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# SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Information

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

Document Information

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SEC Number: 133653  
File Number: \_\_\_\_\_

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

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

**(632) 528-6000**  
(Telephone Number)

**December 31**  
**Calendar Year Ending**  
(Month & Day)

**SEC Form 17-Q**  
Form Type

\_\_\_\_\_  
Amendment Designation (if applicable)

**September 30, 2018**  
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, 2018**
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

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

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

Yes [  ] 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 [  ] No [  ]

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

Yes [  ] No [  ]

**PART I - FINANCIAL INFORMATION**

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**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, 2018 and are applicable to the Company and none of these is expected to have a significant effect on the consolidated financial statements:

*Effective January 1, 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.

Based on the management's initial assessment, the new standards will not have a significant impact on the measurement of its financial instruments.

- 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 PFRS, 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.

Based on the Group's assessment, the new standard will not have a material impact on the financial statements.

- *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts (Amendments to PFRS 4).* The amendments provide a temporary exemption from PFRS 9, where an entity is permitted to defer application of PFRS 9 in 2018 and continue to apply PAS 39 *Financial Instruments: Recognition and Measurement* if it has not applied PFRS 9 before and its activities are predominantly connected with insurance. A qualified entity is permitted to apply the temporary exemption for annual reporting periods beginning before January 1, 2021. The amendments also provide an overlay approach to presentation when applying PFRS 9 where an entity is permitted to reclassify between profit or loss and other comprehensive income the difference between the amounts recognized in profit or loss under PFRS 9 and those that would have been reported under PAS 39, for designated financial assets. A financial asset is eligible for designation if it is not held for an activity that is unconnected with contracts in the scope of PFRS 4, and if it is measured at fair value through profit or loss under PFRS 9, but would not have been under PAS 39. An entity is generally permitted to start applying the overlay approach only when it first applies PFRS 9, including after previously applying the temporary exemption.

The amendments permitting the temporary exemption are for annual periods beginning on or after January 1, 2018 and the amendments allowing the overlay approach are applicable when an entity first applies PFRS 9.

- *Philippine Interpretation IFRIC - 22 Foreign Currency Transactions and Advance Consideration.* The interpretation clarifies that the transaction date to be used for translation for foreign currency transactions involving an advance payment or receipt is the date on which the entity initially recognizes the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation applies when an entity pays or receives consideration in a foreign currency and recognizes a non-monetary asset or liability before recognizing the related item.

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

#### *Effective January 1, 2019*

- *PFRS 16 Leases* supersedes *PAS 17 Leases* and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying

the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

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

The Group is still in the process of assessing the potential impact on its consolidated financial statements.

## **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, 2018**

Revenues for the nine months of 2018 of P8,853.7 million went up by 14.6% from P7,723.1 million in the same period last year. Revenues from South Harbor international containerized cargo operations and Batangas Container Terminal increased from last year on account of higher container volumes, which grew by 4.2% and 18.4%, respectively. Likewise, revenues in Port of Batangas were higher compared to last year due to higher volumes of domestic containers, RoRo and passengers.

Government share in revenues for the first nine months of 2018 amounted to P1,640.5 million increased by 17.7% from P1,393.4 million last year resulting from higher revenues subject to port authorities' share.

Cost and expenses rose by 8.7% to P3,604.8 million in the first nine months of 2018 from P3,317.7 million in the same period last year. Labor costs of P1,052.2 million this year were up by 10.9% compared to P948.5 million last year due to salary rate increases and additional headcount related to higher volumes. Equipment running costs went up by 38.0% to P596.8 million this year from P432.4 million last year due to higher usage of equipment spare parts and higher fuel costs resulting from higher prices and higher consumption. Facilities-related expenses in 2018 was P158.8 million, 42.4% up from P111.5 million in 2017 due to higher repairs and maintenance costs on buildings, surface and pavement, lightings and IT costs. Security, health, environment and safety increased by 20.8 % to P150.5 million in 2018 from P124.6 million in 2017. Management fees of P133.7 million in 2018 were higher by 25.5% than P106.5 million in 2017 following higher earnings before tax. Insurance of P63.9 million in 2018 increased by 34.9% compared to P47.4 million last year due to higher insurance premiums. Rentals of P108.9 million in 2018 increased by 11.0% to P98.1 million in the same period last year due to higher space rentals for RoRo cargoes. Professional fees in 2018 of P48.6 million went up by 215.2% from P15.4 million last year due to higher legal expenses and consultancy fees. General transport of P34.3 million in 2018 were higher by 10.2% than P31.1 million in 2017 on account of higher trucking costs. Other expenses in 2018 amounted to P188.6 million, 21.3% higher compared to P155.4 million last year due to higher advertising and promotions, community investments, provision for inventory obsolescence and provision for cargo claims.

Taxes and licenses in 2018 of P219.1 million were lower by 35.9% compared to P342.0 million in 2017 due to higher real property taxes last year. Depreciation and amortization in 2018 decreased by 6.4% to P843.4 million from P901.2 million in 2017 due to full amortization of QC6 and QC9 last June 2017.

Finance income in 2018 of P71.6 million were higher by 16.4% against P61.5 million last year due to higher interest rates for money market placements. Finance costs in 2018 of P404.1 million were lower by 5.4% vs. P427.2 million in 2017 due to declining interest expense on concession rights payable. Others-net increased unfavorably to P230.1 million in 2018 from P206.9 million in 2017 mainly due to foreign exchange losses on cash flow hedge and port concession rights payable mitigated by unrealized foreign exchange gain on US Dollar Money Market Placements following the depreciation of the Philippine Peso against the US Dollar.

Income before income tax in the nine months of 2018 of P3,045.9 million grew by 24.9% from P2,439.3 million in the same period last year. Provision for income tax increased by 27.3% to P855.9 million in 2018 from P672.1 million in the same period last year.

Net income of P2,190.0 million for the nine months of 2018 was 23.9% higher than P1,767.2 million for the same period last year. Excluding the foreign exchange gain (losses) attributable to port concession rights payable, net income would have been P2,460.0 million for the first nine months of 2018, 25.9% higher compared to P1,953.6 million for the same period last year. Earnings per share this year was P1.09, last year was P0.88.

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 2018:

- 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, 2018 increased by 5.5% to P27,187.9 million from P25,765.2 million as of December 31, 2017. Current assets increased by 2.4% to P8,671.4 million as of September 30, 2018 from P8,469.2 million as of December 31, 2017. Cash and cash equivalents of P6,831.7 million as of September 30, 2018 was lower by 1.6% compared to P6,945.2 million as of December 31, 2017. Trade and other receivables-net of P593.1 million as of September 30, 2018 increased by 20.9% from P490.5 million as of December 31, 2017. Spare parts and supplies-net as of September 30, 2018 rose by 23.3% to P497.8 million from P403.7 million as of December 31, 2017. Prepaid expenses as of September 30, 2018 of P748.7 million were higher by 18.9% than P629.9 million as of December 31, 2017 on account of the unamortized portion of prepaid real property and business taxes for the year and prepaid land rental for Cavite Project.

Total noncurrent assets of P18,516.5 million as of September 30, 2018 was higher by 7.1% compared to P17,296.0 million as of December 31, 2017. Investment in an associate decreased by 25.0% to P65.2 million as of September 30, 2018 from P87.0 million as of December 31, 2017 on account of cash dividends received from an associate. Property and equipment – net amounted to P646.6 million, up 14.3% from P565.6 million as of December 31, 2017. Intangible assets – net of P16,557.1 million was higher by 5.1% than P15,753.2 million as of December 31, 2017. The acquisitions of property and equipment and intangible assets, which amounted to P166.3 million and P1,562.1 million, respectively, was partially offset by the increase in depreciation and amortization. Deferred tax assets – net amounted to P1,009.1 million as of September 30, 2018, 21.4% above the P831.0 million as of December 31, 2017. Other noncurrent assets increased to P238.4 million as of September 30, 2018

from P59.2 million as of December 31, 2017 due to higher input taxes on additions to property and equipment and intangible assets.

Total liabilities increased by 2.8% to P12,471.7 million as of September 30, 2018 from P12,129.7 million as of December 31, 2017. Trade and other payables decreased by 1.6% to P2,647.1 million as of September 30, 2018 from P2,690.2 million as of December 31, 2017. Trade and other payables are covered by agreed payment schedules. Provisions for claims of P214.9 million as of September 30, 2018 increased by 5.1% from P204.5 million as of December 31, 2017. Concession rights payable (current and noncurrent) as of September 30, 2018 totaled P9,221.7 million increased by 4.7% from P8,806.6 million as of December 31, 2017. Income and other taxes payable of P303.8 million as of September 30, 2018 was higher by 3.6% compared to P315.3 million as of December 31, 2017 due to income tax for the third quarter of 2018. Pension liability of P84.2 million were down by 25.5% as of September 30, 2018 from P113.1 million as of December 31, 2017 due to contributions made to the retirement funds.

### **Consolidated Cash Flows**

Net cash provided by operating activities in the first nine months of 2018 was P3,111.3 million, 12.1% lower than P3,538.3 million in the same period last year due to increase in trade and other receivables and spare parts and supplies as well as decrease in trade and other payables.

Net cash used in investing activities in the first nine months of 2018 of P1,841.0 million was higher by 86.3% versus the P988.4 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 2018 was P1,486.9 million, 3.4% higher than P1,438.3 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 2018:

- ATIB's total assets were only 9.5% of the consolidated total assets
- Income before other income and expense for ATIB was only 7.5% of consolidated income before other income and expenses<sup>1</sup>.



Consolidated KPI	Manner of Calculation	As of September 30		Discussion
		2018	2017	
Return on Capital Employed	Percentage of annualized net income before other income and expenses over capital employed	19.9%	17.4%	Increase due to higher growth 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	20.6%	19.3%	Increase due to higher growth in annualized net income.
Current ratio	Ratio of current assets over current liabilities	2.51 : 1.00	2.70 : 1.00	Decrease due to lower current assets and higher current liabilities.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.85 : 1.00	1.95 : 1.00	Decreased due to increase in retained earnings.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.85 : 1.00	0.95 : 1.00	Improved due to increase in stockholders' equity
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	12 days	11 days	Increase due to higher level of receivables.
Net Income Margin	Net income over revenues less government share in revenues	30.4%	27.9%	Increase due to higher revenues.
Reportable Injury Frequency Rate (RIFR) <sup>2</sup>	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	0.83	0.37	Due to higher number of injuries.

<sup>1</sup> Income before other income and expenses is defined as income before net financing costs, forex gains or losses and others.

<sup>2</sup> RIFR is the new KPI for injuries introduced in 2014 to replace L'TIFR. 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 26, 2018, the Board of Directors of ATI approved a cash dividend of P0.45 per share to stockholders on record as of May 22, 2018 payable on June 18, 2018. As of date of this report, the Company has ordinary shares only.

### Submissions of SEC Form 17-C:

<b>Date Filed</b>	<b>Reference</b>	<b>Particulars</b>
January 22, 2018	SEC 17-C	Resignation of director (Mohammad Ali Mohammad Ahmad)
January 30, 2018	SEC 17-C	Election of Mr. Matthew W. Leech as director, replacing Mr. Mohammad Ali Mohammad Ahmad.
February 5, 2018	SEC 17-C	Resignation of Mr. Rashed Ali Hassan Abdulla as director and Chairman effective April 1, 2018; Resignation of Mr. Andrew Hoad as Executive Vice President effective March 17, 2018; Appointment of Mr. William Wassaf Khoury Abreu as Executive Vice President effective March 17, 2018, replacing Mr. Hoad.
February 20, 2018	SEC 17-C	Notice of Guidelines for Nominations for Election to the Board of Directors
February 21, 2018	SEC 17-C	Resignation of Mr. Kwok Leung Law as director.
February 23, 2018	SEC 17-C	Setting the date, venue, agenda and record date of the 2018 Annual Stockholders' Meeting and closing of stock and transfer book; Approval of the 2017 Audited Financial Statements; Appointment of the independent auditors for 2018; Election of Mr. Andrew R. Hoad as director effective immediately replacing Mr. Kwok Leung Law and as Chairman effective April 1, 2018 replacing Mr. Rashed Ali Hassan Abdulla; Election of Mr. Ahmad Yousef Ahmad Alhassan Al Simreen as director effective April 1, 2018, replacing Mr. Rashed Ali Hassan Abdulla.
April 27, 2018	SEC 17-C	Results of the 2018 Annual Stockholders' Meeting, Declaration of Cash Dividends, Record and Payment Dates and Results of the Organizational Meeting
August 10, 2018	SEC 17-C	Audit Committee Self-Assessment

**ASIAN TERMINALS, INCORPORATED**  
**Securities and Exchange Commission Form 17-Q**

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**SIGNATURES**

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

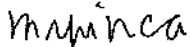
**ASIAN TERMINALS, INCORPORATED**  
by:



**JOSE TRISTAN P. CARPIO**  
Vice President and Chief Financial Officer

Date : November 13, 2018

Principal Financial/Accounting Officer:



**MARISSA R. PINCA**  
Senior Manager for Accounting and Financial Planning

Date : November 13, 2018

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

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P6,831,736	P6,945,189
Trade and other receivables - net	593,116	490,466
Spare parts and supplies	497,838	403,701
Prepaid expenses	748,725	629,872
<b>Total Current Assets</b>	<b>8,671,415</b>	<b>8,469,228</b>
<b>Noncurrent Assets</b>		
Investment in an associate	65,241	87,027
Property and equipment - net	646,634	565,618
Intangible assets - net	16,557,100	15,753,157
Deferred tax assets - net	1,009,075	831,026
Other noncurrent assets	238,482	59,181
<b>Total Noncurrent Assets</b>	<b>18,516,532</b>	<b>17,296,009</b>
<b>TOTAL ASSETS</b>	<b>P27,187,947</b>	<b>P25,765,237</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables	P2,647,101	P2,690,212
Provisions for claims	214,912	204,544
Port concession rights payable - current portion	295,514	258,060
Income and other taxes payable	303,796	315,287
<b>Total Current Liabilities</b>	<b>3,461,323</b>	<b>3,468,103</b>
<b>Noncurrent Liabilities</b>		
Port concession rights payable - net of current portion	8,926,210	8,548,520
Pension liability	84,209	113,073
<b>Total Noncurrent Liabilities</b>	<b>9,010,419</b>	<b>8,661,593</b>
	<b>12,471,742</b>	<b>12,129,696</b>
<b>Equity</b>		
<b>Equity Attributable to Equity Holders of the Parent Company</b>		
Capital stock	2,000,000	2,000,000
Additional paid-in capital	264,300	264,300
Retained earnings	12,864,147	11,575,652
Hedging reserve	(416,417)	(207,620)
Fair value reserve	(5,820)	(5,820)
	<b>14,706,210</b>	<b>13,626,512</b>
<b>Non-controlling Interest</b>	<b>9,995</b>	<b>9,029</b>
<b>Total Equity</b>	<b>14,716,205</b>	<b>13,635,541</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P27,187,947</b>	<b>P25,765,237</b>

**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	
	2018	2017	2018	2017
<b>REVENUES FROM OPERATIONS</b>	P3,156,800	P2,653,621	P8,853,720	P7,723,090
<b>GOVERNMENT SHARE IN REVENUES</b>	(605,956)	(496,717)	(1,640,492)	(1,393,442)
	2,550,844	2,156,904	7,213,228	6,329,648
<b>COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES</b>	(1,241,222)	(1,212,373)	(3,604,790)	(3,317,731)
<b>OTHER INCOME AND EXPENSES</b>				
Finance income	30,230	18,932	71,634	61,528
Finance cost	(137,607)	(141,455)	(404,050)	(427,201)
Others - net	(103,663)	(16,762)	(230,087)	(206,919)
	(211,040)	(139,285)	(562,503)	(572,592)
<b>CONSTRUCTION REVENUES</b>	531,577	437,697	1,562,104	951,887
<b>CONSTRUCTION COSTS</b>	(531,577)	(437,697)	(1,562,104)	(951,887)
	-	-	-	-
<b>INCOME BEFORE INCOME TAX</b>	1,098,582	805,246	3,045,935	2,439,325
<b>INCOME TAX EXPENSE</b>				
Current	348,994	286,989	944,459	825,050
Deferred	(38,873)	(63,084)	(88,565)	(152,922)
	310,121	223,905	855,894	672,128
<b>NET INCOME</b>	P788,461	P581,341	P2,190,041	P1,767,197
<b>Income Attributable to</b>				
Equity Holders of the Parent Company	788,050	580,803	P2,188,493	1,765,399
Non - controlling interest	411	538	1,548	1,798
	P788,461	P581,341	P2,190,041	P1,767,197
<b>Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company</b>	P0.39	P0.29	P1.09	P0.88

**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	
	2018	2017	2018	2017
<b>NET INCOME FOR THE PERIOD</b>	P 788,461	P 581,341	P2,190,041	P1,767,197
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that are or may be reclassified to profit or loss				
Cash flow hedge - effective portion	(97,017)	(38,238)	(587,960)	(137,235)
Cash flow hedge - reclassified to profit or loss	117,064	3,224	289,677	181,593
Tax on items taken directly to equity	(6,014)	10,504	89,485	(13,308)
	14,033	(24,510)	(208,798)	31,050
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD -</b>				
Net of tax	14,033	(24,510)	(208,798)	31,050
<b>TOTAL COMPREHENSIVE INCOME</b>	P 802,494	P556,831	P1,981,243	P1,798,247
<b>Total Comprehensive Income Attributable to</b>				
Equity Holders of the Parent Company	P 802,083	P 556,293	P1,979,695	P1,796,449
Non - controlling interest	411	538	1,548	1,798
	P 802,494	P 556,831	P1,981,243	P1,798,247

**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									
	Common Stock	Additional Paid-in Capital	Retained Earnings		Hedging Reserve	Fair Value Reserves	Total	Non-controlling Interest	Total Equity	
			Appropriated for Port Development	Unappropriated						
Balance at January 1, 2018	P2,000,000	P264,300	P9,700,000	P1,875,652	P (207,620)	(5,820)	P13,626,512	P9,029	P13,635,541	
Cash dividends - P0.45 a share for ATI	-	-	-	(900,000)	-	-	(900,000)	(580)	(900,580)	
Net income for the period	-	-	-	2,188,493	-	-	2,188,493	1,548	2,190,041	
Other comprehensive income										
Cash flow hedge - effective portion - net of tax	-	-	-	-	(411,571)	-	(411,571)	-	(411,571)	
Cash flow hedge - reclassified to profit or loss - net of tax	-	-	-	-	202,774	-	202,774	-	202,774	
<b>Balance at September 30, 2018</b>	<b>P2,000,000</b>	<b>P264,300</b>	<b>P9,700,000</b>	<b>P3,164,145</b>	<b>(P416,417)</b>	<b>(P 5,820)</b>	<b>P14,706,209</b>	<b>P9,996</b>	<b>P14,716,205</b>	
Balance at January 1, 2017	P2,000,000	P264,300	P7,900,000	P2,010,095	P (415,403)	(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	
<b>Balance at September 30, 2017</b>	<b>P2,000,000</b>	<b>P264,300</b>	<b>P7,900,000</b>	<b>P2,915,494</b>	<b>(P 384,351)</b>	<b>(P 5,820)</b>	<b>P12,689,623</b>	<b>P8,108</b>	<b>P12,697,731</b>	

**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

	2018	2017	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax	P1,098,582	P 805,246	P3,045,935	P2,439,325
Adjustments for:				
Depreciation and amortization	281,881	283,294	843,400	901,224
Finance cost	137,607	141,455	404,050	427,201
Finance income	(30,230)	(18,932)	(71,634)	(61,528)
Contribution to retirement funds	-	-	(60,469)	-
Net unrealized foreign exchange losses	86,775	(241)	186,551	180,724
Equity in net earnings of an associate	(15,136)	(10,358)	(40,905)	(32,084)
Gain on disposals of:				
Property and equipment	(2,009)	191	(2,418)	(57)
Provisions for inventory obsolescence	8,000	-	8,000	-
Operating income before working capital changes	1,565,470	1,200,655	4,312,510	3,854,805
Reversals for:				
Doubtful accounts	(5,950)	-	(5,950)	-
Decrease (increase) in:				
Trade and other receivables	(37,698)	(29,167)	(89,721)	(23,868)
Spare parts and supplies	(15,870)	(11,323)	(102,136)	(51,771)
Prepaid expenses	55,983	14,933	(118,853)	(125,410)
Increase (decrease) in:				
Trade and other payables	(72,310)	392,356	(1,696)	584,708
Provisions for claims	(7,314)	2,036	10,369	1,457
Income and other taxes payable	(49,970)	(50,603)	(37,589)	(16,330)
Cash generated from operations	1,432,341	1,518,887	3,966,934	4,223,591
Finance income received	30,595	18,470	63,096	54,178
Finance cost paid	(89)	6,201	(334)	7,155
Income tax paid	(328,538)	(308,857)	(918,358)	(746,616)
Net cash provided by operating activities	1,134,309	1,234,701	3,111,338	3,538,308
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of:				
Property and Equipment	(73,675)	(17,929)	(166,258)	(65,053)
Intangible assets	(531,577)	(437,697)	(1,562,104)	(951,887)
Decrease (increase) in other noncurrent assets	(51,276)	(1,066)	(172,756)	3,377
Proceeds from disposals of:				
Property and Equipment	2,009	6	2,418	254
Intangible assets	2	-	2	-
Decrease (increase) in deposits	-	7,554	(4,985)	10,613
Dividends received	-	-	62,690	14,329
Net cash used in investing activities	(654,517)	(449,132)	(1,840,993)	(988,367)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments of:				
Cash dividends	-	-	(900,000)	(860,000)
Cash dividend to non-controlling interest	-	-	(580)	(580)
Port concession rights payable	(195,448)	(192,590)	(586,343)	(577,769)
Net cash used in financing activities	(195,448)	(192,590)	(1,486,923)	(1,438,349)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>284,344</b>	<b>592,979</b>	<b>(216,578)</b>	<b>1,111,592</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>30,291</b>	<b>4,691</b>	<b>103,125</b>	<b>5,033</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>6,517,101</b>	<b>6,400,162</b>	<b>6,945,189</b>	<b>5,881,207</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF YEAR</b>	<b>P6,831,736</b>	<b>P 6,997,832</b>	<b>P6,831,736</b>	<b>P6,997,832</b>



**SELECTED  
EXPLANATORY NOTES  
September 30, 2018  
(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	
	2018	2017
Revenue	P8,853,720	P7,723,090
Intangible Assets (excluding goodwill)	16,515,041	14,800,345
Property and equipment - net	646,634	472,782
Total assets	27,187,947	24,722,902
Total liabilities	12,471,742	12,025,171
Capital expenditures		
Intangible Assets	1,562,104	951,887
Property and equipment	166,258	65,053
Depreciation and amortization	843,400	901,224
Noncash expenses (income) other than depreciation and amortization	8,000	-

**2. Trade Receivables - net**

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

	As of September 30, 2018	As of December 31, 2017 (Audited)
Up to 6 months	P489,527	P418,239
Over 6 months to 1 year	-	-
Over 1 year	-	-
<b>Total</b>	<b>P489,527</b>	<b>P418,239</b>

**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, 2018	December 31, 2017 (Audited)
<b>Cost</b>							
Balance at beginning of year	P 152,084	P 560,495	P 513,661	P 190,963	P 84,497	P 1,501,700	P 1,311,306
Additions	3,061	11,898	50,667	29,867	70,765	166,259	197,628
Disposals	-	-	(17,439)	(17,601)	-	(35,040)	(6,315)
Reclassifications	(2,481)	6,972	18,855	962	(24,308)	-	-
Retirements	-	-	-	-	-	-	(919)
Balance at end of year	152,664	579,365	565,745	204,191	130,954	1,632,920	1,501,700
<b>Accumulated depreciation</b>							
Balance at beginning of year	124,575	372,489	316,694	122,324	-	936,082	828,134
Depreciation	5,804	14,272	47,050	18,176	-	85,242	114,905
Disposals	-	-	(17,439)	(17,601)	-	(35,040)	(6,235)
Retirements	-	-	-	-	-	-	(722)
Balance at end of year	130,379	386,761	346,306	122,839	-	986,285	936,082
<b>Carrying Amount</b>	<b>P 22,284</b>	<b>P 192,604</b>	<b>P 219,439</b>	<b>P 81,352</b>	<b>P 130,954</b>	<b>P 646,634</b>	<b>P 565,618</b>

#### 4. Intangible Assets

As of September 30, 2018

	Port Concession Rights					
	Upfront Fees	Fixed Fees	Port Infrastructure	SubTotal	Goodwill	Total
<b>Cost</b>						
Balance at beginning of year	P282,000	P9,279,694	P15,084,610	P24,646,304	P42,060	P24,688,364
Additions	-	-	1,562,104	1,562,104	-	1,562,104
Disposals	-	-	(3,427)	(3,427)	-	(3,427)
<b>Balance at end of year</b>	<b>282,000</b>	<b>9,279,694</b>	<b>16,643,287</b>	<b>26,204,981</b>	<b>42,060</b>	<b>26,247,041</b>
<b>Accumulated amortization</b>						
Balance at beginning of year	52,094	2,786,178	6,096,935	8,935,207	-	8,935,207
Amortization	8,460	289,947	459,751	758,158	-	758,158
Disposals	-	-	(3,425)	(3,425)	-	(3,425)
<b>Balance at end of year</b>	<b>60,554</b>	<b>3,076,125</b>	<b>6,553,261</b>	<b>9,689,940</b>	<b>-</b>	<b>9,689,940</b>
<b>Carrying Amount</b>	<b>P221,446</b>	<b>P6,203,569</b>	<b>P10,090,026</b>	<b>P16,515,041</b>	<b>P42,060</b>	<b>P16,557,100</b>

As of December 31, 2017 (Audited)

	Port Concession Rights					
	Upfront Fees	Fixed Fees	Port Infrastructure	SubTotal	Goodwill	Total
<b>Cost</b>						
Balance at beginning of year	P282,000	P9,279,694	P12,982,273	P22,543,967	P42,060	P22,586,027
Additions	-	-	2,102,478	2,102,478	-	2,102,478
Disposals	-	-	(141)	(141)	-	(141)
<b>Balance at end of year</b>	<b>282,000</b>	<b>9,279,694</b>	<b>15,084,610</b>	<b>24,646,304</b>	<b>42,060</b>	<b>24,688,364</b>
<b>Accumulated amortization</b>						
Balance at beginning of year	40,814	2,399,582	5,429,133	7,869,529	-	7,869,529
Additions	11,280	386,596	667,943	1,065,819	-	1,065,819
Disposals	-	-	(141)	(141)	-	(141)
<b>Balance at end of year</b>	<b>52,094</b>	<b>2,786,178</b>	<b>6,096,935</b>	<b>8,935,207</b>	<b>-</b>	<b>8,935,207</b>
<b>Carrying Amount</b>	<b>P229,906</b>	<b>P6,493,516</b>	<b>P8,987,676</b>	<b>P15,711,098</b>	<b>P42,060</b>	<b>P15,753,157</b>

#### 5. Trade and Other Payables

	September 30, 2018	December 31, 2017 (Audited)
Trade	P461,636	P379,642
Accrued expenses:		
Marketing, commercial and promotion	356,279	446,945
Personnel costs	253,618	165,279
Professional fees	168,879	153,683
Finance costs	138,016	152,744
Repairs and maintenance	81,817	92,788
Rental	50,307	70,693
Trucking Expenses	27,793	28,774
Security expenses	23,882	44,037
Corporate social responsibility	15,364	14,712
Utilities	13,649	12,104
Safety and environment	2,447	4,314
Miscellaneous accrued expenses	47,621	69,518
Due to government agencies	682,574	610,006
Equipment acquisitions	102,740	214,012
Shippers' and brokers' deposits	95,571	84,433
Due to related parties	15,701	7,881
Other Payables	109,207	138,647
	<b>P2,647,101</b>	<b>P2,690,212</b>

## 6. Other Income and Expenses

Finance cost is broken down as follows:

	For the nine months ended September 30	
	2018	2017
Interest on port concession rights payable	P398,798	P421,214
Interest component of pension expense	4,918	5,692
Interest on bank loans/credit facilities	334	295
	<b>P404,050</b>	<b>P427,201</b>

Finance income is broken down as follows:

	For the nine months ended September 30	
	2018	2017
Interest on cash in banks and short-term investments	P70,074	P60,193
Accretion of rental deposits	1,560	1,335
	<b>P71,634</b>	<b>P61,528</b>

Others consisted of the following:

	For the nine months ended September 30	
	2018	2017
Equity in net earnings of an associate	P40,905	P32,084
Development fund	-	7,720
Management income	7,295	6,187
Penalty charges for late delivery	-	3,893
Lease and other income - net	3,590	3,743
Income from insurance claims	-	264
Foreign exchange gains - others	103,697	5,553
Foreign exchange losses - port concession rights payable	(95,897)	(80,605)
Foreign exchange losses - cash flow hedge	(289,677)	(185,758)
	<b>(P230,087)</b>	<b>(P206,919)</b>

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

## 7. Financial Risk and Capital Management Objectives and Policies

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

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

	As of September 30, 2018	As of December 31, 2017 (Audited)
<b>Fixed Rate Instruments</b>		
Cash and cash equivalents	P6,831,075	P6,944,580

*Excluding cash on hand amounting to P0.7 million and P0.6 million as at September 30, 2018 and 2017, respectively.*

#### Fair Value Sensitivity Analysis for Fixed Rate Instruments

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

#### Liquidity Risk

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

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

As of September 30, 2018	Carrying Amount	Contractual Cash Flows					Total
		On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	
Trade and other payables*	P1,964,527	P251,278	P712,650	P1,000,599	P-	P-	P1,964,527
Port concession rights payable	9,221,724	-	196,814	590,443	3,998,733	8,468,885	13,254,875
<b>Total</b>	<b>P11,186,251</b>	<b>P251,278</b>	<b>P909,464</b>	<b>P1,591,042</b>	<b>P3,998,733</b>	<b>P8,468,885</b>	<b>P15,219,402</b>

\* excluding due to government agencies amounting to P682.6 million

As of December 31, 2017 (Audited)	Carrying Amount	Contractual Cash Flows					Total
		On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	
Trade and other payables*	P2,080,206	P269,094	P764,116	P1,046,996	P-	P-	P2,080,206
Port concession rights payable	8,806,580	-	195,800	587,400	3,983,707	9,181,705	13,948,612
<b>Total</b>	<b>P10,886,786</b>	<b>P269,094</b>	<b>P959,916</b>	<b>P1,634,396</b>	<b>P3,983,707</b>	<b>P9,181,705</b>	<b>P16,028,818</b>

\* excluding due to government agencies amounting to P610.0 million

#### Credit Risk

The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. A regular/annual review and evaluation of accounts is being 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 in banks and cash equivalents, trade receivables, deposits, and available-for-sale financial assets, 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, 2018	As of December 31, 2017 (Audited)
Cash and cash equivalents*	P6,831,075	P6,944,580
Trade and other receivables - net	593,116	490,466
Deposits	40,391	33,845
AFS financial assets	2,652	2,652
	<b>P7,467,234</b>	<b>P7,471,543</b>

\*excluding cash on hand amounting to P0.7 million and P0.6 million as at September 30, 2018 and 2017, respectively.

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

As of September 30, 2018, of the total trade and other receivables which are neither past due nor impaired, 100% are of high grade quality instruments because there was no history of default on the agreed terms of the contract.

#### Foreign Currency Risk

The Company has foreign currency financial assets and liabilities arising from US dollar denominated revenues, lease payments, government share, and other foreign currency-denominated purchases by operating units.

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

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.

In 2017, the designated hedged term reached its 3<sup>rd</sup> year and ceased accordingly. The Company re-designated 50% of the monthly US dollar revenue as the hedged item for the next forty-two months.

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, 2018	As of December 31, 2017
<b>Assets</b>		
Cash and cash equivalents	US\$1,088	US\$386
Trade and other receivables	-	190
	<b>1,088</b>	<b>576</b>
<b>Liabilities</b>		
Trade and other payables	2,602	2,860
Port concession rights payable	139,101	146,156
	<b>141,703</b>	<b>149,016</b>
Net foreign currency-denominated liabilities	<b>(US\$140,615)</b>	<b>(US\$148,440)</b>
Peso equivalent	<b>(P7,596,022)</b>	<b>(P7,411,609)</b>

The exchange rates applicable for US dollar as at September 30, 2018 and December 31, 2017 are P54.02 and P49.93, respectively.

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

Increase (Decrease) in U.S. dollar Exchange Rate	Effect on Income Before Income Tax	Effect on Equity
<b>September 30, 2018</b>		
5%	(P379,801)	(P265,861)
-5%	379,801	265,861
<b>December 31, 2017</b>		
5%	(P370,580)	(P259,406)
-5%	370,580	259,406

#### Capital Management

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

The Company considers capital to include capital stock, additional paid-in capital, retained earnings, fair value reserve and hedging reserves. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return to capital shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period ended September 30, 2018.

The Company is not subject to externally imposed capital requirements.

The table below shows the capital structure of the Company.

	September 30, 2018	December 31, 2017 (Audited)
Capital Stock	P2,000,000	P2,000,000
Additional paid-in capital	264,300	264,300
Retained Earnings	12,864,147	11,575,652
Hedging reserve	(416,417)	(207,620)
Fair value reserve	(5,820)	(5,820)
<b>Total</b>	<b>P14,706,210</b>	<b>P13,626,512</b>

## 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, 2018		As of December 31, 2017 (Audited)	
	Carrying Amount	Fair Values	Carrying Amount	Fair Values
<b>Financial Assets</b>				
Loans and receivables:				
Cash and cash equivalents	P6,831,736	P6,831,736	P6,945,189	P6,945,189
Trade and other receivables - net	593,116	593,116	490,466	490,466
Deposits	40,391	42,131	33,845	39,589
	<b>7,465,243</b>	<b>7,466,983</b>	<b>7,469,500</b>	<b>7,475,244</b>
AFS financial assets	2,652	2,652	2,652	2,652
	<b>P7,467,895</b>	<b>P7,469,635</b>	<b>P7,472,152</b>	<b>P7,477,896</b>
<b>Financial Liabilities</b>				
Other Financial liabilities:				
Trade and other payables*	P1,964,527	P1,964,527	P2,080,206	P2,080,206
Port concession rights payable	9,221,724	8,671,965	8,806,580	9,895,597
	<b>P11,186,251</b>	<b>P10,636,492</b>	<b>P10,886,786</b>	<b>P11,975,803</b>

\* excluding due to government agencies amounting to P682.6 million and P610.0 million in 2018 and 2017, respectively.

### Fair Value of Financial Instruments

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

### *Nonderivative Financial Instruments*

Quoted market prices have been used to determine the fair values of listed available-for-sale investments. The fair values of unquoted AFS financial assets are not reliably determinable.

For noninterest-bearing deposits, the fair value is estimated as the present value of all future cash discounted using the prevailing market rate on interest for a similar instrument. The discount rates used are 7.0% in 2018 and 4.3% in 2017.

The fair value of port concession rights payable was estimated at the present value of all future cash flows discounted using the applicable rates for similar types of loans ranging from 7.11% to 8.30% in 2018 and 5.42% to 5.78% in 2017.

### 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

<b>As of September 30, 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>AFS financial assets</b>	<b>P933</b>	<b>P -</b>	<b>P1,719</b>
<b>Port concession rights payable</b>	<b>-</b>	<b>8,671,965</b>	<b>-</b>
	<b>P933</b>	<b>P8,671,965</b>	<b>P1,719</b>

<b>As of December 31, 2017 (Audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>AFS financial assets</b>	<b>P933</b>	<b>P -</b>	<b>P1,719</b>
<b>Port concession rights payable</b>	<b>-</b>	<b>9,895,597</b>	<b>-</b>
	<b>P933</b>	<b>P9,895,597</b>	<b>P1,719</b>

There have been no transfers from one level to another in 2018 and 2017.