

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

5286000

Company Telephone Number

0 5 1 3

Month Day

1 7 - Q

FORM TYPE

0 4 2 8

Month Day
2016 Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

8 5 1

As of Apr.30, 2016
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)

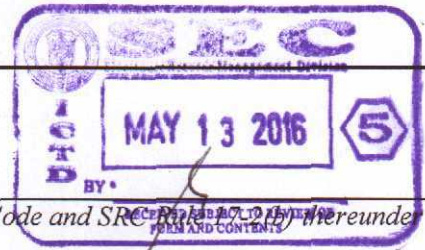
March 31, 2016
Period Ended Date

(Secondary License Type and File Number)

cc: Philippine Stock Exchange

ASIAN TERMINALS, INCORPORATED
Securities and Exchange Commission

SEC FORM 17-Q



Quarterly Report Pursuant to Section 17 of the Securities Regulation Code and SRC Rule 17.01 by the issuer

- 1. For the quarter ended : **March 31, 2016**
- 2. Commission identification Number : **133653**
- 3. BIR Tax Identification No. : **330-000-132-413-V**
- 4. Exact name of issuer as specified in its charter : **ASIAN TERMINALS, INC.**
- 5. Province, country or other jurisdiction of incorporation or organization: **Manila, Philippines**
- 6. Industry Classification Code : _____ (SEC Use Only)
- 7. Address of issuer's principal office : **A. Bonifacio Drive South Harbor, Port Area, Manila**
- 8. Issuer's telephone number, including area code : **528-6000 (telephone number), 1018 (area code)**
- 9. Former name, former address and former fiscal year, if changed since last report: **A. Bonifacio Drive, South Harbor Port Area, Manila**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

Yes [X] No []

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

Philippine Stock Exchange Common Shares

12. Indicate by check mark whether the registrant:

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

Yes [X] No []

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

Yes [X] No []

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

With reference to the attached interim financial statements:

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

New Standards, Amendments to Standards and Interpretations

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

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

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

- *Equity Method in Separate Financial Statements (Amendments to PAS 27).* The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries.
- *Annual Improvements to PFRSs 2012 – 2014 Cycle.* This cycle of improvements contains amendments to four standards:
 - *Disclosure of information "elsewhere in the interim financial report" (Amendment to PAS 34).* PAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report). The interim financial report is incomplete if the interim financial statements and any disclosure incorporated by

cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

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

- *Disclosure Initiative (Amendments to PAS 1)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:
 - Information should not be obscured by aggregating or by providing immaterial information.
 - Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.
 - The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.
 - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

Effective January 1, 2018

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

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

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

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

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

- *PFRS 15 Revenue from Contracts with Customers* replaces PAS 11 *Construction Contracts*, PAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. The new standard

introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

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

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

Consolidated Results of Operations for the three months ended March 31, 2016

Revenues for the first quarter of 2016 of P1,965.5 million were below by 16.7% compared to P2,359.0 million in the same period last year, due to lower storage revenues compared to an unseasonably high storage revenues in first quarter of 2015, and a slow international container market in South Harbor, Port of Manila during the first two months of this year.

Government share in revenues for the first quarter of 2016 of P313.7 million was lower by 18.8% than P386.3 million last year.

Cost and expenses in the first three months of 2016 totaled P951.1 million, 1.6% up from P936.4 million in the same period last year mainly due to continued investments in port facilities. As a result, depreciation and amortization of P274.3 million in 2016 was higher by 22.6% compared to P223.7 million last year on account of additions to intangible assets from acquisitions and contract renewal for Port of Batangas in October 2015. Labor costs rose by only 1.6% to P286.0 million in 2016 from P281.4 million last year due to salary rate increases. Insurance of P17.1 million increased by 18.8% compared to P14.4 million last year due to higher insurance premiums. Professional fees in 2016 went up by 29.6% to P12.9 million from P10.0 million last year on account of consultancy fees related to a business development project. Other expenses in 2016 amounted to P61.4 million, 20.8% above than P50.8 million last year due to higher provision for claims.

Equipment running costs declined by 6.2% to P102.7 million this year from P109.6 million last year due to lower fuel costs. Taxes and licenses in 2016 decreased by 8.0% to P61.1 million from P66.4 million in 2016 due to lower real property taxes. Rentals amounted to P36.4 million in 2016, 26.1% lower compared to P49.2 million in the same period last year due to lower equipment rentals. Security, health, environment and safety went down by 15.7% to P40.6 million in 2016 from P48.2 million in 2015 due to lower safety costs. Management fees this year of P22.4 million dropped by 43.7% compared to P39.8 million last year as a result of lower net income. Facilities-related expenses amounted to P30.9 million in 2016, 9.9% below P34.3 million in 2015 due to lower repair costs for pavements, lightings, and buildings. General transport decreased by 45.8% to P4.1 million in 2016 from P7.6 million in 2015 on account of lower trucking costs.

Finance income in 2016 of P14.9 million were above by 21.1% against P12.3 million last year due to higher interest rates for money market placements. Finance costs in 2016 of P146.5 million were higher by 9.0% vs. P134.4 million in 2015 due to increase in interest expense on concession rights payable following the contract renewal for Port of Batangas in October 2015. Others-net went up by 680.6% to negative P49.1 million in 2016 from negative P6.3 million in 2015 mainly due to fair value losses on cash flow hedge.

Income before income tax in the first quarter of 2016 of P520.1 million was 42.7% lower than P907.9 million in the same period last year. Provision for income tax declined by 46.6% to P138.0 million in 2016 from P258.3 million in the same period last year.

Net income amounted to P382.1 million for the three months ended March 31, 2016, 41.2% down from P650.0 million for the same period last year. Excluding the foreign exchange gain (losses) attributable to port concession rights payable, net income would have been P426.0 million for the first three months of 2016, 35.4% lower than P660.2 million for the same period last year. Earnings per share this year was P0.19, last year was P0.32.

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 three months of 2016:

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

Consolidated Financial Condition

Total assets as of March 31, 2016 of P21,869.8 million was 2.5% above P21,341.8 million as of December 31, 2015. Current assets grew by 13.0% to P5,916.1 million as of March 31, 2016 from P5,237.6 million as of December 31, 2015. Cash and cash equivalents of P4,577.5 million as of March 31, 2016 was higher by 11.1% compared to P4,118.8 million as of December 31, 2015. Trade and other receivables-net rose by 1.8% to P358.6 million as of March 31, 2016 from P352.4 million as of end 2015 on account of collections for the first quarter. Spare parts and supplies-net of P277.2 million as of March 31, 2015 went up by 5.5% compared to P262.8 million as of December 31, 2015. Prepaid expenses as of March 31, 2016 totaled P702.9 million, 39.5% up from P503.7 million as of December 31, 2015 on account of the unamortized portion of prepaid real property and business taxes for the year.

Total noncurrent assets decreased by 0.9% to P15,953.7 million as of March 31, 2016 from P16,104.2 million as of December 31, 2015. Investment in an associate went down by 5.8% to P50.2 million as of March 31, 2016 from P53.3 million as of December 31, 2015 on account of cash dividends received from an associate. Additions to property and equipment which were not subject of the service concession arrangement totaled P6.7 million in the first quarter of 2016. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P143.3 million in the first quarter of 2016. Deferred tax assets – net amounted to P541.3 million as of March 31, 2016, 4.4% below P566.3 million as of December 31, 2015. Other noncurrent assets increased by 3.3% to P61.1 million as of March 31, 2016 from P59.1 million as of December 31, 2015 due to unamortized portion of input taxes on additions to property and equipment and intangible assets.

Total liabilities slightly went up by 0.1% to P10,603.8 million as of March 31, 2016 from P10,594.1 million as of December 31, 2015. Trade and other payables grew by 2.0% to P1,442.2 million as of March 31, 2016 from P1,414.3 million as of December 31, 2015. Trade and other payables are covered by agreed payment

schedules. Provisions for claims of P55.7 million as of March 31, 2016 rose by 4.1% compared to P53.5 million as of December 31, 2015. Concession rights payable (current and noncurrent) decreased by 1.9% to P8,572.2 million as of March 31, 2016 from P8,740.7 million as of December 31, 2015 due to payments of government share for the period. Income and other taxes payable of P329.8 million as of March 31, 2016 was higher by 69.1% compared to P195.0 million as of December 31, 2015 due to income tax for the first quarter of 2016. Pension liability of P203.9 million were up by 7.0% as of March 31, 2016 from P190.6 million as of December 31, 2015.

Consolidated Cash Flows

Net cash provided by operating activities in the first quarter of 2016 was P762.4 million, 6.0% lower than P811.1 million in the same period last year due to lower operating income.

Net cash used in investing activities in the first quarter of 2016 was P136.8 million, 47.0% higher than P93.0 million in the same period last year due to higher acquisition of intangible assets.

Net cash used in financing activities in the first quarter of 2016 was P164.4 million, 5.4% higher than P155.9 million in the same period last year due to higher payments of port concession rights payable.

Key Performance Indicators (KPI)

KPIs discussed below were based on consolidated amounts as portions pertaining to the Company's subsidiary ATI Batangas, Inc. (ATIB) were not material. As of end March 2016:

- ATIB's total assets were only 9.4% of the consolidated total assets
- Income before other income and expense for ATIB was only 15.3% of consolidated income before other income and expenses¹.

Consolidated KPI	Manner of Calculation	As of March 31		Discussion
		2016	2015	
Return on Capital Employed	Percentage of annualized income before other income and expenses over capital employed	13.1%	16.2%	Decreased due to lower 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	13.9%	17.0%	Decrease due to lower annualized net income.
Current ratio	Ratio of current assets over current liabilities	2.90 : 1.00	2.48 : 1.00	Increase due to higher current assets.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.94 : 1.00	1.92 : 1.00	Increase due to higher equity.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.94 : 1.00	0.92 : 1.00	Increase due to higher equity.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	8 days	8 days	Same as last year.

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.	1.26	1.96	Improved as a result of extensive safety campaign and strict implementation of policy on health, safety and environment.
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¹ Income before other income and expenses is defined as income before net financing costs, forex gains or losses and others.

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

PART II. OTHER INFORMATION

On April 28, 2016, the Board of Directors of ATI approved a cash dividend of P0.41 per share to stockholders on record as of May 20, 2016 payable on June 15, 2016. As of date of this report, the Company has ordinary shares only.

Submissions of SEC Form 17-C:

Date Filed	Reference	Particulars
February 16, 2016	SEC 17-C	Notice of Guidelines for Nominations for Election to the Board of Directors
February 26, 2016	SEC 17-C	Setting the date, venue, agenda and record date of the 2016 Annual Stockholders' Meeting and closing of stock and transfer book; Approval of the 2015 Audited Financial Statements; Appointment of the independent auditors for 2016; Approval by the Board of the Amendment to the Articles and By-Laws

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 : May 13, 2016

Principal Financial/Accounting Officer:



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

Date : May 13, 2016

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

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P4,577,515	P4,118,761
Trade and other receivables - net	358,613	352,386
Spare parts and supplies	277,155	262,772
Prepaid expenses	702,853	503,676
Total Current Assets	5,916,136	5,237,595
Noncurrent Assets		
Investment in an associate	50,233	53,337
Property and equipment - net	475,748	491,030
Intangible assets - net and goodwill	14,825,311	14,934,326
Deferred tax assets - net	541,336	566,331
Other noncurrent assets	61,083	59,145
Total Noncurrent Assets	15,953,711	16,104,169
TOTAL ASSETS	P21,869,847	P21,341,764
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	P1,442,177	P1,414,259
Provisions for claims	55,728	53,539
Port concession rights payable - current portion	209,717	194,696
Income and other taxes payable	329,837	195,030
Total Current Liabilities	2,037,459	1,857,524
Noncurrent Liabilities		
Port concession rights payable - net of current portion	8,362,452	8,546,021
Pension liability	203,874	190,593
Total Noncurrent Liabilities	8,566,326	8,736,614
	10,603,785	10,594,138
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock	2,000,000	2,000,000
Additional paid-in capital	264,300	264,300
Retained earnings	9,152,211	8,770,700
Hedging reserve	(150,247)	(286,578)
Fair value reserve	(5,820)	(5,820)
	11,260,444	10,742,602
Non-controlling Interest	5,618	5,024
Total Equity	11,266,062	10,747,626
TOTAL LIABILITIES AND EQUITY	P21,869,847	P21,341,764

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

	For the three months Ended March 31	
	2016	2015
REVENUES FROM OPERATIONS	P1,965,541	P2,359,032
GOVERNMENT SHARE IN REVENUES	(313,687)	(386,316)
	1,651,854	1,972,716
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	(951,132)	(936,444)
OTHER INCOME AND EXPENSES		
Finance income	14,906	12,307
Finance cost	(146,497)	(134,398)
Others - net	(49,066)	(6,286)
	(180,657)	(128,377)
CONSTRUCTION REVENUES	143,323	91,803
CONSTRUCTION COSTS	(143,323)	(91,803)
	-	-
INCOME BEFORE INCOME TAX	520,065	907,895
INCOME TAX EXPENSE		
Current	171,394	274,814
Deferred	(33,432)	(16,528)
	137,962	258,286
NET INCOME	P382,103	P649,609
Income Attributable to		
Equity Holders of the Parent Company	P381,511	P648,935
Non - controlling interest	592	674
	P382,103	P649,609
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	P0.19	P0.32

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

	For the three months Ended March 31			
	2016		2015	
NET INCOME FOR THE PERIOD	P	382,103	P	649,609
OTHER COMPREHENSIVE INCOME				
Items that are or may be reclassified to profit or loss				
Cash flow hedge - effective portion		145,050		2,989
Cash flow hedge - reclassified to profit or loss		49,709		8,569
Tax on items taken directly to equity		(58,428)		(3,467)
		136,331		8,091
OTHER COMPREHENSIVE INCOME FOR THE PERIOD - Net of tax		136,331		8,091
TOTAL COMPREHENSIVE INCOME	P	518,434	P	657,700
Total Comprehensive Income Attributable to				
Equity Holders of the Parent Company	P	517,842	P	657,026
Non - controlling interest		592		674
	P	518,434	P	657,700

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							Total	Non-controlling Interest	Total Equity
	Common Stock	Additional Paid-in Capital	Retained Earnings		Hedging Reserve	Fair Value Reserves				
			Appropriated for Port Development	Unappropriated						
Balance at January 1, 2016	P2,000,000	P264,300	P4,700,000	P4,070,700	(P 286,578)	(P 5,820)	P10,742,602	P5,026	P10,747,628	
Net income for the period	-	-	-	381,511	-	-	381,511	592	382,103	
Other comprehensive income										
Cash flow hedge - effective portion - net of tax	-	-	-	-	101,535	-	101,535	-	101,535	
Cash flow hedge - reclassified to profit or loss - net of tax	-	-	-	-	34,796	-	34,796	-	34,796	
Balance at March 31, 2016	P2,000,000	P264,300	P4,700,000	P4,452,211	(P150,247)	(P 5,820)	P11,260,444	P5,618	P11,266,062	
Balance at January 1, 2015	P2,000,000	P264,300	P4,700,000	P3,141,267	P (106,838)	(P 5,820)	P9,992,909	P4,551	P9,997,460	
Net income for the period	-	-	-	648,935	-	-	648,935	674	649,609	
Other comprehensive income										
Cash flow hedge - effective portion - net of tax	-	-	-	-	2,092	-	2,092	-	2,092	
Cash flow hedge - reclassified to profit or loss - net of tax	-	-	-	-	5,998	-	5,998	-	5,998	
Balance at March 31, 2015	P2,000,000	P264,300	P4,700,000	P3,790,202	P (98,748)	(P 5,820)	P10,649,934	P5,225	P10,655,159	

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

For the three months ended March 31

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P 520,065	P 907,895
Adjustments for:		
Depreciation and amortization	274,287	223,712
Finance cost	146,497	134,398
Finance income	(14,906)	(12,307)
Net unrealized foreign exchange losses	47,844	136
Equity in net earnings of an associate	(9,791)	(8,553)
Loss (gain) on disposals of:		
Property and equipment	(824)	(157)
Intangible assets	(1,031)	2,005
Operating income before working capital changes	962,141	1,247,129
Decrease (increase) in:		
Trade and other receivables	(7,785)	52,824
Spare parts and supplies	(14,381)	101
Prepaid expenses	(199,178)	(141,080)
Increase (decrease) in:		
Trade and other payables	39,974	(308,267)
Provisions for claims	2,189	(1,521)
Income and other taxes payable	(36,587)	(49,688)
Cash generated from operations	746,373	799,498
Finance income received	16,097	11,163
Finance cost paid	(52)	476
Net cash provided by operating activities	762,418	811,137
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and Equipment	(6,667)	(25,011)
Intangible assets	(143,323)	(91,803)
Decrease (Increase) in other noncurrent assets	(1,232)	5,565
Proceeds from disposals of:		
Property and Equipment	823	156
Intangible assets	1,032	147
Increase in deposits	(337)	(9)
Dividends received	12,896	17,911
Net cash used in investing activities	(136,808)	(93,044)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Port concession rights payable	(164,415)	(155,929)
Net cash used in financing activities	(164,415)	(155,929)
NET INCREASE IN CASH		
AND CASH EQUIVALENTS	461,195	562,164
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH		
AND CASH EQUIVALENTS	(2,441)	(138)
CASH & CASH EQUIVALENTS		
AT BEGINNING OF YEAR	4,118,761	3,606,926
CASH & CASH EQUIVALENTS		
AT END OF YEAR	P 4,577,515	P 4,168,952

**SELECTED
EXPLANATORY NOTES
March 31, 2016
(Amounts in Thousands)**

1. Segment Information

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

	For the three months ended March 31			
	2016		2015	
Revenue	P	1,965,541	P	2,359,032
Intangible Assets (excluding goodwill)		14,783,251		14,015,232
Property and equipment - net		475,748		464,718
Total assets		21,869,847		20,411,156
Total liabilities		10,603,785		9,755,997
Capital expenditures				
Intangible Assets		143,323		91,803
Property and equipment		6,667		25,011
Depreciation and amortization		274,287		223,712

2. Trade Receivables - net

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

	As of March 31, 2016		As of December 31, 2015 (Audited)	
Up to 6 months	P	290,581	P	277,730
Over 6 months to 1 year		-		-
Over 1 year		-		-
Total	P	290,581	P	277,730

3. Property and Equipment

A summary of property and equipment follows:

	Port facilities and equipment		Leasehold improvements		Furnitures, fixtures and equipment		Transportation and other equipment		Construction In-progress		March 31, 2016	December 31, 2015 (Audited)		
Cost														
Balance at beginning of year	P	74,031	P	554,776	P	382,029	P	158,411	P	35,145	P	1,204,392	P	1,148,557
Additions		(588)		(228)		3,080		3,916		488		6,667		141,534
Disposals		-		-		(12,007)		(5,936)		-		(17,943)		(22,824)
Reclassifications		360		(360)		24,682		-		(24,682)		-		(39,895)
Retirements		-		-		-		-		-		-		(22,980)
Balance at end of year		73,803		554,188		397,784		156,391		10,950		1,193,116		1,204,392
Accumulated depreciation and Amortization:														
Balance at beginning of year		52,968		340,836		223,135		96,423		-		713,362		692,932
Additions		1,587		4,375		11,107		4,882		-		21,951		68,122
Disposals		-		-		(12,007)		(5,938)		-		(17,945)		(22,824)
Reclassification		-		-		-		-		-		-		(2,338)
Retirements		-		-		-		-		-		-		(22,530)
Balance at end of year		54,555		345,211		222,235		95,367		-		717,368		713,362
Carrying Amount	P	19,248	P	208,978	P	175,549	P	61,024	P	10,950	P	475,748	P	491,030

4. Intangible Assets

	Port Concession Rights						Goodwill	Total
	Upfront Fees	Fixed Fees	Port		SubTotal			
			Infrastructure					
<i>(In Thousands)</i>								
Cost:								
Balance at beginning of year, as previously reported	P 282,000	P 9,279,694	P 12,396,334	P 21,958,029	P 42,060	P 22,000,089		
Additions	-	-	143,323	143,323	-	143,323		
Disposals	-	-	(31,786)	(31,786)	-	(31,786)		
Balance at end of year	282,000	9,279,694	12,507,871	22,069,566	42,060	22,111,626		
Accumulated depreciation and amortization:								
Balance at beginning of year	29,534	2,012,988	5,023,242	7,065,764	-	7,065,764		
Additions	2,820	96,649	152,868	252,336	-	252,336		
Disposals	-	-	(31,785)	(31,785)	-	(31,785)		
Balance at end of year	32,354	2,109,637	5,144,325	7,286,314	-	7,286,314		
Net book value	P 249,646	P 7,170,058	P 7,363,547	P 14,783,251	P 42,060	P 14,825,311		

As of December 31, 2015 (Audited)

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

5. Trade and Other Payables

	March 31, 2016	December 31, 2015 (Audited)
Trade	P 119,249	P 121,876
Accrued expenses:		
Personnel costs	192,298	154,467
Finance costs	146,593	147,357
Marketing, commercial and promotion	62,864	54,033
Repairs and maintenance	51,064	41,919
Rental	31,235	38,795
Corporate social responsibility	13,266	30,036
Security expenses	16,423	19,686
Professional fees	14,275	13,773
Utilities	9,748	9,832
Safety and environment	2,178	1,294
Miscellaneous accrued expenses	108,174	72,216
Due to government agencies	334,400	388,471
Equipment acquisitions	140,991	157,739
Shippers' and brokers' deposits	85,976	76,411
Due to related parties	6,641	8,676
Other Payables	106,802	77,678
	P 1,442,177	P 1,414,259

6. Other Income and Expenses

Finance cost is broken down as follows:

	For the three months ended March 31			
	2016		2015	
Interest on port concession rights payable	P	144,456	P	133,161
Interest component of pension expense		1,988		1,205
Interest on bank loans/credit facilities		53		32
	P	146,497	P	134,398

Finance income is broken down as follows:

	For the three months ended March 31			
	2016		2015	
Interest on cash in banks and short-term investments	P	14,539	P	11,995
Accretion of rental deposits		367		313
	P	14,906	P	12,307

Others consisted of the following:

	For the three months ended March 31			
	2016		2015	
Equity in net earnings of an associate	P	9,792	P	8,554
Management income		11,319		1,155
Foreign exchange losses - others		(2,914)		(209)
Lease and other income - net		(6,602)		(681)
Foreign exchange losses - port concession rights payable		(15,256)		(6,619)
Foreign exchange losses -cash flow hedge		(45,405)		(8,486)
	P	(49,066)	P	(6,286)

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

7. Financial Risk Management Objectives and Policies

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

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

Interest Rate Risk

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

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

	March 31, 2016	December 31, 2015 (Audited)
Fixed Rate Instruments		
Cash and cash equivalents	P 4,575,056	P 4,116,282

Fair Value Sensitivity Analysis for Fixed Rate Instruments

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

Liquidity Risk

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

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

As of March 31, 2016	Carrying Amount	On demand	Contractual Cash Flows				Total
			Less than 3 months	3 to 12 months	1 to 5 years	>5 years	
Trade and other payables	P 1,442,177	P 768,789	P 281,700	P 391,688	P -	P -	P 1,442,177
Port concession rights payable	8,572,169	-	192,590	577,769	3,942,479	10,647,695	15,360,533
Total	P 10,014,345	P 768,789	P 474,291	P 969,457	P 3,942,479	P 10,647,695	P 16,802,710

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

Credit Risk

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

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

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

	As of March 31, 2016	As of December 31, 2015 (Audited)
Cash and cash equivalent	P 4,575,056	P 4,116,282
Trade and other receivables - net	358,613	352,386
Deposits	33,590	32,886
AFS financial assets	2,652	2,652
	P 4,969,911	P 4,504,206

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

As of March 31, 2016, 100% of the total trade and other receivables which are neither past due nor impaired are of high grade quality.

Foreign Currency Risk

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

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

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

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

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

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

	As of March 31, 2016	As of December 31, 2015
<u>Assets:</u>		
Cash and cash equivalents	832	2,347
Trade and other receivables	145	416
	<u>977</u>	<u>2,763</u>
<u>Liabilities:</u>		
Trade and other payables	1,743	4,775
Concession rights payable	151,505	154,882
	<u>153,248</u>	<u>159,657</u>
Net foreign currency-denominated assets	<u>(152,271)</u>	<u>(156,894)</u>
Peso equivalent	<u>(7,015,125)</u>	<u>(7,016,300)</u>

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		Effect on Equity
	Tax		
March 31, 2016			
+5%	(P 350,756)	P	(245,529)
-5%	350,756		245,529
December 31, 2015			
+5%	(350,815)		(245,570)
-5%	350,815		245,570

Capital Management

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

The Company considers capital to include paid-up capital, retained earnings, and other reserves. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return to capital shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period ended March 31, 2016.

The Company is not subject to externally imposed capital requirements.

The table below shows the capital structure of the Company.

	March 31, 2016	December 31, 2015 (Audited)
Capital Stock	P 2,000,000	P 2,000,000
Additional paid-in capital	264,300	264,300
Retained Earnings	9,152,211	8,770,700
Hedging reserve	(150,247)	(286,578)
Fair value reserve	(5,820)	(5,820)
Total	P 11,260,444	P 10,742,602

8. Financial Instruments

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

	As of March 31, 2016		As of December 31, 2015 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets:				
Loans and receivables:				
Cash and cash equivalents	P 4,577,515	P 4,577,515	P 4,118,761	P 4,118,761
Trade and other receivables - net	358,613	358,613	352,386	352,386
Deposits	33,590	41,647	32,887	40,679
	4,969,718	4,977,774	4,504,033	4,511,826
AFS financial assets	2,652	2,652	2,652	2,652
	P 4,972,370	P 4,980,426	P 4,506,685	P 4,514,478
Financial liabilities:				
Other Financial liabilities:				
Trade and other payables	P 1,442,177	P 1,442,177	P 1,414,259	P 1,414,259
Port concession rights payable	8,572,169	10,177,246	8,740,717	10,416,690
	P 10,014,345	P 11,619,423	P 10,154,976	P 11,830,949

Fair Value of Financial Instruments

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

Nonderivative Financial Instruments

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

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

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

Fair Value Hierarchy

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

The different levels have been defined as follows:

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

<u>As of March 31, 2015</u>		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>AFS financial assets</u>	<u>P</u>	<u>933 P</u>	<u>- P</u>	<u>1,719</u>
<u>As of December 31, 2014 (Audited)</u>		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>AFS financial assets</u>	<u>P</u>	<u>933 P</u>	<u>- P</u>	<u>1,719</u>

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