

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, 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 : **March 31, 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 three months ended March 31, 2020

Revenues for the first quarter of 2020 of P2,578.3 million went down by 28.9% from P3,627.8 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 29.3% and 39.7%, respectively, on account of lower container volumes resulting from the negative economic impact of COVID-19. Container volumes at SH and BCT declined by 20.8% and 18.8%, respectively.

Government share in revenues for the first quarter of 2020 of P427.3 million decreased by 36.2% from P670.2 million last year as a result of lower revenues subject to port authorities' share.

Cost and expenses in the first three months of 2020 amounted to P1,362.1 million, 3.0% higher than P1,322.6 million in the same period last year. Labor costs of P411.2 million this year were up by 7.0% compared to P384.4 million last year due to salary rate increases as well as costs related to COVID-19 measures adopted by the Company. Depreciation and amortization in 2020 increased by 22.5% to P427.9 million from P349.4 million in 2019. Taxes and licenses in 2020 of P106.3 million were higher by 23.5% compared to P86.0 million in 2019 due to higher business taxes and higher real property taxes related to additional equipment and improvements in South Harbor and Batangas. Security, health, environment and safety increased by 8.1% to P56.3 million in 2020 from P52.1 million in 2019 due to higher safety supplies related to COVID-19 measures implemented by the Company. Insurance of P32.6 million in 2020 increased by 26.2% compared to P25.9 million last year due to higher insurance premiums. Other expenses in 2020 amounted to P60.7 million 5.0% higher compared to P57.8 million last year due to increased donations and community investment programs in response to the impact of COVID-19 on surrounding communities.

Equipment running costs went down by 22.3% to P162.0 million this year from P208.5 million last year due to lower usage of equipment spare parts and tyres, lower electricity and lower fuel costs resulting from lower consumption. Facilities-related expenses in 2020 was P48.5 million, 2.0% down from P49.5 million in 2019 due to lower repair and maintenance costs for surface pavement, lightings and lower IT costs. Management fees of P28.8 million in 2020 were lower by 58.2% than P68.9 million in 2019 following lower earnings before tax. Professional fees in 2020 of P7.2 million went down by 19.0% from P8.9 million last year due to lower consultancy fees. Rentals of P7.9 million in 2020 declined by 9.1% to P8.7 million in the same period last year. General transport of P11.6 million in 2020 were lower by 44.1%

than P20.7 million in 2019 on account of lower trucking costs. Entertainment, amusement and recreation in 2020 of P1.1 million declined by 41.1% to P1.9 million in the same period last year.

Finance income in 2020 of P16.4 million were lower by 69.7% against P54.1 million last year due to lower interest rates on money market placements and lower cash balance. Finance costs in 2020 of P138.8 million were lower by 0.4% against P139.4 million last year. Others-net was at negative P7.8 million in 2020 from P5.3 million in 2019 mainly due to realized forex loss 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 quarter of 2020 of P658.6 million decline by 57.6% from P1,554.8 million in the same period last year. Provision for income tax decrease by 58.0% to P186.1 million in 2020 from P443.5 million in the same period last year.

Net income of P472.5 million for the first quarter of 2020 was 57.5% lower than P1,111.3 million for the same period last year. Earnings per share this year was P0.24, last year was P0.56.

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.
- Impact of COVID-19

In the first three 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 March 31, 2020 increased by 0.6% to P31,433.3 million from P31,254.1 million as of December 31, 2019. Current assets rose by 3.9% to P8,750.4 million as of March 31, 2020 from P8,422.3 million as of December 31, 2019. Cash and cash equivalents of P5,636.7 million as of March 31, 2020 slightly decreased by 0.2% compared to P5,647.3 million as of December 31, 2019. Trade and other receivables-net of P558.5 million as of March 31, 2020 decreased by 11.4% from P630.6 million as of December 31, 2019. Spare parts and supplies as of March 31, 2020 rose by 11.3% to P833.2 million from P748.5 million as of December 31, 2019. Prepaid expenses as of March 31, 2020 of P1,722.1 million were higher by 23.4% 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 on PPA fees and various purchases.

Total noncurrent assets of P22,682.8 million as of March 31, 2020 was lower by 0.7% compared to P22,831.8 million as of December 31, 2019. Investment in an associate increased by 20.1% to P59.5 million as of March 31, 2020 from P49.5 million as of December 31, 2019. Property and equipment – net amounted to P947.1 million, up by 1.4% from P934.1 million as of December 31, 2019. Intangible assets – net of P19,935.2 million was higher by 0.6% than P20,051.2 million as of December 31, 2019. The acquisitions of property and equipment and intangible assets, which amounted to P53.9 million and P230.6 million, respectively, was partially offset by the increase in depreciation and amortization. PFRS 16 right of use asset – net of P637.6 million as of March 31, 2020 was lower by 5.7% compared to P676.1 million as of December 31, 2019. Deferred tax assets – net amounted to P994.1 million as of March 31, 2020, was lower by 1.9% compared to P1,013.2 million as of December 31, 2019. Other noncurrent assets increased by 1.6% to P109.4 million as of March 31, 2020 from P107.6 million as of December 31, 2019.

Total liabilities increased by 8.6% to P14,036.8 million as of March 31, 2020 from P12,924.1 million as of December 31, 2019. Trade and other payables increased by 34.5% to P4,374.5 million as of March 31, 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 P259.9 million as of March 31, 2020 slightly increased by 0.04% from P259.8 million as of December 31, 2019. Concession rights payable (current and noncurrent) as of March 31, 2020 of P8,212.2 million decreased by 1.1% from P8,303.0 million as of December 31, 2019. Income and other taxes payable of P375.2 million as of March 31, 2020 was higher by 32.5% compared to P283.2 million as of December 31, 2019 due to income tax for the first quarter of 2020. Pension liability of P197.1 million was up by 7.0% as of March 31, 2020 from P184.1 million as of December 31, 2019. Lease liabilities (current and noncurrent) of P617.9 million as of March 31, 2020 decreased by 3.6% from P640.9 million as of December 31, 2019.

Consolidated Cash Flows

Net cash provided by operating activities in the first quarter of 2020 was P513.2 million, 60.7% lower than P1,304.4 million in the same period last year due to lower income before tax.

Net cash used in investing activities in the first quarter of 2020 of P287.2 million was higher by 155.5% versus the P112.4 million in the same period last year due to higher acquisition of property and equipment and intangible assets.

Net cash used in financing activities in the first quarter of 2020 was P239.7 million, 2.6% higher than P233.6 million in the same period last year due to higher payments of lease liabilities.

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 2020:

- ATIB's total assets were only 8.9% of the consolidated total assets
- Income before other income and expense for ATIB was only 8.7% of consolidated income before other income and expenses¹.

| Consolidated KPI | Manner of Calculation | As of March 31 | | Discussion |
|---|--|----------------|-------------|---|
| | | 2020 | 2019 | |
| Return on Capital Employed | Percentage of income before interest and tax over capital employed | 16.2% | 20.3% | Decreased due to lower income before interest and tax during the period. |
| Return on Equity attributable to equity holders of the parent | Percentage of annualized net income over equity attributable to equity holders of the parent | 10.6% | 27.1% | Decreased due to lower annualized net income. |
| Current ratio | Ratio of current assets over current liabilities | 1.60 : 1.00 | 1.93 : 1.00 | Decreased due to higher current liabilities. |
| Asset to equity ratio | Ratio of total assets over equity attributable to equity holders of the parent | 1.81 : 1.00 | 1.85 : 1.00 | Decrease due to higher equity because of the increase in the retained earnings. |
| Debt to equity ratio | Ratio of total liabilities over equity attributable to equity holders of the parent | 0.81 : 1.00 | 0.85 : 1.00 | Improved due to decrease in liabilities and increase in stockholders' equity. |
| Days Sales in Receivables (DSR) | Gross trade receivables over revenues multiplied by number of days | 12 days | 13 days | Decreased due to improved collection. |
| Net Income Margin | Net income over revenues less government share in revenues | 22.0% | 37.6% | Decreased due to lower revenues |
| 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. | 0.52 | 0.46 | 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 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 March 30, 2020, the Board of Directors of ATI approved a cash dividend of P0.7030 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:

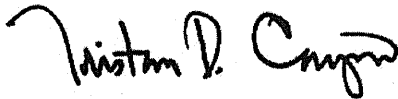
| Date Filed | Reference | Particulars |
|-------------------|------------------|---|
| January 6, 2020 | SEC 17-C | Attendance of Directors in the 2019 Board Meetings |
| January 20, 2020 | SEC 17-C | Resignation of RCBC as Stock Transfer Agent |
| February 17, 2020 | SEC 17-C | Notice of Guidelines 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) |

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, 2020

Principal Financial/Accounting Officer:



MARISSA R. PINCA
Senior Manager for Accounting and Financial Planning

Date : May 13, 2020

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

| | March 31, 2020 (Unaudited) | December 31, 2019 (Audited) |
|--|-------------------------------|--------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | P5,636,652 | P5,647,349 |
| Trade and other receivables - net | 558,494 | 630,599 |
| Spare parts and supplies | 833,230 | 748,499 |
| Prepaid expenses | 1,722,058 | 1,395,876 |
| Total Current Assets | 8,750,434 | 8,422,323 |
| Noncurrent Assets | | |
| Investment in an associate | 59,465 | 49,507 |
| Property and equipment - net | 947,070 | 934,111 |
| Intangible assets - net | 19,935,226 | 20,051,240 |
| Right of use asset - net | 637,607 | 676,129 |
| Deferred tax assets - net | 994,084 | 1,013,174 |
| Other noncurrent assets | 109,374 | 107,602 |
| Total Noncurrent Assets | 22,682,826 | 22,831,763 |
| TOTAL ASSETS | P31,433,260 | P31,254,086 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Trade and other payables | P4,374,528 | P3,253,008 |
| Provisions for claims | 259,914 | 259,799 |
| Port concession rights payable - current portion | 319,705 | 313,263 |
| Income and other taxes payable | 375,247 | 283,228 |
| Lease liabilities - current portion | 139,574 | 136,701 |
| Total Current Liabilities | 5,468,968 | 4,245,999 |
| Noncurrent Liabilities | | |
| Port concession rights payable - net of current portion | 7,892,448 | 7,989,729 |
| Pension liability - net | 197,052 | 184,146 |
| Lease liability - net of current portion | 478,321 | 504,241 |
| Total Noncurrent Liabilities | 8,567,821 | 8,678,116 |
| Total Liabilities | 14,036,789 | 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 | 15,126,409 | 16,060,246 |
| Fair value reserve | (5,820) | (5,820) |
| | 17,384,889 | 18,318,726 |
| Non-controlling Interest | 11,582 | 11,245 |
| Total Equity | 17,396,471 | 18,329,971 |
| TOTAL LIABILITIES AND EQUITY | P31,433,260 | P31,254,086 |

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 | |
|---|--|--------------------|
| | 2020 | 2019 |
| REVENUES FROM OPERATIONS | P2,578,272 | P3,627,760 |
| GOVERNMENT SHARE IN REVENUES | (427,293) | (670,219) |
| | 2,150,979 | 2,957,541 |
| COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES | (1,362,109) | (1,322,626) |
| OTHER INCOME AND EXPENSES | | |
| Finance income | 16,394 | 54,051 |
| Finance cost | (138,791) | (139,415) |
| Others - net | (7,831) | 5,253 |
| | (130,228) | (80,111) |
| CONSTRUCTION REVENUES | 230,554 | 765,912 |
| CONSTRUCTION COSTS | (230,554) | (765,912) |
| | - | - |
| INCOME BEFORE INCOME TAX | 658,642 | 1,554,804 |
| INCOME TAX EXPENSE | | |
| Current | 167,052 | 442,677 |
| Deferred | 19,090 | 835 |
| | 186,142 | 443,512 |
| NET INCOME | P472,500 | P1,111,292 |
| Income Attributable to | | |
| Equity Holders of the Parent Company | P472,163 | P1,111,025 |
| Non - controlling interest | 337 | 267 |
| | P472,500 | P1,111,292 |
| Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Compai | P0.24 | P0.56 |

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 | Retained Earnings | | | Fair Value Reserves | Total | Non-controlling Interest | Total Equity |
| | | Paid-in Capital | Appropriated for Port Development | Inappropriated | | | | |
| Balance at January 1, 2020 | P2,000,000 | P264,300 | P12,900,000 | P3,160,246 | (P 5,820) | P18,318,726 | P11,245 | P18,329,971 |
| Cash dividends - P0.703 a share for ATI | - | - | - | (1,406,000) | - | (1,406,000) | | (1,406,000) |
| Net income for the period | - | - | - | 472,163 | - | 472,163 | 337 | 472,500 |
| Balance at March 31, 2020 | P2,000,000 | P264,300 | P12,900,000 | P2,226,409 | (P 5,820) | P17,384,889 | P11,582 | P17,396,471 |
| Balance at January 1, 2019 | P2,000,000 | P264,300 | P10,500,000 | P3,085,013 | (P 5,820) | P15,843,493 | P10,358 | P15,853,851 |
| Net income for the period | - | - | - | 1,111,025 | - | 1,111,025 | 267 | 1,111,292 |
| PFRS 16 Adjustments | - | - | - | (11,616) | - | (11,616) | - | (11,616) |
| Balance at March 31, 2019 | P2,000,000 | P264,300 | P10,500,000 | P4,184,422 | (P 5,820) | P16,942,902 | P10,625 | P16,953,527 |

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

For the three months ended March 31

| | 2020 | 2019 |
|---|-------------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | P658,642 | P1,554,804 |
| Adjustments for: | | |
| Depreciation and amortization | 427,908 | 349,352 |
| Finance cost | 138,791 | 139,415 |
| Finance income | (16,394) | (54,051) |
| Net unrealized foreign exchange gains (losses) | (5,068) | 3,772 |
| Equity in net earnings of an associate | (9,958) | (12,717) |
| Gain on disposals of: | | |
| Property and equipment | 118 | 197 |
| Intangible assets | 876 | 78 |
| Provisions for inventory obsolescence | 2,500 | 6,000 |
| PFRS 16 adjustment | - | (43,458) |
| Operating income before working capital changes | 1,197,415 | 1,943,392 |
| Decrease (increase) in: | | |
| Trade and other receivables | 70,921 | (15,660) |
| Spare parts and supplies | (87,231) | (59,877) |
| Prepaid expenses | (326,182) | (253,569) |
| Increase (decrease) in: | | |
| Trade and other payables | (284,303) | (230,871) |
| Provisions for claims | 115 | (54,519) |
| Income and other taxes payable | (75,033) | (71,260) |
| Cash generated from operations | 495,702 | 1,257,636 |
| Finance income received | 17,578 | 46,793 |
| Finance cost paid | (41) | (45) |
| Net cash provided by operating activities | 513,239 | 1,304,384 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisitions of: | | |
| Property and Equipment | (53,883) | (11,359) |
| Intangible assets | (230,554) | (112,297) |
| Decrease (increase) in other noncurrent assets | (74) | 4,050 |
| Proceeds from disposals of: | | |
| Property and Equipment | (118) | (197) |
| Intangible assets | (876) | (78) |
| Decrease (increase) in deposits | (1,698) | 7,461 |
| Net cash used in investing activities | (287,203) | (112,420) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments of: | | |
| Lease liabilities | (32,323) | (18,163) |
| Port concession rights payable | (207,348) | (215,423) |
| Net cash used in financing activities | (239,671) | (233,586) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (13,635) | 958,378 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | 2,938 | (3,772) |
| CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR | 5,647,349 | 6,868,485 |
| CASH & CASH EQUIVALENTS AT END OF YEAR | P5,636,652 | P7,823,091 |

**SELECTED
EXPLANATORY NOTES
March 31, 2020
(Amounts in Thousands)**

1. Segment Information

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

| | For the three months ended March 31 | |
|--|--|-------------|
| | 2020 | 2019 |
| Revenue | P2,578,272 | P3,627,760 |
| Intangible Assets (excluding goodwill) | 19,893,166 | 18,397,240 |
| Property and equipment - net | 947,070 | 858,524 |
| Total assets | 31,433,260 | 31,419,519 |
| Total liabilities | 14,036,789 | 14,465,993 |
| Capital expenditures | | |
| Intangible Assets | 230,554 | 765,912 |
| Property and equipment | 53,883 | 11,359 |
| Depreciation and amortization | 427,908 | 349,352 |
| Noncash expenses (income) other than depreciation and amortization | 2,500 | 6,000 |

2. Trade and Other Receivables

| | As of March 31, 2020 | As of December 31, 2019 (Audited) |
|------------------------------------|---------------------------------|--|
| Trade receivables | P431,891 | P507,092 |
| Due from related parties | 38,553 | 33,772 |
| Advances to officers and employees | 31,992 | 26,948 |
| Receivable from insurance | 25,205 | 33,994 |
| Receivable from escrow fund | 13,635 | 13,635 |
| Interest receivable | 2,911 | 4,095 |
| Other receivables | 21,286 | 18,042 |
| | 565,473 | 637,578 |
| Allowance for impairment losses | (6,979) | (6,979) |
| | P558,494 | 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 | March 31, 2020 | December 31, 2019 (Audited) |
|---------------------------------|----------------------------------|---------------------------|---------------------------------------|---------------------------------------|-----------------------------|-------------------|--------------------------------|
| Cost | | | | | | | |
| Balance at beginning of year | P 198,215 | P 678,688 | P 703,245 | P 240,691 | P 224,328 | P 2,045,167 | P 1,893,121 |
| Additions | - | 791 | 26,126 | 25,843 | 1,123 | 53,883 | 194,390 |
| Disposals | - | - | (2,514) | (2,300) | - | (4,814) | (107,359) |
| Reclassifications | - | - | 3,181 | 6,475 | (9,656) | - | 65,015 |
| Balance at end of year | 198,215 | 679,479 | 730,038 | 270,709 | 215,795 | 2,094,236 | 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 | 2,371 | 5,935 | 24,513 | 8,106 | - | 40,924 | 158,102 |
| Disposals | - | - | (2,514) | (2,300) | - | (4,814) | (106,545) |
| Reclassification | - | - | - | - | - | - | 50,323 |
| Balance at end of year | 137,044 | 419,567 | 451,468 | 139,088 | - | 1,147,166 | 1,111,056 |
| Carrying Amount | P 61,171 | P 259,912 | P 278,570 | P 131,621 | P 215,795 | 947,070 | P 934,111 |

4. Intangible Assets

As of March 31, 2020

| | Port Concession Rights | | | | | | Total |
|---------------------------------|------------------------|------------|------------------------|-------------|----------|--|-------------|
| | Upfront Fees | Fixed Fees | Port Infrastructure | SubTotal | Goodwill | | |
| Cost | | | | | | | |
| Balance at beginning of year | P882,000 | P9,279,694 | P20,757,720 | P30,919,414 | P42,060 | | P30,961,474 |
| Additions | - | - | 230,554 | 230,554 | - | | 230,554 |
| Disposals | - | - | (5,743) | (5,743) | - | | (5,743) |
| Balance at end of year | 882,000 | 9,279,694 | 20,982,531 | 31,144,225 | 42,060 | | 31,186,285 |
| Accumulated amortization | | | | | | | |
| Balance at beginning of year | 74,654 | 3,559,370 | 7,276,209 | 10,910,233 | - | | 10,910,233 |
| Amortization | 2,820 | 96,649 | 247,100 | 346,569 | - | | 346,569 |
| Disposals | - | - | (5,743) | (5,743) | - | | (5,743) |
| Balance at end of year | 77,474 | 3,656,019 | 7,517,566 | 11,251,059 | - | | 11,251,059 |
| Carrying Amount | P804,526 | P5,623,675 | P13,464,965 | P19,893,166 | P42,060 | | P19,935,226 |

As of December 31, 2019 (Audited)

| | Port Concession Rights | | | | | | Total |
|---------------------------------|------------------------|------------|------------------------|-------------|----------|--|-------------|
| | Upfront Fees | Fixed Fees | Port Infrastructure | SubTotal | Goodwill | | |
| 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

| | March 31, 2020 | December 31, 2019 (Audited) |
|-------------------------------------|-------------------|--------------------------------|
| Accrued expenses: | | |
| Marketing, commercial and promotion | 644,774 | 677,068 |
| Personnel costs | 178,517 | 171,019 |
| Professional fees | 146,777 | 153,315 |
| Finance costs | 130,624 | 141,330 |
| Repairs and maintenance | 121,926 | 89,097 |
| Security expenses | 39,387 | 36,921 |
| Trucking Expenses | 30,438 | 31,296 |
| Rental | 14,101 | 14,729 |
| Corporate social responsibility | 12,941 | 13,414 |
| Utilities | 12,208 | 13,639 |
| Safety and environment | 4,619 | 4,659 |
| Miscellaneous accrued expenses | 52,675 | 102,958 |
| Dividends | 1,406,000 | - |
| Due to government agencies | 554,185 | 684,531 |
| Equipment acquisitions | 420,980 | 572,418 |
| Trade | P298,685 | P288,681 |
| Shippers' and brokers' deposits | 90,523 | 95,642 |
| Management fee payable | 10,050 | 15,488 |
| Other Payables | 205,118 | 146,803 |
| | P4,374,528 | P3,253,008 |

6. Other Income and Expenses

Finance cost is broken down as follows:

| | For the three months ended March 31 | |
|--|-------------------------------------|-----------------|
| | 2020 | 2019 |
| Interest on port concession rights payable | P129,390 | P133,814 |
| Interest on lease liability | 7,382 | 5,001 |
| Interest component of pension expense | 1,978 | 555 |
| Interest on bank loans/credit facilities | 41 | 45 |
| | P138,791 | P139,415 |

Finance income is broken down as follows:

| | For the three months ended March 31 | |
|--|-------------------------------------|----------------|
| | 2020 | 2019 |
| Interest on cash in banks and short-term investment: | P16,394 | P54,051 |
| | P16,394 | P54,051 |

Others consisted of the following:

| | For the three months ended March 31 | |
|--|--|-------------|
| | 2020 | 2019 |
| Equity in net earnings of an associate | P9,958 | P12,717 |
| Lease and other income - net | 3,271 | 4,612 |
| Foreign exchange gains (losses) - others | 2,928 | (735) |
| Management income | 2,094 | 2,363 |
| Foreign exchange gains (losses) - port concession rights payable | (26,082) | (13,704) |
| | P (7,831) | P5,253 |

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:

| | March 31, 2020 | December 31, 2019 (Audited) |
|-------------------------------|-----------------------|--|
| Fixed Rate Instruments | | |
| Cash and cash equivalents | P5,635,244 | P5,646,441 |

Excluding cash on hand amounting to P1.4 million and P0.9 million as at March 31, 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 March 31, 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* | P3,820,343 | P354,355 | P514,972 | P2,020,181 | P - | P - | P2,889,508 |
| Port concession rights payable | 8,212,153 | - | 199,440 | 598,320 | 3,852,907 | 7,551,565 | 12,202,232 |
| Lease liabilities | 617,895 | 16,221 | 32,442 | 141,664 | 386,670 | 398,469 | 975,466 |
| Total | P 12,650,391 | P 370,576 | P 746,854 | P 2,760,165 | P 4,239,577 | P 7,950,034 | P 16,067,206 |

* excluding due to government agencies amounting to P554.2 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 | 7,596,968 | 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 March 31, 2020 | | As of December 31, 2019 (Audited) | |
|-----------------------------------|----------------------|-------------|-----------------------------------|-------------|
| | Carrying Amount | Fair Values | Carrying Amount | Fair Values |
| Financial Assets | | | | |
| Cash and cash equivalents | P5,636,652 | P5,636,652 | P5,647,349 | P5,647,349 |
| Trade and other receivables - net | 558,494 | 558,494 | 630,599 | 630,599 |
| Deposits | 58,852 | 62,424 | 57,154 | 62,582 |
| | 6,253,998 | 6,257,570 | 6,335,102 | 6,340,530 |
| Equity securities | 2,652 | 2,652 | 2,652 | 2,652 |
| | P6,256,650 | P6,260,222 | P6,337,754 | P6,343,182 |
| Financial Liabilities | | | | |
| Other Financial liabilities: | | | | |
| Trade and other payables* | P3,820,343 | P3,820,343 | P2,568,477 | P2,568,477 |
| Port concession rights payable | 8,212,153 | 10,090,221 | 8,302,992 | 9,748,981 |
| Lease Liability | 617,895 | 617,895 | 640,942 | 640,942.00 |
| | P12,650,391 | P14,528,459 | P11,512,411 | P12,958,400 |

* excluding due to government agencies amounting to P554.2 million and P684.5 million as at March 31, 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 March 31, 2020 | | | Total |
|------------------------------------|----------------------|----------|---------|------------|
| | Grade A | Grade B | Grade C | |
| Cash in banks and cash equivalents | P5,635,244 | P - | P - | P5,635,244 |
| Trade and other receivables - net | 313,764 | 244,730 | - | 558,494 |
| Deposits | 58,852 | - | - | 58,852 |
| Equity securities | 2,652 | - | - | 2,652 |
| | P6,010,512 | P246,730 | P - | P6,255,242 |

| | 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 March 31, 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 March 31, 2020:

| | Gross Carrying Amount | Impairment Loss Allowance | Credit- impaired |
|----------------------------------|--------------------------------------|--|-----------------------------|
| Current (not past due) | P470,358 | P - | No |
| 1 - 30 days past due | 19,870 | - | No |
| 31 - 60 days past due | 3,224 | - | No |
| 61- 90 days past due | 64,845 | - | No |
| More than 90 days past due | 7,176 | 6,979 | Yes |
| Balance at March 31, 2020 | P565,473 | P6,979 | |

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 P5.6 billion as at March 31, 2020 and December 31, 2019. 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 March 31, 2020 | As of December 31, 2019 |
|--|-------------------------|----------------------------|
| Assets | | |
| Cash and cash equivalents | US\$63,535 | US\$55,955 |
| | 63,535 | 55,955 |
| Liabilities | | |
| Trade and other payables | 6,752 | 7,132 |
| Port concession rights payable | 137,810 | 138,805 |
| | 144,562 | 145,937 |
| Net foreign currency-denominated liabilities | (US\$81,027) | (US\$89,982) |
| Peso equivalent | (P4,106,448) | (P4,556,239) |

The exchange rates applicable for US dollar as at March 31, 2020 and December 31, 2019 are P50.680 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 |
|--------------------------|---|---------------------------------------|------------------|
| March 31, 2020 | | | |
| | 5% | (P205,322) | (P143,726) |
| | -5% | 205,322 | 143,726 |
| 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 March 31, 2020.

The Company is not subject to externally imposed capital requirements.

The table below shows the capital structure of the Company.

| | March 31, 2020 | December 31, 2019 (Audited) |
|----------------------------|--------------------|--------------------------------|
| Capital Stock | P2,000,000 | P2,000,000 |
| Additional paid-in capital | 264,300 | 264,300 |
| Retained Earnings | 15,126,409 | 16,060,246 |
| Fair value reserve | (5,820) | (5,820) |
| Total | P17,384,889 | 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 March 31, 2020 | | As of December 31, 2019 (Audited) | |
|-----------------------------------|----------------------|--------------------|-----------------------------------|--------------------|
| | Carrying Amount | Fair Values | Carrying Amount | Fair Values |
| Financial Assets | | | | |
| Cash and cash equivalents | P5,636,652 | P5,636,652 | P5,647,349 | P5,647,349 |
| Trade and other receivables - net | 558,494 | 558,494 | 630,599 | 630,599 |
| Deposits | 58,852 | 62,424 | 57,154 | 62,582 |
| | 6,253,998 | 6,257,570 | 6,335,102 | 6,340,530 |
| Equity securities | 2,652 | 2,652 | 2,652 | 2,652 |
| | P6,256,650 | P6,260,222 | P6,337,754 | P6,343,182 |
| Financial Liabilities | | | | |
| Other Financial liabilities: | | | | |
| Trade and other payables* | P3,820,343 | P3,820,343 | P2,568,477 | P2,568,477 |
| Port concession rights payable | 8,212,153 | 10,090,221 | 8,302,992 | 9,748,981 |
| Lease Liability | 617,895 | 617,895 | 640,942 | 640,942.00 |
| | P12,650,391 | P14,528,459 | P11,512,411 | P12,958,400 |

* excluding due to government agencies amounting to P554.2 million and P684.5 million as at March 31, 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 3.6% 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 3.65% to 4.47% 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 March 31, 2020 | Level 1 | Level 2 | Level 3 |
|--------------------------------|----------------|--------------------|----------------|
| Equity securities | P933 | P - | P 1,719 |
| Port concession rights payable | | 10,090,221 | |
| Lease liabilities | - | 617,895 | - |
| | P933 | P10,708,116 | P1,719 |

| 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.