

COVER SHEET

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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

85286000

Company Telephone Number

1 1 1 3

Month Day

1 7 - Q

FORM TYPE

0 6 0 4

Month Day
2020 Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

8 2 2

As of Oct 31, 2020
Total No. of Stockholders

Total Amount of Borrowings

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, 2020

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, 2020**
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

A number of amendments to standards are effective for annual periods beginning after January 1, 2019. However, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements:

Effective January 1, 2020

- *Amendments to References to Conceptual Framework in PFRS Standards* sets out amendments to PFRS Standards, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:
 - a new chapter on measurement;
 - guidance on reporting financial performance;
 - improved definitions of an asset and a liability, and guidance supporting these definitions; and
 - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

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

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

- *Definition of a Business (Amendments to PFRS 3)*. The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments:
 - confirmed that a business must include inputs and a process, and clarified that:
 - the process must be substantive; and
 - the inputs and process must together significantly contribute to creating outputs;
 - narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
 - added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

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

- *Definition of Material (Amendments to PAS 1, Presentation of Financial Statements and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)*. The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:
 - (a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';
 - (b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;
 - (c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;
 - (d) clarifying the explanatory paragraphs accompanying the definition; and
 - (e) aligning the wording of the definition of material across PFRS Standards and other publications.

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

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

Deferral of the local implementation of Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

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

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

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, 2020

Revenues for the nine months of 2020 of P7,970.1 million declined by 21.6% from P10,165.1 million in the same period last year. Revenues from South Harbor (SH) international containerized cargo operations and Batangas Container Terminal (BCT) decreased from last year by 21.1% and 24.7%, respectively, on account of lower container volumes resulting from the negative economic impact of COVID-19. Container volumes at SH and BCT declined by 22.6% and 23.9%, respectively.

Government share in revenues for the nine months of 2020 of P1,303.3 million decreased by 27.7% from P1,801.5 million last year as a result of lower revenues subject to port authorities' share.

Cost and expenses in the first nine months of 2020 amounted to P3,694.6 million, 12.0% lower than P4,198.0 million in the same period last year. Labor costs of P1,120.7 million this year were down by 4.9% compared to P1,178.5 million last year due to lower deployment and overtime related to lower volume. Equipment running costs went down by 33.0% to P411.8 million this year from P614.1 million last year due to lower usage of equipment spare parts and tyres, lower electricity and lower fuel costs resulting from lower consumption and lower fuel price. Facilities-related expenses in 2020 was P118.3 million, 25.9% down from P159.7 million in 2019 due to lower repair and maintenance costs for building, surface pavement, wharves and lower utilities. Security, health, environment and safety decreased by 17.3% to P130.3 million in 2020 from P157.6 million in 2019. Management fees of P123.0 million in 2020 were lower by 30.2% than P176.4 million in 2019 following lower earnings before tax. Professional fees in 2020 amounted to negative P9.5 million went down by 148.9% from P19.3 million last year due to reversal of excess provisions of legal fees from previous year. Rentals of P17.6 million in 2020 declined by 41.8% compared to P30.3 million in the same period last year. General transport of P80.6 million in 2020 were lower by 3.8% than P83.8 million in 2019 on account of lower trucking costs. Entertainment, amusement and recreation in 2020 of P2.0 million declined by 64.9% to P5.7 million in the same period last year. Other expenses in 2020 amounted to negative P16.5 million went down by 105.8% from P284.0 million last year due to reversal of excess provisions on claims based on actual payments made, lower travel and accommodation, lower advertising expense and lower miscellaneous expenses.

Meanwhile, depreciation and amortization in 2020 increased by 14.9% to P1,296.4 million from P1,128.2 million in 2019. Taxes and licenses in 2020 of P326.9 million were higher by 14.8% compared to P284.8 million in 2019 due to higher business taxes and higher real property

taxes related to additional equipment and improvements in South Harbor and Batangas. Insurance of P93.0 million in 2020 increased by 23.1% compared to P75.5 million last year due to higher insurance premiums.

Finance income in 2020 of P26.8 million were lower by 79.7% against P131.8 million last year due to lower interest rates on money market placements and lower cash balance. Finance costs in 2020 of P410.5 million were lower by 2.3% against P420.2 million last year. Others-net was higher by 68.3% to P194.0 million in 2020 from P115.2 million in 2019 mainly due to unrealized forex gain on payments of dollar denominated 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 2020 of P2,782.6 million decline by 30.3% from P3,992.5 million in the same period last year. Provision for income tax decrease by 28.2% to P818.7 million in 2020 from P1,141.0 million in the same period last year due to lower results.

Net income of P1,963.9 million for the first nine months of 2020 was 31.1% lower than P2,851.5 million for the same period last year. Earnings per share this year was P0.98, last year was P1.43.

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

- material adverse change in the Philippine and the global economic and industry conditions;
- natural events (earthquake, typhoons and other major calamities); and
- material changes in foreign exchange rates.
- Negative impact of COVID-19

In the first nine months of 2020:

- 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.
- COVID-19 has impacted the business operations of the company and its offsite facilities. Business operations continue following existing government regulations and guidelines. The measures undertaken by the company and its offsites include the implementation of its Business Continuity Plan for COVID-19. The company also has a Prevention and Control Plan for COVID-19 and other communicable diseases in place as well as emergency response procedures for situations concerning public health and safety. This includes: mandatory thermal scanning prior to entry into our gates and offices, thermal imaging equipment deployed in areas where there is a heavy volume of people, issuance of personal protective equipment, work from home and four-day work week, regular sanitization of offices and facilities, social distancing, remote modes of communication such as teleconference and videocalls and sustained information campaign on COVID 19

and proper personal hygiene. The company also continuously maintains close coordination with relevant government entities.

Consolidated Financial Condition

Total assets as of September 30, 2020 decreased by 3.7% to P30,110.7 million from P31,254.1 million as of December 31, 2019. Current assets down by 10.9% to P7,507.7 million as of September 30, 2020 from P8,422.3 million as of December 31, 2019. Cash and cash equivalents of P4,439.8 million as of September 30, 2020 decreased by 21.4% compared to P5,647.3 million as of December 31, 2019. Trade and other receivables-net of P556.3 million as of September 30, 2020 decreased by 11.8% from P630.6 million as of December 31, 2019. Spare parts and supplies as of September 30, 2020 rose by 19.3% to P893.1 million from P748.5 million as of December 31, 2019. Prepaid expenses as of September 30, 2020 of P1,618.5 million were higher by 15.9% than P1,395.9 million as of December 31, 2019 on account of the unamortized portion of prepaid real property and business taxes for the year and higher input taxes various purchases.

Total noncurrent assets of P22,603.0 million as of September 30, 2020 was lower by 1.0% compared to P22,831.8 million as of December 31, 2019. Investment in an associate slightly increased by 0.3% to P49.6 million as of September 30, 2020 from P49.5 million as of December 31, 2019 on account of cash dividends received from an associate. Property and equipment – net amounted to P1,018.6 million, up by 9.0% from P934.1 million as of December 31, 2019. Intangible assets – net of P20,010.5 million was lower by 0.2% than P20,051.2 million as of December 31, 2019. The acquisitions of property and equipment and intangible assets, which amounted to P212.1 million and P1,003.5 million, respectively, was partially offset by the increase in depreciation and amortization. PFRS 16 right of use asset – net of P570.7 million as of September 30, 2020 was lower by 15.6% compared to P676.1 million as of December 31, 2019. Deferred tax assets – net amounted to P902.7 million as of September 30, 2020, was lower by 10.9% compared to P1,013.2 million as of December 31, 2019. Other noncurrent assets decreased by 52.6% to P51.0 million as of September 30, 2020 from P107.6 million as of December 31, 2019.

Total liabilities decreased by 13.2% to P11,223.4 million as of September 30, 2020 from P12,924.1 million as of December 31, 2019. Trade and other payables decreased by 26.9% to P2,378.7 million as of September 30, 2020 from P3,253.0 million as of December 31, 2019. Trade and other payables are covered by agreed payment schedules. Provisions for claims of P60.6 million as of September 30, 2020 decreased by 76.7% from P259.8 million as of December 31, 2019 due to reversal of excess provisions on claims based on actual payments made. Concession rights payable (current and noncurrent) as of September 30, 2020 of P7,780.9 million decreased by 6.3% from P8,303.0 million as of December 31, 2019. Income and other taxes payable of P207.2 million as of September 30, 2020 was lower by 26.8% compared to P283.2 million as of December 31, 2019 due to lower income before tax. Pension liability of P222.9 million went up by 21.0% as of September 30, 2020 from P184.1 million as of December 31, 2019. Lease liabilities (current and noncurrent) of P573.2 million as of September 30, 2020 decreased by 10.6% from P640.9 million as of December 31, 2019.

Consolidated Cash Flows

Net cash provided by operating activities in the first nine months of 2020 was P2,140.2 million, 41.4% lower than P3,654.4 million in the same period last year due to lower income before tax.

Net cash used in investing activities in the first nine months of 2020 of P1,124.2 million was lower by 43.0% versus the P1,973.5 million in the same period last year due to lower acquisition of intangible assets.

Net cash used in financing activities in the first nine months of 2020 was P2,094.2 million, 15.0% higher than P1,821.4 million in the same period last year due to higher payments of 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 2020:

- ATIB's total assets were only 9.0% of the consolidated total assets
- Income before other income and expense for ATIB was only 4.4% of consolidated income before other income and expenses¹.

Consolidated KPI	Manner of Calculation	As of September 30		Discussion
		2020	2019	
Return on Capital Employed	Percentage of income before interest and tax over capital employed	15.7%	19.9%	Decreased due to lower income before interest and taxes during the period and higher capital employed.
Return on Equity attributable to equity holders of the parent	Percentage of annualized net income over equity attributable to equity holders of the parent	14.1%	22.8%	Decreased due to lower net income.
Current ratio	Ratio of current assets over current liabilities	2.41 : 1.00	2.06 : 1.00	Increased due to lower current liabilities.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.60 : 1.00	1.76 : 1.00	Decreased due to lower assets.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.59 : 1.00	0.76 : 1.00	Improved due to decrease in liabilities.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	9 days	11 days	Decreased due to improved collection.
Net Income Margin	Net income over revenues less government share in revenues	29.5%	34.1%	Decreased due to lower 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.	0.80	0.61	Increased due to higher number of injuries.

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 March 30, 2020, the Board of Directors of ATI approved a cash dividend of P0.703 per share to stockholders on record as of April 29, 2020 payable on May 26, 2020. As of date of this report, the Company has ordinary shares only.

Submissions of SEC Form 17-C:

Date Filed	Reference	Particulars
January 6, 2020	SEC 17-C	Attendance of Directors in the 2019 Board Meetings
January 20, 2020	SEC 17-C	Resignation of RCBC as Stock Transfer Agent
February 17, 2020	SEC 17-C	Notice of Guidelines for Nomination
February 21, 2020	SEC 17-C	Setting of the date, time, agenda and venue of the 2020 annual stockholders' meeting, the record date and closing of stock and transfer book; approval of the audited financial statements; re-appointment of R.G. Manabat & Co. as independent auditors for 2020; appointment of stock transfer agent (Professional Stock Transfer Inc.)
March 16, 2020	SEC 17-C	Disclosure on risk and impact of COVID-19 to the business operations
March 30, 2020	SEC 17-C	Declaration of Cash Dividends; Postponement of 2020 Annual Stockholders' Meeting
April 8, 2020	SEC 17-C	Postponement of the 2020 Annual Stockholders' Meeting (pursuant to SEC Notice dated April 3, 2020)
May 11, 2020	SEC 17-C	Amended notice of annual meeting to hold the same by remote communication, with procedure in the conduct thereof and the voting in absentia and by proxy.
June 9, 2020	SEC 17-C	Results of the 2020 Annual Meeting and the organizational meeting
August 28, 2020	SEC 17-C	Board approval of the renewal of the Management Contract between Asian Terminals, Inc. and P & O Management Services, Inc. for five (5) years subject to the approval and ratification of the stockholders in the 2021 annual meeting.
September 3, 2020	SEC 17-C	Audit Committee Self-Assessment (Self-Rating Form)

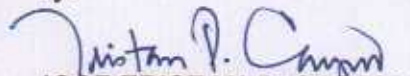
ASIAN TERMINALS, INCORPORATED
Securities and Exchange Commission Form 17-Q

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

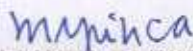
by:


JOSE TRISTAN P. CARPIO

Vice President and Chief Financial Officer

Date : November 13, 2020

Principal Financial/Accounting Officer:


MARISSA R. PINCA

Senior Manager for Accounting and Financial Planning

Date : November 13, 2020

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

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P4,439,815	P5,647,349
Trade and other receivables - net	556,313	630,599
Spare parts and supplies	893,086	748,499
Prepaid expenses	1,618,479	1,395,876
Total Current Assets	7,507,693	8,422,323
Noncurrent Assets		
Investment in an associate	49,635	49,507
Property and equipment - net	1,018,579	934,111
Intangible assets - net	20,010,472	20,051,240
Right of use asset - net	570,666	676,129
Deferred tax assets - net	902,658	1,013,174
Other noncurrent assets	50,997	107,602
Total Noncurrent Assets	22,603,007	22,831,763
TOTAL ASSETS	P30,110,700	P31,254,086
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	P2,378,663	P3,253,008
Provisions for claims	60,554	259,799
Port concession rights payable - current portion	323,136	313,263
Income and other taxes payable	207,247	283,228
Lease liabilities - current portion	149,136	136,701
Total Current Liabilities	3,118,736	4,245,999
Noncurrent Liabilities		
Port concession rights payable - net of current portion	7,457,792	7,989,729
Pension liability - net	222,863	184,146
Lease liability - net of current portion	424,053	504,241
Total Noncurrent Liabilities	8,104,708	8,678,116
Total Liabilities	11,223,444	12,924,115
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	16,617,610	16,060,246
Fair value reserve	(5,820)	(5,820)
	18,876,090	18,318,726
Non-controlling Interest	11,166	11,245
Total Equity	18,887,256	18,329,971
TOTAL LIABILITIES AND EQUITY	P30,110,700	P31,254,086

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	
	2020	2019	2020	2019
REVENUES FROM OPERATIONS	P2,917,331	P3,127,713	P7,970,128	P10,165,136
GOVERNMENT SHARE IN REVENUES	(509,988)	(547,403)	(1,303,265)	(1,801,467)
	2,407,343	2,580,310	6,666,863	8,363,669
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	(1,232,795)	(1,472,415)	(3,694,638)	(4,198,042)
OTHER INCOME AND EXPENSES				
Finance income	1,204	35,266	26,828	131,849
Finance cost	(134,879)	(140,044)	(410,454)	(420,175)
Others - net	115,135	(10,692)	193,960	115,225
	(18,540)	(115,470)	(189,666)	(173,101)
CONSTRUCTION REVENUES	538,434	697,124	1,003,520	1,960,473
CONSTRUCTION COSTS	(538,434)	(697,124)	(1,003,520)	(1,960,473)
	-	-	-	-
INCOME BEFORE INCOME TAX	1,156,008	992,425	2,782,559	3,992,526
INCOME TAX EXPENSE				
Current	323,703	336,728	708,178	1,169,556
Deferred	20,058	(51,742)	110,516	(28,578)
	343,761	284,986	818,694	1,140,978
NET INCOME	P812,247	P707,439	P1,963,865	P2,851,548
Income Attributable to				
Equity Holders of the Parent Company	P812,095	P707,175	P1,963,364	P2,850,577
Non - controlling interest	152	264	501	971
	P812,247	P707,439	P1,963,865	P2,851,548
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	P0.41	P0.35	P0.98	P1.43

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		Fair Value Reserves	Total	Non-controlling Interest	Total Equity
			Appropriated for Port Development	Unappropriated				
Balance at January 1, 2020	P2,000,000	P264,300	P12,900,000	P3,160,246	(5,820)	P18,318,726	P11,245	P18,329,971
Cash dividends - P0.703 a share for ATI	-	-	-	(1,406,000)	-	(1,406,000)	(580)	(1,406,580)
Net income for the period	-	-	-	1,963,364	-	1,963,364	501	1,963,865
Balance at September 30, 2020	P2,000,000	P264,300	P12,900,000	P3,717,610	(5,820)	P18,876,090	P11,166	P18,887,256
Balance at January 1, 2019	P2,000,000	P264,300	P10,500,000	P3,085,013	(5,820)	P15,843,493	P10,358	P15,853,851
Cash dividends - P0.5625 a share for ATI	-	-	-	(1,125,000)	-	(1,125,000)	(580)	(1,125,580)
Net income for the period	-	-	-	2,850,577	-	2,850,577	971	2,851,548
Adjustment on initial application of PFRS 16	-	-	-	(11,616)	-	(11,616)	-	(11,616)
Balance at September 30, 2019	P2,000,000	P264,300	P10,500,000	P4,798,974	(5,820)	P17,557,454	P10,749	P17,568,203

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	
	2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	P1,156,008	P992,425	P2,782,559	P3,992,526
Adjustments for:				
Depreciation and amortization	439,959	394,413	1,296,364	1,128,222
Finance cost	134,879	140,044	410,454	420,175
Finance income	(1,205)	(36,266)	(26,829)	(131,849)
Contribution to retirement funds	-	(9)	-	(48,796)
Net unrealized foreign exchange gains (losses)	(112,250)	38,992	(192,417)	(100,163)
Equity in net earnings of an associate	(15,042)	(10,166)	(35,950)	(38,873)
Gain on disposals of:				
Property and equipment	23	698	141	3,714
Intangible assets	-	786	876	4,867
Provisions for inventory obsolescence	1,500	6,000	5,500	18,000
PFRS 16 adjustment	-	9,558	-	(34,182)
Operating income before working capital changes	1,603,872	1,537,475	4,240,698	5,213,641
Decrease (increase) in:				
Trade and other receivables	(63,867)	20,721	70,557	112,408
Spare parts and supplies	(5,227)	(49,542)	(150,087)	(139,812)
Prepaid expenses	7,587	(21,075)	(222,603)	(247,800)
Increase (decrease) in:				
Trade and other payables	(119,983)	540,257	(845,377)	(257,564)
Provisions for claims	172	100,210	(199,245)	46,055
Income and other taxes payable	(33,869)	(68)	(57,751)	21,412
Cash generated from operations	1,388,685	2,127,978	2,836,192	4,748,340
Finance income received	2,488	36,349	30,558	143,055
Finance cost paid	(46)	(61)	(154)	(164)
Income tax paid	(217,423)	(390,421)	(726,408)	(1,236,870)
Net cash provided by operating activities	1,173,704	1,773,845	2,140,188	3,654,361
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and Equipment	(148,033)	(45,089)	(212,087)	(139,204)
Intangible assets	(539,434)	(1,362,278)	(1,003,520)	(1,953,392)
Decrease in other noncurrent assets	57,769	6,380	58,602	59,647
Proceeds from disposals of:				
Property and Equipment	(23)	(698)	(141)	(3,714)
Intangible assets	-	(734)	(876)	(4,815)
Decrease (increase) in deposits	14	(4,341)	(1,997)	(1,113)
Dividends received	35,822	69,138	35,822	69,138
Net cash used in investing activities	(592,885)	(1,337,622)	(1,124,197)	(1,973,453)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	-	-	(1,406,000)	(1,125,000)
Cash dividend to non-controlling interest	-	-	(580)	(580)
Lease liabilities	(37,611)	(53,314)	(106,477)	(113,941)
Port concession rights payable	(192,214)	(196,133)	(581,153)	(581,888)
Net cash used in financing activities	(229,825)	(249,447)	(2,094,210)	(1,821,409)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	350,994	186,776	(1,078,219)	(140,501)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(80,270)	36,252	(129,315)	(36,346)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	4,169,091	7,823,091	5,647,349	6,868,485
CASH & CASH EQUIVALENTS AT END OF YEAR	P4,439,815	P 8,046,119	P4,439,815	P6,691,638

**SELECTED
EXPLANATORY NOTES**
September 30, 2020
(Amounts in Thousands)

1. Segment Information

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

	For the nine months ended September 30	
	2020	2019
Revenue	P7,970,128	P10,165,136
Intangible Assets (excluding goodwill)	19,968,412	19,006,511
Property and equipment - net	1,018,579	898,970
Total assets	30,110,700	30,920,454
Total liabilities	11,223,444	13,352,251
Capital expenditures		
Intangible Assets	1,003,520	1,960,473
Property and equipment	212,087	139,204
Depreciation and amortization	1,296,364	1,128,222
Noncash expenses (income) other than depreciation and amortization	5,500	18,000

2. Trade and Other Receivables

	As of September 30, 2020	As of December 31, 2019 (Audited)
Trade receivables	P430,806	P507,092
Due from related parties	39,386	33,772
Advances to officers and employees	25,302	26,948
Receivable from insurance	27,714	33,994
Receivable from escrow fund	13,635	13,635
Interest receivable	367	4,095
Other receivables	25,998	18,042
	563,208	637,578
Allowance for impairment losses	(6,895)	(6,979)
	P556,313	P630,599

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

3. Property and Equipment

A summary of property and equipment follows:

	Port facilities and equipment	Leasehold improvements	Furnitures, fixtures and equipment	Transportation and other equipment	Construction In-progress	September 30, 2020	December 31, 2019 (Audited)
Cost							
Balance at beginning of year	P 198,215	P 678,688	P 703,245	P 240,692	P 224,328	P 2,045,168	P 1,893,121
Additions	29,126	92,303	36,860	44,968	8,830	212,087	194,390
Disposals	-	-	(2,860)	(2,300)	-	(5,160)	(107,359)
Reclassifications	2,247	7,869	4,544	6,514	(20,174)	-	65,015
Balance at end of year	229,588	778,860	741,789	288,874	212,984	2,252,095	2,045,167
Accumulated depreciation							
Balance at beginning of year	134,673	413,632	429,469	133,282	-	1,111,056	1,009,176
Depreciation	7,164	22,045	73,948	24,463	-	127,620	158,102
Disposals	-	-	(2,860)	(2,300)	-	(5,160)	(106,545)
Balance at end of year	141,837	435,677	500,557	155,445	-	1,233,516	1,111,056
Carrying Amount	P 87,751	P 343,183	P 241,232	P 133,429	P 212,984	1,018,579	P 934,111

4. Intangible Assets

As of September 30, 2020

	Port Concession Rights					
	Upfront Fees	Fixed Fees	Port Infrastructure	SubTotal	Goodwill	Total
Cost						
Balance at beginning of year	P882,000	P9,279,694	P20,757,720	P30,919,414	P42,060	P30,961,474
Additions	-	-	1,003,520	1,003,520	-	1,003,520
Disposals	-	-	(5,884)	(5,884)	-	(5,884)
Balance at end of year	882,000	9,279,694	21,755,356	31,917,050	42,060	31,959,110
Accumulated amortization						
Balance at beginning of year	74,654	3,559,370	7,276,209	10,910,233	-	10,910,233
Amortization	8,460	289,947	745,882	1,044,289	-	1,044,289
Disposals	-	-	(5,884)	(5,884)	-	(5,884)
Balance at end of year	83,114	3,849,317	8,016,207	11,948,638	-	11,948,638
Carrying Amount	P798,886	P5,430,377	P13,739,149	P19,968,412	P42,060	P20,010,472

As of December 31, 2019 (Audited)

	Port Concession Rights					
	Upfront Fees	Fixed Fees	Port Infrastructure	SubTotal	Goodwill	Total
Cost						
Balance at beginning of year	P282,000	P9,279,694	P18,251,073	P27,812,767	P42,060	P27,854,827
Additions	600,000	-	2,682,410	3,282,410	-	3,282,410
Disposals	-	-	(175,763)	(175,763)	-	(175,763)
Balance at end of year	882,000	9,279,694	20,757,720	30,919,414	42,060	30,961,473
Accumulated amortization						
Balance at beginning of year	63,374	3,172,774	6,656,117	9,892,265	-	9,892,265
Additions	11,280	386,596	848,810	1,246,686	-	1,246,686
Disposals	-	-	(175,694)	(175,694)	-	(175,694)
Reclassifications	-	-	(53,023)	(53,023)	-	(53,023)
Balance at end of year	74,654	3,559,370	7,276,209	10,910,233	-	10,910,233
Carrying Amount	P807,346	P5,720,324	P13,481,511	P20,009,181	P42,060	P20,051,240

5. Trade and Other Payables

	September 30, 2020	December 31, 2019 (Audited)
Accrued expenses:		
Marketing, commercial and promotion	268,474	677,068
Personnel costs	246,202	171,019
Finance costs	132,180	141,330
Professional fees	120,951	153,315
Repairs and maintenance	93,655	89,097
Trucking Expenses	29,823	31,296
Security expenses	27,591	36,921
Corporate social responsibility	11,433	13,414
Rental	10,672	14,729
Utilities	10,314	13,639
Safety and environment	4,608	4,659
Miscellaneous accrued expenses	50,170	102,958
Due to government agencies	648,798	684,531
Equipment acquisitions	182,679	572,418
Trade	P227,849	P288,681
Shippers' and brokers' deposits	117,656	95,642
Management fee payable	16,094	15,488
Other Payables	179,514	146,803
	P2,378,663	P3,253,008

6. Other Income and Expenses

Finance cost is broken down as follows:

	For the nine months ended September 30	
	2020	2019
Interest on port concession rights payable	P384,636	P398,208
Interest on lease liability	19,731	20,139
Interest component of pension expense	5,933	1,665
Interest on bank loans/credit facilities	154	163
	P410,454	P420,175

Finance income is broken down as follows:

	For the nine months ended September 30	
	2020	2019
Interest on cash in banks and short-term investments	P26,828	P131,849
	P26,828	P131,849

Others consisted of the following:

	For the nine months ended September 30	
	2020	2019
Foreign exchange gains - port concession rights payable	P240,217	P38,270
Equity in net earnings of an associate	35,950	38,873
Lease and other income - net	17,423	16,117
Penalty charges for late delivery	13,958	-
Management income	6,771	7,288
Foreign exchange losses - others	(120,359)	(29,369)
Income from insurance claims	-	44,046
	P193,960	P115,225

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, equity securities, trade and other payables, and port concession rights payable which arise directly from its operations. The main purpose of these financial instruments is to raise financing for the Company's capital expenditures and operations.

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

Interest Rate Risk

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

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

	September 30, 2020	December 31, 2019 (Audited)
Fixed Rate Instruments		
Cash and cash equivalents	P4,438,416	P5,646,441

Excluding cash on hand amounting to P1.4 million and P0.9 million as at September 30, 2020 and 2019, 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, 2020	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*	P1,729,864	P283,544	P345,590	P1,100,730	P-	P-	P1,729,864
Port concession rights payable	7,780,928	-	199,919	599,757	3,760,385	7,095,150	11,655,211
Lease liabilities	573,189	16,221	32,442	141,664	386,670	398,469	975,466
Total	P 10,083,981	P 299,765	P 577,951	P 1,842,151	P 4,147,055	P 7,493,619	P 14,360,541

* excluding due to government agencies amounting to P648.8 million

As of December 31, 2019 (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*	P2,568,477	P371,892	P366,297	P1,830,288	P-	P-	P2,568,477
Port concession rights payable	8,302,992	-	198,271	594,811	3,986,753	7,595,968	12,376,803
Lease liabilities	640,942	16,221	32,442	141,664	386,670	414,690	991,687
Total	P 11,512,411	P 388,113	P 597,010	P 2,566,763	P 4,373,423	P 8,011,658	P 15,936,967

* excluding due to government agencies amounting to P684.5 million

Credit Risk

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

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

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

With respect to credit risk arising from the other financial assets of the Company, which comprise cash in bank and cash equivalents, deposits and FVOCI - equity, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company trades only with reputable banks and recognized third parties.

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

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

	As of September 30, 2020	As of December 31, 2019 (Audited)
Cash and cash equivalents*	P4,438,416	P5,646,441
Trade and other receivables - net	486,893	630,599
Deposits	59,152	57,153
Equity securities	2,652	2,652
	P4,987,114	P6,336,845

* Excluding cash on hand amounting to P1.4 million and P0.9 million as at September 30, 2020 and 2019, respectively.

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

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

	As at September 30, 2020			Total
	Grade A	Grade B	Grade C	
Cash in banks and cash equivalents	P4,438,416	P -	P -	P4,438,416
Trade and other receivables - net	289,478	266,835	-	556,313
Deposits	59,152	-	-	59,152
Equity securities	2,652	-	-	2,652
	P4,789,698	P266,835	P -	P5,056,533

	As at December 31, 2019 (Audited)			Total
	Grade A	Grade B	Grade C	
Cash in banks and cash equivalents	P5,646,441	P -	P -	P5,646,441
Trade and other receivables - net	378,340	252,259	-	630,599
Deposits	57,154	-	-	57,154
Equity securities	2,652	-	-	2,652
	P6,084,587	P252,259	P -	P6,336,846

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

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

Expected Credit Loss Assessment as at September 30, 2020

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

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

The following table provides information about the exposure to credit risk for trade and other receivables as at September 30, 2020:

	Gross Carrying Amount	Impairment Loss Allowance	Credit-impaired
Current (not past due)	P497,080	P -	No
1 - 30 days past due	16,677	-	No
31 - 60 days past due	10,001	-	No
61- 90 days past due	32,728	-	No
More than 90 days past due	6,722	6,895	Yes
Balance at September 30, 2020	P563,208	P6,895	

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

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

Cash in Banks and Cash Equivalents

The Company held cash in banks and cash equivalents of P4.4 billion and P5.6 billion as at September 30, 2020 and December 31, 2019, respectively. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Grade A.

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

Foreign Currency Risk

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

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

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

	As of September 30, 2020	As of December 31, 2019
Assets		
Cash and cash equivalents	US\$55,527	US\$55,955
	55,527	55,955
Liabilities		
Trade and other payables	1,914	7,132
Port concession rights payable	135,767	138,805
	137,681	145,937
Net foreign currency-denominated liabilities	(US\$82,154)	(US\$89,982)
Peso equivalent	(P3,984,058)	(P4,556,688)

The exchange rates applicable for US dollar as at September 30, 2020 and December 31, 2019 are P48.495 and P50.635, 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 USD Exchange Rate	Effect on Income Before Income Tax	Effect on Equity
September 30, 2020		
5%	(P199,203)	(P139,442)
-5%	199,203	139,442
December 31, 2019		
5%	(P227,834)	(P159,484)
-5%	227,834	159,484

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 and fair value reserve. 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 capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period ended September 30, 2020.

The Company is not subject to externally imposed capital requirements.

The table below shows the capital structure of the Company.

	September 30, 2020	December 31, 2019 (Audited)
Capital Stock	P2,000,000	P2,000,000
Additional paid-in capital	264,300	264,300
Retained Earnings	16,617,610	16,060,246
Fair value reserve	(5,820)	(5,820)
Total	P18,876,090	P18,318,726

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, 2020		As of December 31, 2019 (Audited)	
	Carrying Amount	Fair Values	Carrying Amount	Fair Values
Financial Assets				
Cash and cash equivalents	P4,439,815	P4,439,815	P5,647,349	P5,647,349
Trade and other receivables - net	556,313	556,313	630,599	630,599
Deposits	59,152	64,950	57,154	62,582
	5,055,280	5,061,078	6,335,102	6,340,530
Equity securities	2,652	2,652	2,652	2,652
	P5,057,932	P5,063,730	P6,337,754	P6,343,182
Financial Liabilities				
Other Financial liabilities:				
Trade and other payables*	P1,729,864	P1,729,864	P2,568,477	P2,568,477
Port concession rights payable	7,780,928	9,998,693	8,302,992	9,748,981
Lease Liability	573,189	573,189	640,942	640,942.00
	P10,083,981	P12,301,746	P11,512,411	P12,958,400

* excluding due to government agencies amounting to P648.6 million and P684.5 million as at September 30, 2020 and 2019, respectively.

Fair Value of Financial Instruments

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

Nonderivative Financial Instruments

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

For noninterest-bearing deposits, the fair value is estimated as the present value of all future cash discounted using the prevailing market rate on interest for a similar instrument. The discount rates used are 2.4% in 2020 and 3.7% in 2019.

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 2.84% to 3.88% in 2020 and 4.20% to 5.13% in 2019.

Fair Value Hierarchy

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

As of September 30, 2020	Level 1	Level 2	Level 3
Equity securities	P933	P -	P 1,719
Port concession rights payable		9,998,693	
Lease liabilities	-	573,189	-
	P933	P10,571,882	P1,719
<hr/>			
As of December 31, 2019 (Audited)	Level 1	Level 2	Level 3
Equity securities	P933	P -	P 1,719
Port concession rights payable		9,748,981	
Lease liabilities	-	640,942	-
	P933	P10,389,923	P1,719

There have been no transfers from one level to another in 2020 and 2019.