Equity attributable to equity holders of the parent	Percentage of annualized net income over equity attributable to equity holders of the parent	19.3%	17.2%	Improved due to higher increase in annualized net income.
Current ratio	Ratio of current assets over current liabilities	2.70 : 1.00	2.90 : 1.00	Declined due to higher current liabilities.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.95 : 1.00	1.99 : 1.00	Declined due to higher equity.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.95 : 1.00	0.99 : 1.00	Improved due to higher equity growth (increase in retained earnings).
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	11 days	11 days	
Net Income Margin	Net income over revenues less government share in revenues	27.9%	25.6%	Improved due to higher net income.
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.	0.37	1.01	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 27, 2017, the Board of Directors of ATI approved a cash dividend of P0.43 per share to stockholders on record as of May 19, 2017. Dividends were paid on June 15, 2017. As of date of this report, the Company has ordinary shares only.

Submissions of SEC Form 17-C:

Date Filed	Reference	Particulars
February 21, 2017	SEC 17-C	Setting the date, venue, agenda and record date of the 2017 Annual Stockholders' Meeting and closing of stock and transfer book; Approval of the 2016 Audited Financial Statements; Appointment of the independent auditors for 2017; Notice of Guidelines for Nominations for Election to the Board of Directors
April 4, 2017	SEC 17-C	Certification of Independent Director (Teodoro L. Locsin, Jr.)
May 2, 2017	SEC 17-C	Results of the 2017 Annual Stockholders' Meeting, Declaration of Cash Dividends, Record and Payment Dates and Results of the Organizational Meeting
July 3, 2017	SEC 17-C	Resignation of Director (Mr. Paul Scurrah)
July 25, 2017	SEC 17-C	Election of Director (Mr. Mohammad Ali Mohammad Ahmad)
August 11, 2017	SEC 17-C	Audit Committee Self-Assessment for 2016
August 29, 2017	SEC 17-C	Board Approval of the Amendments to the Audit Committee Charter
November 2, 2017	SEC 17-C	Appointment of Mr. Chi Wai Chan as VP for Group Operations replacing Mr. Bastiaan Hokke

SIGNATURES

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

ASIAN TERMINALS, INCORPORATED
by:

JOSE TRISTAN P. CARPIO
Vice President and Chief Financial Officer

Date : November 10, 2017

Principal Financial/Accounting Officer:

MARISSA R. PINCA
Senior Manager for Accounting and Financial Planning

Date : November 10, 2017

ASIAN TERMINALS, INC. AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Thousands)

	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P6,997,832	P5,881,207
Trade and other receivables - net	456,349	426,466
Spare parts and supplies	366,366	314,595
Prepaid expenses	593,349	467,939
Total Current Assets	8,413,896	7,090,207
Noncurrent Assets		
Investment in an associate	72,409	54,654
Property and equipment - net	472,782	483,172
Intangible assets - net and goodwill	14,842,406	14,716,498
Deferred tax assets - net	873,066	733,450
Other noncurrent assets	48,343	60,997
Total Noncurrent Assets	16,309,006	16,048,771
TOTAL ASSETS	P24,722,902	P23,138,978

LIABILITIES AND EQUITY		
Current Liabilities		
Loans Payable		
Trade and other payables	P2,549,192	P2,000,359
Provisions for claims	52,401	50,944
Port concession rights payable - current portion	259,743	237,479
Income and other taxes payable	259,991	197,887
Total Current Liabilities	3,121,327	2,486,669
Noncurrent Liabilities		
Port concession rights payable - net of current portion	8,719,600	8,748,390
Pension liability	184,244	143,857
Total Noncurrent Liabilities	8,903,844	8,892,247
	12,025,171	11,378,916
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	10,815,494	9,910,095
Hedging reserve	(384,351)	(415,403)
Fair value reserve	(5,820)	(5,820)
	12,689,623	11,753,172
Non-controlling Interest	8,108	6,890
Total Equity	12,697,731	11,760,062
TOTAL LIABILITIES AND EQUITY	P24,722,902	P23,138,978

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	
	2017	2016	2017	2016
REVENUES FROM OPERATIONS	P2,653,621	P2,398,210	P7,723,090	P6,795,292
GOVERNMENT SHARE IN REVENUES	(496,717)	(443,639)	(1,393,442)	(1,216,065)
	2,156,904	1,954,571	6,329,648	5,579,227
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	(1,212,373)	(1,213,864)	(3,317,731)	(3,176,940)
OTHER INCOME AND EXPENSES				
Finance income	18,932	15,424	61,528	45,455
Finance cost	(141,455)	(144,990)	(427,201)	(437,216)
Others - net	(16,762)	(45,855)	(206,919)	(51,599)
	(139,285)	(175,420)	(572,592)	(443,360)
CONSTRUCTION REVENUES	437,697	120,574	951,887	360,651
CONSTRUCTION COSTS	(437,697)	(120,574)	(951,887)	(360,651)
	-	-	-	-
INCOME BEFORE INCOME TAX	805,246	565,287	2,439,325	1,958,927
INCOME TAX EXPENSE				
Current	286,989	184,361	825,050	627,321
Deferred	(63,085)	(30,675)	(152,922)	(95,062)
	223,904	153,686	672,128	532,260
NET INCOME	P581,342	P411,601	P1,767,197	P1,426,668
Income Attributable to				
Equity Holders of the Parent Company	580,804	411,114	P1,765,399	P1,424,801
Non - controlling interest	538	487	1,798	1,867
	P581,342	P411,601	P1,767,197	P1,426,668
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Compan	P0.29	P0.21	P0.88	P0.71

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		
		2017		2016		2017		2016
NET INCOME FOR THE PERIOD	P	**581,340**	P	411,601	P	**1,767,197**	P	1,426,668
OTHER COMPREHENSIVE INCOME								
Items that are or may be reclassified to profit or loss								
Cash flow hedge - effective portion		**(38,236)**		(208,921)		**(137,234)**		(208,219)
Cash flow hedge - reclassified to profit or loss		**3,223**		43,166		**181,593**		131,541
Tax on items taken directly to equity		**10,504**		49,727		**(13,308)**		23,003
		(24,509)		(116,028)		**31,050**		(53,674)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD - Net of tax		**(24,509)**		(116,028)		**31,050**		(53,674)
TOTAL COMPREHENSIVE INCOME	P	**556,831**	P	295,573	P	**1,798,247**	P	1,372,994
Total Comprehensive Income Attributable to								
Equity Holders of the Parent Company		**556,293**		295,086	P	**1,796,449**	P	1,371,126
Non - controlling interest		**538**		487		**1,798**		1,867
	P	**556,831**	P	295,573	P	**1,798,247**	P	1,372,994

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, 2017	**P2,000,000**	**P264,300**	**P7,900,000**	**P2,010,095**	**(P 415,403)**	**(P 5,820)**	**P11,753,172**	**P6,890**	**P11,760,062**
Cash dividends - P0.43 a share for ATI	-	-	-	**(860,000)**	-	-	**(860,000)**	**(580)**	**(860,580)**
Net income for the period	-	-	-	**1,765,399**	-	-	**1,765,399**	**1,798**	**1,767,197**
Other comprehensive income									
Cash flow hedge - effective portion - net of tax	-	-	-	-	**(96,063)**	-	**(96,063)**	-	**(96,063)**
Cash flow hedge - reclassified to profit or loss - net of tax	-	-	-	-	**127,115**	-	**127,115**	-	**127,115**
Balance at September 30, 2017	**P2,000,000**	**P264,300**	**P7,900,000**	**P2,915,493**	**(P384,351)**	**(P 5,820)**	**P12,689,623**	**P8,108**	**P12,697,731**
Balance at January 1, 2016	P2,000,000	P264,300	P6,100,000	P2,670,700	(P 286,578)	(P 5,820)	P10,742,602	P5,024	P10,747,626
Cash dividends - P0.41 a share for ATI	-	-	-	(820,000)	-	-	(820,000)	(579)	(820,579)
Purchase of ATIB Shares	-	-	-	-		-	-	(220)	(220)
Net income for the period	-	-	-	1,424,801	-	-	1,424,801	1,867	1,426,668
Other comprehensive income									
Cash flow hedge - effective portion - net of tax	-	-	-	-	(145,753)	-	(145,753)	-	(145,753)
Cash flow hedge - reclassified to profit or loss - net of tax	-	-	-	-	92,079	-	92,079	-	92,079
Balance at September 30, 2016	P2,000,000	P264,300	P6,100,000	P3,275,500	(P 340,252)	(P 5,820)	P11,293,729	P6,092	P11,299,822

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	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	P 805,246	565,287	P 2,439,325	P 1,958,927
Adjustments for:				
Depreciation and amortization	283,294	282,227	901,224	835,696
Finance cost	141,455	144,990	427,201	437,216
Finance income	(18,932)	(15,424)	(61,528)	(45,455)
Net unrealized foreign exchange losses (gains)	(242)	48,129	180,724	134,156
Equity in net earnings of an associate	(10,357)	(11,103)	(32,084)	(31,959)
Gain (loss) on disposals of:				
Property and equipment	191	-	(57)	(499)
Intangible assets	-	154	-	(3,413)
Operating income before working capital changes	1,200,655	1,014,260	3,854,804	3,284,668
Decrease (increase) in:				
Trade and other receivables	(29,167)	16,278	(23,868)	(50,235)
Spare parts and supplies	(11,323)	(3,528)	(51,771)	(33,104)
Prepaid expenses	14,933	57,710	(125,410)	(17,812)
Increase (decrease) in:				
Trade and other payables	392,356	262,156	584,708	468,554
Provisions for claims	2,036	(3,984)	1,457	(332)
Income and other taxes payable	(50,603)	(37,441)	(16,330)	(15,226)
Cash generated from operations	1,518,888	1,305,450	4,223,592	3,636,514
Finance income received	18,470	15,028	54,178	43,815
Finance cost paid	6,200	(2,655)	7,155	(227)
Income tax paid	(308,857)	(271,566)	(746,616)	(644,151)
Net cash provided by operating activities	1,234,701	1,046,257	3,538,308	3,035,951
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and Equipment	(17,929)	(9,106)	(65,053)	(33,110)
Intangible assets	(437,697)	(120,574)	(951,887)	(360,651)
Decrease in other noncurrent assets	(1,066)	1,140	3,377	943
Proceeds from disposals of:				
Property and Equipment	6	-	254	1,175
Intangible assets	-	206	-	6,172
Decrease (Increase) in deposits	7,554	(326)	10,613	(996)
Dividends received	-	-	14,329	22,568
Net cash used in investing activities	(449,132)	(128,660)	(988,367)	(363,899)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	-	-	(860,000)	(820,000)
Cash dividend to non-controlling interest	-	-	(580)	(579)
Port concession rights payable	(192,590)	(192,590)	(577,769)	(549,594)
Purchase of ATIB Shares	-	-	-	(219)
Net cash used in financing activities	(192,590)	(192,590)	(1,438,350)	(1,370,392)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	592,979	725,007	1,111,592	1,301,660
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	4,691	1,297	5,033	3,644
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	6,400,162	4,697,761	5,881,207	4,118,761
CASH & CASH EQUIVALENTS AT END OF YEAR	P 6,997,832	P 5,424,065	P 6,997,832	P 5,424,065

SELECTED
EXPLANATORY NOTES
September 30, 2017
(Amounts in Thousands)

1. Segment Information

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

	For the nine months ended September 30	
	2017	2016
Revenue	P **7,723,090**	P 6,795,292
Intangible Assets (excluding goodwill)	**14,800,345**	14,481,445
Property and equipment - net	**472,782**	456,484
Total assets	**24,722,902**	22,431,999
Total liabilities	**12,025,171**	11,132,177
Capital expenditures		
Intangible Assets	**951,887**	360,651
Property and equipment	**65,053**	33,110
Depreciation and amortization	**901,224**	835,696

2. Trade Receivables - net

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

	As of September 30, 2017	As of December 31, 2016 (Audited)
Up to 6 months	P **401,448**	P 380,465
Over 6 months to 1 year	-	-
Over 1 year	-	-
Total	P **401,448**	P 380,465

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, 2017	December 31, 2016 (Audited)
Cost							
Balance at beginning of year	P 143,972	P 551,450	P 426,700	P 170,309	P 18,875	P 1,311,307	P 1,204,392
Additions	1,707	4,395	26,630	10,351	21,971	65,053	81,711
Disposals	-	-	15,526	(5,548)	-	9,978	(23,741)
Reclassifications	377	966	6,970	700	(9,012)	0	57,014
Retirements	-	-	(166)	(753)	-	(918)	(8,070)
Balance at end of year	146,056	556,811	475,659	175,059	31,834	1,385,419	1,311,306
Accumulated depreciation and Amortization:							
Balance at beginning of year	116,034	356,260	247,575	108,265	-	828,134	713,362
Additions	6,463	11,991	41,754	15,039	-	75,247	89,095
Disposals	-	-	15,526	(5,548)	-	9,978	(22,786)
Reclassification	-	-	-	-	-	-	56,464
Retirements	-	-	(146)	(576)	-	(722)	(8,001)
Balance at end of year	122,497	368,252	304,709	117,180	-	912,637	828,134
Carrying Amount	P 23,559	P 188,559	P 170,951	P 57,880	P 31,834	P 472,782	P 483,172

4. Intangible Assets

As of September 30, 2017

	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 12,982,274	P 22,543,968	P 42,060	P 22,586,028
Additions	-	-	951,887	951,887	-	951,887
Disposals	-	-	(141)	(141)	-	(141)
Reclassifications	-	-	(15,923)	(15,923)	-	(15,923)
Balance at end of year	282,000	9,279,694	13,918,098	23,479,791	42,060	23,521,851
Accumulated depreciation and amortization:						
Balance at beginning of year, as previously reported	40,814	2,399,582	5,429,133	7,869,529	-	7,869,529
Additions	8,460	289,947	527,573	825,979	-	825,979
Disposals	-	-	(141)	(141)	-	(141)
Reclassifications	-	-	(15,923)	(15,923)	-	(15,923)
Balance at end of year	49,274	2,689,529	5,940,642	8,679,445	-	8,679,445
Net book value	P 232,726	P 6,590,166	P 7,977,455	P 14,800,346	P 42,060	P 14,842,406

As of December 31, 2016 (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 9,279,694	P 12,396,335	P 21,958,029	P 42,060	P 22,000,089
Additions	-	-	832,918	832,918	-	832,918
Disposals	-	-	(186,722)	(186,722)	-	(186,722)
Reclassifications	-	-	(57,014)	(57,014)	-	(57,014)
Retirements	-	-	(3,244)	(3,244)	-	(3,244)
Balance at end of year	282,000	9,279,694	12,982,274	22,543,967	42,060	22,586,027
Accumulated depreciation and amortization:						
Balance at beginning of year, as previously reported	29,534	2,012,986	5,023,243	7,065,763	-	7,065,763
Additions	11,280	386,596	649,561	1,047,437	-	1,047,437
Disposals	-	-	(184,107)	(184,107)	-	(184,107)
Reclassifications	-	-	(56,464)	(56,464)	-	(56,464)
Retirements	-	-	(3,100)	(3,100)	-	(3,100)
Balance at end of year	40,814	2,399,582	5,429,133	7,869,529	-	7,869,529
Net book value	P 241,186	P 6,880,112	P 7,553,140	P 14,674,438	P 42,060	P 14,716,498

5. Trade and Other Payables

	September 30, 2017	December 31, 2016 (Audited)
Trade	P **237,985**	P 129,655
Accrued expenses:		
Marketing, commercial and promotion	**341,037**	261,910
Personnel costs	**246,408**	161,570
Finance costs	**148,568**	157,198
Professional fees	**153,006**	156,105
Repairs and maintenance	**102,373**	97,743
Corporate social responsibility	**37,569**	38,830
Rental	**48,192**	31,145
Trucking Expenses	**26,636**	28,083
Security expenses	**41,704**	12,417
Utilities	**12,356**	10,495
Safety and environment	**3,879**	1,897
Miscellaneous accrued expenses	**126,588**	98,753
Due to government agencies	**735,317**	532,515
Equipment acquisitions	**71,129**	110,381
Shippers' and brokers' deposits	**79,335**	76,233
Due to related parties	**14,293**	9,115
Other Payables	**122,816**	86,314
	P **2,549,192**	P 2,000,359

6. Other Income and Expenses

Finance cost is broken down as follows:

		For the nine months ended September 30		
		2017		2016
Interest on port concession rights payable	P	**421,214**	P	431,024
Interest component of pension expense		**5,692**		5,965
Interest on bank loans/credit facilities		**295**		227
	P	**427,201**	P	437,216

Finance income is broken down as follows:

		For the nine months ended September 30		
		2017		2016
Interest on cash in banks and short-term investments	P	**60,193**	P	44,311
Accretion of rental deposits		**1,336**		1,144
	P	**61,528**	P	45,455

Others consisted of the following:

		For the nine months ended September 30		
		2017		2016
Equity in net earnings of an associate	P	**32,084**	P	31,959
Development fund		**7,720**		-
Management income		**6,187**		6,650
Penalty charges for late delivery		**3,893**		-
Lease and other income - net		**3,745**		10,595
Income from insurance claims		**264**		76,333
Foreign exchange (losses) gains - others		**5,553**		1,713
Foreign exchange losses - port concession rights payable		**(80,605)**		(41,048)
Foreign exchange losses -cash flow hedge		**(185,758)**		(137,802)
	P	**(206,919)**	P	(51,599)

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.

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

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

		September 30, 2017		December 31, 2016 (Audited)
Fixed Rate Instruments				
Cash and cash equivalents	**P**	**6,997,223**	P	5,880,613

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 September 30, 2017	**Carrying Amount**	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**>5 years**	**Total**
Trade and other payables	**P 2,549,192**	**P 945,901**	**P 497,181**	**P1,106,110**	**P -**	**P -**	**P 2,549,192**
Port concession rights payable	**8,979,343**	**-**	**195,712**	**587,136**	**3,978,362**	**9,382,850**	**14,144,060**
Total	**P 11,528,535**	**P 945,901**	**P 692,894**	**P1,693,245**	**P 3,978,362**	**P 9,382,850**	**P 16,693,252**

			Contractual Cash Flows				
As of December 31, 2016 (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 2,000,359	P 761,222	P 425,565	P 813,572	P -	P -	P 2,000,359
Port concession rights payable	8,985,869	-	194,019	582,056	3,962,327	9,986,285	14,724,687
Total	P 10,986,228	P 761,222	P 619,584	P 1,395,628	P 3,962,327	P 9,986,285	P 16,725,046

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

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

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

		As of September 30, 2017		As of December 31, 2016 (Audited)
Cash and cash equivalent	P	6,997,223	P	5,880,613
Trade and other receivables - net		456,349		426,466
Deposits		25,681		34,958
AFS financial assets		2,652		2,652
	P	7,481,903	P	6,344,689

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

As of September 30, 2017, 100% of the total trade and other receivables which are neither past due nor impaired are of high grade quality.

Foreign Currency Risk

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

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

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

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

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

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

	As of September 30, 2017	As of December 31, 2016
Assets		
Cash and cash equivalents	US$977	US$307
Trade and other receivables	87	122
	1,064	429
Liabilities		
Trade and other payables	3,762	1,235
Port concession rights payable	147,004	149,341
	150,766	150,576
Net foreign currency-denominated liabilities	(US$149,702)	(US$150,147)
Peso equivalent	(P7,607,107)	(P7,465,309)

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, 2017			
+5%	**P**	**(380,355) P**	**(266,249)**
-5%		**380,355**	**266,249**
December 31, 2016			
+5%	P	(373,265) P	(261,286)
-5%		373,265	261,286

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

The Company considers capital to include paid-up capital, retained earnings, and other reserves. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return to capital shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period ended September 30, 2017.

The Company is not subject to externally imposed capital requirements.

The table below shows the capital structure of the Company.

		September 30, 2017		December 31, 2016 (Audited)
Capital Stock	P	**2,000,000**	P	2,000,000
Additional paid-in capital		**264,300**		264,300
Retained Earnings		**10,815,494**		9,910,095
Hedging reserve		**(384,351)**		(415,403)
Fair value reserve		**(5,820)**		(5,820)
Total	P	**12,689,623**	P	11,753,172

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, 2017				As of December 31, 2016 (Audited)		
		Carrying Values		**Fair Values**		Carrying Values		Fair Values
Financial assets:								
Loans and receivables:								
Cash and cash equivalents	P	**6,997,832**	P	**6,997,832**	P	5,881,207	P	5,881,207
Trade and other receivables - net		**456,349**		**456,349**		426,466		426,466
Deposits		**25,681**		**38,426**		34,958		41,426
		7,479,862		**7,492,607**		6,342,631		6,349,099
AFS financial assets		**3,000**		**2,652**		2,652		2,652
	P	**7,482,862**	P	**7,495,259**	P	6,345,283	P	6,351,751
Financial liabilities:								
Other Financial liabilities:								
Trade and other payables	P	**2,549,192**	P	**2,549,192**	P	2,000,359	P	2,000,359
Port concession rights payable		**8,979,343**		**9,692,337**		8,985,869		10,416,292
	P	**11,528,535**	P	**12,241,529**	P	10,986,228	P	12,416,651

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 3.81% and 2.91% in 2017 and 2016, 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).

Fair Value Hierarchy

As of September 30, 2017		**Level 1**		**Level 2**		**Level 3**
AFS financial assets	**P**	**933**	**P**	**-**	**P**	**1,719**
Port concession rights payable		**-**		**9,692,337**		**-**
	P	**933**	**P**	**9,692,337**	**P**	**1,719**

As of December 31, 2016 (Audited)		Level 1		Level 2		Level 3
AFS financial assets	P	933	P	-	P	1,719
Port concession rights payable		-		10,416,292		-
	P	933	P	10,416,292	P	1,719

There have been no transfers from one level to another in 2017 and 2016.