COVER SHEET

1	3	3	6	5	3

S.E.C. Registration Number

ASIAN TERMINALS INC.

(Company's Full Name)

ATI HEAD OFFICE A. BONIFACIO DRIVE, PORT AREA, MANILA 1018

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

ATTY. RODOLFO G. CORVITE,JR.

Contact Person

85286000

Company Telephone Number

08 12

Month *Day*

17-Q

End June 30, 2022

FORM TYPE

04 28

Month *Day*

2022 Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

821

As of July 31, 2022

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)

June 30, 2022
Period Ended Date

____
(Secondary License Type and File Number)

cc: Philippine Stock Exchange

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 : **June 30, 2022**
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.

Amended Standards Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2021. 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 April 1, 2021

- *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to* PFRS 16, *Leases)***.** The amendment extends the practical expedient introduced in the 2020 amendment which simplified how a lessee accounts for rent concessions that are a direct consequence of COVID-19, permitting lessees to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The adoption is mandatory for lessees that chose to apply the practical expedient introduced by the 2020 amendments and may result in reversal of lease modifications that was ineligible for the practical expedient under the 2020 amendments, but becomes eligible as a result of the extension.

Effective January 1, 2022

- *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to* PAS 16, *Property, Plant and Equipment).* The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- *Onerous Contracts - Cost of Fulfilling a Contract (Amendment to* PAS 37, *Provisions, Contingent Liabilities and Contingent Assets).* The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprises both incremental costs and an allocation of other direct costs.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- *Annual Improvements to PFRS Standards 2018-2020.* This cycle of improvements contains amendments to three standards:

  - *Subsidiary as a First-time Adopter (Amendment to* PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards).* The amendment simplifies the application of PFRS 1 for a subsidiary that becomes a first-time adopter of PFRS later than its parent. The subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to PFRS.

  - *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to* PFRS 9, *Financial Instruments).* The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. It applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  - *Lease Incentives (Amendment to Illustrative Examples accompanying* PFRS 16, *Leases).* The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

- *Reference to the Conceptual Framework (Amendment to PFRS 3 Business Combinations).* The amendments:

  - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework;

  - added a requirement that, for transactions and other events within the scope of PAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

  - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

  The amendments are effective for business combinations occurring in reporting periods starting on or after January 1, 2022. Earlier application is permitted.

Effective January 1, 2023

- *Classification of Liabilities as Current or Non-current (Amendments to* PAS 1, *Presentation of Financial Statements).* To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

  - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

  In November 2021, the International Accounting Standards Board issued the Exposure Draft, *Non-Current Liabilities with Covenants* after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1 as follows:

  - Conditions which the entity must comply within twelve months after the reporting period will have no effect on the classification as current or non-current.

  - Additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within twelve months.

- Separate presentation in the statement of financial position will be required for non-current liabilities for which the right to defer settlement is subject to conditions within 12 months after the reporting period.

- The effective date of the amendments will be deferred to no earlier than January 1, 2024.

Comments on the Exposure Draft is due on March 21,2022.

- *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).* To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures.

  The amendments are effective from January 1, 2023. Earlier application is permitted.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12 Income Taxes).* The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

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, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures). 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 six months ended June 30, 2022

Revenues for the first half of 2022 of P6,104.8 million went up by 11.7% from P5,465.6 million in the same period last year. Revenues from South Harbor (SH) international containerized cargo increased from last year by 10.4% while revenues from ATI Batangas were higher than last year by 55.7% on account of higher RoRo volumes and higher number of passengers.

Government share in revenues for the first half of 2022 of P1,110.2 million increased by 17.9% from P941.8 million last year as a result of higher revenues subject to port authorities' share.

Cost and expenses in the first six months of 2022 amounted to P2,833.1 million, 6.1% higher than P2,670.3 million in the same period last year. Depreciation and amortization in 2022 increased by 1.7% to P921.6 million from P906.0 million in 2021. Labor costs of P810.2 million this year were up by 7.3% compared to P754.8 million last year due to salary rate increase. Equipment running costs went up by 24.8% to P380.3 million this year from P304.6 million last year due to higher usage of equipment spare parts, higher fuel price and higher electricity resulting from higher consumption and increase in rates. Taxes and licenses of P231.5 million this year were up by 7.4% to P215.5 million last year due to higher real property tax related to additional equipment and improvements in South Harbor and Batangas and higher business tax related to higher revenue in 2021. Insurance in 2022 of P99.1 million went up 14.5% compared to P86.5 million in the same period last year due to higher premiums on renewal of dollar-denominated insurance such as material damage and business interruption premiums. Security, health, environment and safety increased by 4.7% to P77.8 million in 2022 from P74.3 million in 2021 due to higher security costs related to higher passenger. Rentals of P15.8 million in 2022 increased 168.3% compared to P5.9 million in the same period last year due to rental of generator set used in the new Passenger Terminal Building in Batangas.

General transport of P46.1 million in 2022 declined by 32.7% from P68.5 million in 2021 on account of lower trucking costs. Other expenses in 2022 amounted to P59.6 million, 20.8%

lower compared to P75.3 million last year due to lower provision for inventory obsolescence for obsolete parts and reversal of excess provision on miscellaneous expenses. Management fees of P65.2 million in 2022 were lower by 4.2% than P68.1 million in 2021 following lower earnings before tax.

Finance income in 2022 of P7.0 million was higher by 118.9% than P3.2 million last year due to higher interest rates on money market placements and higher cash balance. Finance costs in 2022 of P255.9 million were lower by 2.2% against P261.8 million last year. Others-net was at negative P411.0 million in 2022 from negative P50.2 million in 2021 mainly due to higher unrealized foreign exchange losses on the fair value of concession liability and accrued interest following the depreciation of the Philippine Peso against the US Dollar.

Income before income tax in the second quarter of 2022 of P1,501.5 million decreased by 2.8% from P1,544.7 million in the same period last year. Provision for income tax decreased by 13.1% to P362.0 million in 2022 from P416.7 million in the same period last year due to last year's adjustments in deferred tax.

Net income of P1,139.5 million for the second quarter of 2022 was 1.0% higher than P1,128.1 million for the same period last year. Earnings per share this year was P0.57, 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);
- material changes in foreign exchange rates; and
- impact of COVID-19

In the first six months of 2022:

- 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. South Harbor volume was impacted by the surge in Covid-19 cases in China for the first half of 2022. In general, China port operations slowed down, and in some ports had to suspend operations for days. 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, 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. Aligned with the

government's COVID-19 vaccination efforts, ATI has attained 99.9% vaccination rate for its employees through its own corporate initiatives and in partnership with industry groups and local government units. A continuous campaign for booster administration is likewise being undertaken. The company also continuously maintains close coordination with relevant government entities.

Consolidated Financial Condition

Total assets as of June 30, 2022 increased by 1.2% to P32,106.0 million from P31,710.9 million as of December 31, 2021. Current assets decline by 2.6% to P7,643.8 million as of June 30, 2022 from P7,847.9 million as of December 31, 2021. Cash and cash equivalents of P3,531.6 million as of June 30, 2022 decreased by 10.7% compared to P3,954.2 million as of December 31, 2021. Trade and other receivables-net of P715.1 million as of June 30, 2022 decreased by 11.6% from P809.2 million as of December 31, 2021. Spare parts and supplies as of June 30, 2022 rose by 11.3% to P1,041.4 million from P935.5 million as of December 31, 2021. Prepaid expenses as of June 30, 2022 of P2,355.7 million were higher by 9.6% than P2,149.0 million as of December 31, 2021 on account of the unamortized portion of prepaid real property and business taxes, prepaid insurance for the year as well as higher input taxes on PPA fees and capital expenditures.

Total noncurrent assets of P24,462.2 million as of June 30, 2022 was higher by 2.5% compared to P23,863.0 million as of December 31, 2021. Investment in an associate decreased by 5.8% to P55.0 million as of June 30, 2022 from P58.4 million as of December 31, 2021. Property and equipment - net amounted to P2,138.5 million, up by 13.1% from P1,890.7 million as of December 31, 2021. Intangible assets - net of P20,466.3 million was lower by 0.4% than P20,551.5 million as of December 31, 2021. The acquisitions of property and equipment and intangible assets, which amounted to P340.1 million and P657.6 million, respectively, were partially offset by the increase in depreciation and amortization. Right-of-use assets - net of P793.7 million as of June 30, 2022 was higher by 72.9% compared to P459.0 million as of December 31, 2021. Deferred tax assets – net amounted to P926.3 million as of June 30, 2022, was higher by 15.6% compared to P801.3 million as of December 31, 2021.

Total liabilities increased by 7.9% to P11,844.5 million as of June 30, 2022 from P10,972.3 million as of December 31, 2021. Trade and other payables increased by 6.6% to P2,536.2 million as of June 30, 2022 from P2,379.9 million as of December 31, 2021. Trade and other payables are covered by agreed payment schedules. Provisions for claims of P59.8 million as of June 30, 2022 decreased by 5.3% from P63.2 million as of December 31, 2021. Concession rights payable (current and noncurrent) as of June 30, 2022 of P8,031.1 million increased by 4.3% from P7,702.2 million as of December 31, 2021. Income and other taxes payable of P214.4 million as of June 30, 2022 was higher by 61.5% compared to P132.7 million as of December 31, 2021 due to income tax for the second quarter of 2022. Pension liability of P194.4 million decreased by 19.6% as of June 30, 2022 from P241.6 million as of December 31, 2021. Lease liabilities (current and noncurrent) of P808.6 million as of June 30, 2022 increased by 78.6% from P452.6 million as of June 30, 2021 due to renewal of lease contracts in the first quarter of 2022.

Consolidated Cash Flows

Net cash provided by operating activities in the second quarter of 2022 was P2,491.6 million, 15.2% higher than P2,163.0 million in the same period last year due to higher operating income and decrease in trade and other receivables.

Net cash used in investing activities in the second quarter of 2022 of P959.7 million was lower by 32.9% versus the P1,429.2 million in the same period last year due to lower acquisition of property and equipment and intangible assets.

Net cash used in financing activities in the second quarter of 2022 was P2,086.3 million, 9.6% higher than P1,904.2 million in the same period last year due to higher payments cash dividends and 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 June 2022:

- ATIB's total assets were only 10.1% of the consolidated total assets
- Income before other income and expense for ATIB was only 10.2% of consolidated income before other income and expenses[1].

Consolidated KPI	Manner of Calculation	As of June 30		Discussion
		2022	2021	
Return on Capital Employed	Percentage of income before interest and tax over capital employed	15.6%	15.8%	Decreased due to higher capital employed.
Return on Equity attributable to equity holders of the parent	Percentage of annualized net income over equity attributable to equity holders of the parent	11.1%	11.4%	Decreased due to lower net income.
Current ratio	Ratio of current assets over current liabilities	2.28 : 1.00	2.31 : 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	1.59 : 1.00	1.55 : 1.00	Increased due to increase in retained earnings.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.58 : 1.00	0.55 : 1.00	Increased due to increase in liabilities
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	9 days	10 days	Decreased due to improved collection.
Net Income Margin	Net income over revenues less government share in revenues	22.8%	24.9%	Decreased due to higher government share in 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.	0.00	0.59	No injuries as a result of extensive safety campaign and strict implementation of HSES policies.

[1] Income before other income and expenses is defined as income before net financing costs, forex gains or losses and others.
[2] RFIR is the new KPI for injuries introduced in 2014 to replace LTIFR. RIFR is a more stringent KPI as it covers not only Lost Time Injuries (LTIs) but also Medical Treatment Injuries (MTIs) and Fatalities incidents.

PART II. OTHER INFORMATION

On April 28, 2022, the Board of Directors of ATI approved a cash dividend of P0.808 per share to stockholders on record as of May 25, 2022 payable on June 17, 2022. As of date of this report, the Company has ordinary shares only.

Submissions of SEC Form 17-C:

Date Filed	Reference	Particulars
January 5, 2022	SEC 17-C	Attendance of Directors in the 2021 Board Meetings
January 27, 2022	SEC 17-C	Certification on Compliance to the Corporate Governance Manual
February 16, 2022	SEC 17-C	Notice of Guidelines for Nomination
March 2, 2022	SEC 17-C	Setting of the date, time, agenda and venue of the 2022 annual stockholders' meeting and for holding the same by remote communication, 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 2022;
April 29, 2022	SEC 17-C	Declaration of Cash Dividends, with record and payment dates; Results of the 2022 Annual Meeting and the organizational meeting, Amendment of the Audit Committee Charter and receipt of PPA MC No. 4-2022 and PPA MC No. 5-2022 on tariff adjustments and increase in Batangas and South Harbor.
June 16, 2022	SEC 17-C	Amendments to the By-Laws

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: August 12, 2022

Principal Financial/Accounting Officer:

MARISSA R. PINCA
Assistant Vice President for Accounting and Financial Planning

Date: August 12, 2022

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts In Thousands)

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**P3,531,616**	P3,954,166
Trade and other receivables - net	**715,055**	809,229
Spare parts and supplies	**1,041,410**	935,478
Prepaid expenses	**2,355,701**	2,149,009
Total Current Assets	**7,643,782**	7,847,882
Noncurrent Assets		
Investment in an associate	**55,015**	58,373
Property and equipment - net	**2,138,498**	1,890,714
Intangible assets - net	**20,466,310**	20,551,531
Right-of-use assets - net	**793,744**	458,999
Deferred tax assets - net	**926,324**	801,324
Other noncurrent assets	**82,342**	102,037
Total Noncurrent Assets	**24,462,233**	23,862,978
TOTAL ASSETS	**P32,106,015**	P31,710,860
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	**P2,536,203**	P2,379,928
Provisions for claims	**59,849**	63,216
Port concession rights payable - current portion	**402,685**	368,778
Income and other taxes payable	**214,354**	132,693
Lease liabilities - current portion	**139,206**	85,028
Total Current Liabilities	**3,352,297**	3,029,643
Noncurrent Liabilities		
Port concession rights payable - net of current portion	**7,628,449**	7,333,393
Pension liability - net	**194,356**	241,609
Lease liabilities - net of current portion	**669,406**	367,609
Total Noncurrent Liabilities	**8,492,211**	7,942,611
Total Liabilities	**11,844,508**	10,972,254
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	**17,990,068**	18,467,868
Fair value reserve	**(5,820)**	(5,820)
	20,248,548	20,726,348
Non-controlling Interest	**12,959**	12,258
Total Equity	**20,261,507**	20,738,606
TOTAL LIABILITIES AND EQUITY	**P32,106,015**	P31,710,860

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts In Thousands, Except Per Share Data)

	For the second quarter ended June 30		For the six months ended June 31	
	2022	2021	**2022**	2021
REVENUES FROM OPERATIONS	**P3,207,885**	P2,746,734	**P6,104,768**	P5,465,602
GOVERNMENT SHARE IN REVENUES	**(591,784)**	(484,579)	**(1,110,226)**	(941,825)
	2,616,101	2,262,155	**4,994,542**	4,523,777
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	**(1,449,197)**	(1,343,798)	**(2,833,098)**	(2,670,254)
OTHER INCOME AND EXPENSES				
Finance income	**4,704**	1,431	**6,989**	3,193
Finance cost	**(127,167)**	(129,677)	**(255,912)**	(261,790)
Others - net	**(334,555)**	(11,912)	**(410,991)**	(50,203)
	(457,018)	(140,158)	**(659,914)**	(308,800)
CONSTRUCTION REVENUES	**338,212**	576,377	**657,569**	844,410
CONSTRUCTION COSTS	**(338,212)**	(576,377)	**(657,569)**	(844,410)
	-	-	**-**	-
INCOME BEFORE INCOME TAX	**709,886**	778,199	**1,501,530**	1,544,723
INCOME TAX EXPENSE				
Current	**245,769**	108,188	**487,050**	280,622
Deferred	**(73,496)**	104,868	**(125,001)**	136,033
	172,273	213,056	**362,049**	416,655
NET INCOME	**P537,613**	P565,143	**P1,139,481**	P1,128,068
Income Attributable to				
Equity Holders of the Parent Company	**P537,025**	P564,982	**P1,138,200**	P1,127,714
Non - controlling interest	**588**	161	**1,281**	354
	P537,613	P565,143	**P1,139,481**	P1,128,068
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	**P0.27**	P0.28	**P0.57**	P0.56

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands, Except Per Share Data)

	Attributable to Equity Holders of the Parent Company							
			Retained Earnings					
	Common Stock	Additional Paid-in Capital	Appropriated for Port Development	Unappropriated	Fair Value Reserves	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2022	**P2,000,000**	**P264,300**	**P15,100,000**	**P3,367,868**	**(P 5,820)**	**P20,726,348**	**P12,258**	**P20,738,606**
Cash dividends - P0.808 a share for ATI	-	-	-	**(1,616,000)**	-	**(1,616,000)**	**(580)**	**(1,616,580)**
Net income for the period	-	-	-	**1,138,200**	-	**1,138,200**	**1,281**	**1,139,481**
Balance at June 30, 2022	**P2,000,000**	**P264,300**	**P15,100,000**	**P2,890,068**	**(P 5,820)**	**P20,248,548**	**P12,959**	**P20,261,507**
Balance at January 1, 2021	P2,000,000	P264,300	P14,000,000	P3,642,547	(P 5,820)	P19,901,027	P11,774	P19,912,801
Cash dividends - P0.703 a share for ATI	-	-	-	(1,406,000)	-	(1,406,000)	(580)	(1,406,580)
Net income for the period	-	-	-	1,127,714	-	1,127,714	354	1,128,068
Balance at June 30, 2021	P2,000,000	P264,300	P14,000,000	P3,364,261	(P 5,820)	P19,622,741	P11,548	P19,634,289

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts In Thousands)

	For the second quarter ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	P 709,886	P778,199	P1,501,530	P1,544,723
Adjustments for:				
Depreciation and amortization	460,254	460,782	921,565	905,982
Finance cost	127,167	129,677	255,912	261,789
Finance income	(4,704)	(1,431)	(6,989)	(3,193)
Net unrealized foreign exchange gains (losses)	309,446	15,087	366,288	65,180
Equity in net earnings of an associate	(8,280)	(13,633)	(15,987)	(25,674)
Gain on disposals of:				
Property and equipment	12	3	32	116
Intangible assets	-	203	1,907	419
Provisions for inventory obsolescence	-	1,500	-	3,000
Operating income before working capital changes	1,593,781	1,370,387	3,024,258	2,752,342
Decrease (increase) in:				
Trade and other receivables	(175,035)	(58,393)	95,217	(20,758)
Spare parts and supplies	(51,034)	1,553	(105,932)	(13,500)
Prepaid expenses	121,372	66,443	(206,692)	(277,728)
Increase (decrease) in:				
Trade and other payables	306,729	427,123	176,358	147,021
Provisions for claims	(3,036)	(287)	(3,367)	232
Income and other taxes payable	138,537	108,443	85,316	58,070
Cash generated from operations	1,931,314	1,915,269	3,065,158	2,645,679
Finance income received	4,056	1,557	5,946	3,327
Finance cost paid	(6,808)	(4,953)	(13,806)	(11,067)
Income tax paid	(490,705)	(474,971)	(490,705)	(474,971)
Contribution to retirement funds	(74,973)	-	(74,973)	-
Net cash provided by operating activities	1,362,884	1,436,902	2,491,620	2,162,968
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and Equipment	(75,430)	(291,592)	(340,060)	(553,742)
Intangible assets	(338,212)	(598,395)	(657,569)	(866,428)
Proceeds from disposals of:				
Property and Equipment	835	(3)	815	(60)
Intangible assets	-	(203)	(1,907)	(419)
Decrease (increase) in:				
Other noncurrent assets	(1,115)	5,741	24,148	6,097
Deposits	(4,453)	(14,336)	(4,453)	(14,636)
Net cash used in investing activities	(399,031)	(898,788)	(959,682)	(1,429,188)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	(1,616,000)	(1,406,000)	(1,616,000)	(1,406,000)
Cash dividend to non-controlling interest	(580)	(580)	(580)	(580)
Lease liabilities	(25,255)	(68,291)	(66,115)	(103,475)
Port concession rights payable	(204,767)	(197,044)	(403,654)	(394,185)
Net cash used in financing activities	(1,846,602)	(1,671,915)	(2,086,349)	(1,904,240)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(882,749)	(1,133,801)	(554,411)	(1,170,460)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	101,272	2,397	131,861	27,273
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	4,313,093	4,426,091	3,954,166	4,437,874
CASH & CASH EQUIVALENTS AT END OF YEAR	P3,531,616	P 3,294,687	P3,531,616	P3,294,687

SELECTED
EXPLANATORY NOTES
June 30, 2022
(Amounts in Thousands)

1. Segment Information

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

	For the six months ended June 30	
	2022	2021
Revenue	**P6,104,768**	P5,465,602
Intangible Assets (excluding goodwill)	**20,424,250**	20,331,905
Property and equipment - net	**2,138,498**	1,666,123
Total assets	**32,106,015**	30,498,663
Total liabilities	**11,844,508**	10,864,375
Capital expenditures		
Intangible Assets	**657,569**	844,410
Property and equipment	**340,060**	553,742
Depreciation and amortization	**921,565**	905,982
Noncash expenses (income) other than depreciation and amortization	-	3,000

2. Trade and Other Receivables

	As of June 30, 2022	As of December 31, 2021 (Audited)
Trade receivables	**P544,887**	P497,390
Receivable from insurance	**56,621**	56,522
Due from related parties	**52,415**	45,450
Advances to officers and employees	**26,370**	20,237
Receivable from escrow fund	**13,635**	13,635
Interest receivable	**1,414**	371
Other receivables	**23,908**	179,819
	719,250	813,424
Allowance for impairment losses	**(4,195)**	(4,195)
	P715,055	P809,229

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	June 30, 2022	December 31, 2021 (Audited)
Cost							
Balance at beginning of year	P 222,486	P 693,409	P 815,633	P 294,272	P 1,282,618	P 3,308,418	P 2,422,388
Additions	595	8,629	13,267	25,066	292,503	340,060	907,915
Disposals	-	-	(979)	(1,750)	-	(2,729)	(6,506)
Reclassifications	-	1,705	-	-	(1,705)	-	(15,499)
Balance at end of year	223,081	703,743	827,921	317,588	1,573,416	3,645,749	3,308,298
Accumulated depreciation							
Balance at beginning of year	116,192	485,195	632,193	184,124	-	1,417,704	1,223,573
Depreciation	7,891	20,983	42,308	20,247	-	91,429	172,617
Disposals	-	-	(700)	(1,182)	-	(1,882)	(6,506)
Reclassification	-	-	-	-	-	-	27,900
Balance at end of year	124,083	506,178	673,801	203,189	-	1,507,251	1,417,584
Carrying Amount	P 98,998	P 197,565	P 154,120	P 114,399	P 1,573,416	2,138,498	P 1,890,714

4. Intangible Assets

As of June 30, 2022

	Port Concession Rights					
	Upfront Fees	**Fixed Fees**	**Port Infrastructure**	**SubTotal**	**Goodwill**	**Total**
Cost						
Balance at beginning of year	**P882,000**	**P9,279,694**	**P23,934,464**	**P34,096,158**	**P42,060**	**P34,138,218**
Additions	-	-	**657,569**	**657,569**	-	**657,569**
Disposals	-	-	**(29,962)**	**(29,962)**	-	**(29,962)**
Balance at end of year	**882,000**	**9,279,694**	**24,562,071**	**34,723,765**	**42,060**	**34,765,825**
Accumulated amortization						
Balance at beginning of year	**97,214**	**4,332,562**	**9,156,911**	**13,586,687**	-	**13,586,686**
Amortization	**5,640**	**193,298**	**543,900**	**742,838**	-	**742,838**
Disposals	-	-	**(29,962)**	**(29,962)**	-	**(29,962)**
Reclassifications	-	-	**(47)**	**(47)**	-	**(47)**
Balance at end of year	**102,854**	**4,525,860**	**9,670,802**	**14,299,516**	-	**14,299,515**
Carrying Amount	**P779,146**	**P4,753,834**	**P14,891,269**	**P20,424,249**	**P42,060**	**P20,466,310**

As of December 31, 2021 (Audited)

	Port Concession Rights					
	Upfront Fees	Fixed Fees	Port Infrastructure	SubTotal	Goodwill	Total
Cost						
Balance at beginning of year	P882,000	P9,279,694	P22,217,154	P32,378,848	P42,060	P32,420,908
Additions	-	-	1,744,917	1,744,917	-	1,744,917
Disposals	-	-	(43,106)	(43,106)	-	(43,106)
Reclassifications	-	-	15,499	15,499	-	15,499
Balance at end of year	882,000	9,279,694	23,934,464	34,096,158	42,060	34,138,217
Accumulated amortization						
Balance at beginning of year	85,934	3,945,966	8,162,417	12,194,317	-	12,194,317
Additions	11,280	386,596	1,065,500	1,463,376	-	1,463,376
Disposals	-	-	(43,106)	(43,106)	-	(43,106)
Reclassifications	-	-	(27,900)	(27,900)	-	(27,900)
Balance at end of year	97,214	4,332,562	9,156,911	13,586,687	-	13,586,686
Carrying Amount	P784,786	P4,947,132	P14,777,553	P20,509,471	P42,060	P20,551,531

5. Trade and Other Payables

	June 30, 2022	December 31, 2021 (Audited)
Accrued expenses:		
Marketing, commercial and promotion	**P270,520**	P229,362
Personnel costs	**167,931**	104,671
Finance costs	**138,308**	131,732
Repairs and maintenance	**133,700**	64,941
Professional fees	**39,573**	39,401
Security expenses	**30,712**	20,585
Corporate social responsibility	**23,422**	23,622
Rental	**14,781**	10,542
Trucking Expenses	**9,810**	3,726
Utilities	**7,177**	7,210
Safety and environment	**2,500**	4,701
Miscellaneous accrued expenses	**32,916**	105,310
Due to government agencies	**785,276**	668,092
Equipment acquisitions	**166,569**	374,306
Trade	**425,761**	319,685
Shippers' and brokers' deposits	**134,599**	117,181
Management fee payable	**6,000**	12,434
Other Payables	**146,648**	142,427
	P2,536,203	P2,379,928

6. Other Income and Expenses

Finance cost is broken down as follows:

	For the six months ended June 30	
	2022	2021
Interest on port concession rights payable	**P237,218**	P247,846
Interest on lease liability	**13,684**	10,920
Interest component of pension expense	**4,888**	2,876
Interest on bank loans/credit facilities	**122**	148
	P255,912	P261,790

Finance income is broken down as follows:

	For the six months ended June 30	
	2022	2021
Interest on cash in banks and short-term investments	**P6,989**	P3,193
	P6,989	P3,193

Others consisted of the following:

	For the six months ended June 30	
	2022	2021
Foreign exchange gains - others	**P 117,412**	P 44,724
Equity in net earnings of an associate	**15,987**	25,674
Lease and other income - net	**8,901**	5,847
Management income	**3,688**	4,332
Gain on disposals of property and equipment and intangible assets	**1,939**	535
Foreign exchange losses - port concession rights payable	**(558,918)**	(131,315)
	P (410,991)	P (50,203)

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:

	June 30, 2022	December 31, 2021 (Audited)
Fixed Rate Instruments		
Cash and cash equivalents	**P3,528,939**	P3,952,060

Excluding cash on hand amounting to P2.7 million and P3.1 million as at June 30, 2022 and 2021, 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:

		Contractual Cash Flows					
As of June 30, 2022	**Carrying Amount**	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**>5 years**	**Total**
Trade and other payables*	**P1,750,927**	**P328,503**	**P280,327**	**P1,125,015**	**P 17,082**	**P -**	**P1,750,927**
Port concession rights payable	**8,031,134**	**-**	**150,365**	**451,097**	**3,640,126**	**6,213,384**	**10,454,972**
Lease liabilities	**808,612**	**-**	**30,536**	**83,984**	**158,174**	**535,917**	**808,611**
Total	**P 10,590,673**	**P 328,503**	**P 461,228**	**P 1,660,096**	**P 3,815,382**	**P 6,749,301**	**P 13,014,510**

** excluding due to government agencies amounting to P785.3 million*

		Contractual Cash Flows					
As of December 31, 2021 (Audited)	Carrying Amount	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Trade and other payables*	P1,711,836	P210,966	P336,941	P1,163,929	P -	P -	P1,711,836
Port concession rights payable	7,702,171		200,158	600,475	3,727,499	6,380,656	10,908,788
Lease liabilities	452,637	-	58,729	145,423	272,765	449,863	926,780
Total	P 9,866,644	P 210,966	P 595,828	P 1,909,827	P 4,000,264	P 6,830,519	P 13,547,404

** excluding due to government agencies amounting to P668.1 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 June 30, 2022	As of December 31, 2021 (Audited)
Cash and cash equivalents*	**P3,528,940**	P3,952,060
Trade and other receivables - net	**P715,055**	809,229
Deposits	**P77,755**	73,302
Equity securities	**P2,652**	2,652
	P4,324,402	P4,837,243

** Excluding cash on hand amounting to P2.7 million and P3.1 million as at June 30, 2022 and 2021, 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 June 30, 2022			
	Grade A	**Grade B**	**Grade C**	**Total**
Cash in banks and cash equivalents	**P3,528,940**	**P -**	**P -**	**P3,528,940**
Trade and other receivables - net	**552,559**	**162,496**	**-**	**715,055**
Deposits	**77,755**	**-**	**-**	**77,755**
Equity securities	**2,652**	**-**	**-**	**2,652**
	P4,161,906	**P162,496**	**P -**	**P4,324,402**

	As at December 31, 2021 (Audited)			
	Grade A	Grade B	Grade C	Total
Cash in banks and cash equivalents	P3,952,060	P -	P -	P3,952,060
Trade and other receivables - net	498,949	310,280	-	809,229
Deposits	73,302	-	-	73,302
Equity securities	2,652	-	-	2,652
	P4,526,963	P310,280	P -	P4,837,243

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 June 30, 2022

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 June 30, 2022:

	Gross Carrying Amount	**Impairment Loss Allowance**	**Credit-impaired**
Current (not past due)	P610,485	P -	No
1 - 30 days past due	25,759	-	No
31 - 60 days past due	36,002	-	No
61- 90 days past due	31,009	-	No
More than 90 days past due	15,995	4,195	Yes
Balance at June 30, 2022	**P719,250**	**P4,195**	

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 P3.5 billion and P4.0 billion as at June 30, 2022 and December 31, 2021, respectively. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Grade A.

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

Foreign Currency Risk

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

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

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

	As of June 30, 2022	As of December 31, 2021
Assets		
Cash and cash equivalents	**USD30,271**	USD38,634
Liabilities		
Trade and other payables	**6,156**	4,030
Port concession rights payable	**128,009**	130,327
	134,165	134,357
Net foreign currency-denominated liabilities	**(USD103,894)**	(USD95,723)
Peso equivalent	**(P5,711,573)**	(P4,881,777)

The exchange rates applicable for US dollar as at June 30, 2022 and December 31, 2021 are P54.98 and P51.0, 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**
June 30, 2022		
5%	**(P285,579)**	**(P199,905)**
-5%	**285,579**	**199,905**
December 31, 2021		
5%	(P244,089)	(P183,067)
-5%	244,089	183,067

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 June 30, 2022.

The Company is not subject to externally imposed capital requirements.

The table below shows the capital structure of the Company.

	June 30, 2022	December 31, 2021 (Audited)
Capital Stock	**P2,000,000**	P2,000,000
Additional paid-in capital	**264,300**	264,300
Retained Earnings	**17,990,068**	18,467,868
Fair value reserve	**(5,820)**	(5,820)
Total	**P20,248,548**	P20,726,348

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 June 30, 2022		As of December 31, 2021 (Audited)	
	Carrying Amount	**Fair Values**	Carrying Amount	Fair Values
Financial Assets				
Cash and cash equivalents	**P3,531,616**	**P3,531,616**	P3,954,166	P3,954,166
Trade and other receivables - net	**715,055**	**715,055**	809,229	809,229
Deposits	**77,755**	**84,196**	73,302	79,743
	4,324,426	**4,330,867**	4,836,697	4,843,138
Equity securities	**2,652**	**2,652**	2,652	2,652
	P4,327,078	**P4,333,519**	P4,839,349	P4,845,790
Financial Liabilities				
Other financial liabilities:				
Trade and other payables*	**P1,750,927**	**P1,750,927**	P1,711,836	P1,711,836
Port concession rights payable	**8,031,134**	**7,669,763**	7,702,171	8,695,787
Lease liabilities	**808,612**	**808,612**	452,637	452,637
	P10,590,673	**P10,229,302**	P9,866,644	P10,860,260

** excluding due to government agencies amounting to P785.3 million and P668.1 million as at June 30, 2022 and 2021, 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 4.5% in 2022 and 3.1% in 2021.

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 5.90% to 6.92% in 2022 and 4.42% to 5.10% in 2021.

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

Fair Value Hierarchy

As of June 30, 2022	**Level 1**	**Level 2**	**Level 3**
Equity securities	**P933**	**P -**	**P 1,719**
Port concession rights payable	**-**	**7,669,763**	**-**
Lease liabilities	**-**	**808,612**	**-**
	P933	**P8,478,375**	**P1,719**

As of December 31, 2021 (Audited)	Level 1	Level 2	Level 3
Equity securities	P933	P -	P 1,719
Port concession rights payable	-	8,695,787	-
Lease liabilities	-	452,637	-
	P933	P9,148,424	P1,719

There have been no transfers from one level to another in 2022 and 2021

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