

ASIAN TERMINALS, INCORPORATED
Securities and Exchange Commission

SEC FORM 17-Q



Quarterly Report Pursuant to Section 17 of the Securities Regulation Code and SRC Rule 17-2(b) thereunder

1. For the quarter ended : **September 30, 2021**
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 new amendments to standards are effective for annual periods beginning after January 1, 2021. However, the Group has not early adopted the following amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's financial statements.

Effective June 1, 2020

- *COVID-19-Related Rent Concessions (Amendment to PFRS 16, Leases)*. The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient applies if:
 - the revised consideration is substantially the same or less than the original consideration;
 - the reduction in lease payments relates to payments due on or before June 30, 2021; and
 - no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

The amendment is effective for annual reporting periods beginning on or after June 1, 2020. 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.

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.
- *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.

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 to PFRS 10 apply prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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

Consolidated Results of Operations for the nine months ended September 30, 2021

Revenues for the nine months of 2021 of P8,223.5 million went up by 3.2% from P7,970.1 million in the same period last year. Revenues from international containerized cargo operations increased from last year by 6.1% mainly on account of higher container volumes. Container volume at South Harbor (SH) and Batangas Container Terminal (BCT) increased by 8.3% and 6.7%, respectively.

Government share in revenues for the nine months of 2021 of P1,436.1 million increased by 10.2% from P1,303.3 million last year as a result of higher revenues subject to port authorities' share.

Cost and expenses in the nine months of 2021 amounted to P4,096.0 million, 10.9% higher than P3,694.6 million in the same period last year. Depreciation and amortization in 2021 increased by 5.6% to P1,368.7 million from P1,296.4 million in 2020. Equipment running costs went up by 18.8% to P489.2 million this year from P411.8 million last year due to higher usage of equipment spare parts and consumables and higher fuel costs related to higher volume and higher fuel price. Facilities-related expenses in 2021 was P155.7 million, 31.6% up from P118.3 million in 2020 due to higher repairs and maintenance costs for building, surface/pavement, lightings and wharves related to safety as well as higher IT costs. Insurance of P133.1 million in 2021 increased by 43.2% compared to P93.0 million last year due to higher insurance premiums. General transport of P100.5 million in 2021 were higher by 24.6% than P80.6 million in 2020 on account of higher trucking costs. Professional fees in 2021 of P12.3 million was higher compared to negative P9.5 million last year as last year included reversal of excess provisions on legal fees. Labor costs of P1,134.9 million this year were up by 1.3% compared to P1,120.7 million last year due to salary rate increases. Other expenses in 2021 amounted to P152.8 million, higher compared to negative P16.5 million last year as last year included reversal of excess provisions on claims based on actual payments made.

Meanwhile, Security, health, environment and safety decreased by 13.5% to P112.7 million in 2021 from P130.3 million in 2020 due to lower security costs related to lower passenger volume and continued cost savings initiatives. Rentals of P10.2 million in 2021 declined by 42.3% compared to P17.6 million in the same period last year due to lower rental costs of generator sets and shuttles to services to employees during pandemic. Management fees of P90.7 million in 2021 were lower by 26.3% than P123.0 million in 2020 following lower earnings before tax.

Finance income in 2021 of P4.4 million was lower by 83.7% against P26.8 million last year due to lower interest rates on money market placements and lower cash balance. Finance costs in 2021 of P388.3 million were lower by 5.4% against P410.5 million last year. Others-net was at negative P249.6 million in 2021 from P194.0 million in 2020 mainly due to unrealized foreign exchange losses on 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 nine months of 2021 of P2,057.9 million decreased by 26.0% from P2,782.6 million in the same period last year. Provision for income tax decreased by 32.4% to P553.4 million in 2021 from P818.7 million in the same period last year due to lower results and decrease in income tax rate to 25% due to the approval of CREATE LAW.

Net income of P1,504.4 million for the nine months of 2021 was 23.4% lower than P1,963.9 million for the same period last year. Earnings per share this year was P0.75, last year was P0.98.

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 nine months of 2021:

- There had been no known trend, demand, commitment, event or uncertainty that had or are reasonably expected to have a material favorable or unfavorable impact on the Company's liquidity or revenues from continuing operations, other than those discussed in this report.
- There had been no significant element of income that did not arise from the Company's continuing operations.
- There had been no seasonal factor that had a material effect on the financial condition and results of operations.
- There had been no event known to management that could trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- There had been no material off-balance sheet transaction, arrangement, obligation (including contingent obligation), and other relationship of the Company with unconsolidated entity or other person created during the period that would address the past and would have a material impact on future operations.
- COVID-19 has impacted the business operations of the company and its offsite facilities. Business operations continue following existing government regulations and guidelines. The measures undertaken by the company and its offsites include the implementation of its Business Continuity Plan for COVID-19. The company also has a Prevention and Control Plan for COVID-19 and other communicable diseases in place as well as emergency response procedures for situations concerning public health and safety. This includes: mandatory thermal scanning prior to entry into our gates and offices, thermal imaging equipment deployed in areas where there is a heavy volume of people, issuance of personal protective equipment, work from home and four-day work week, regular

sanitization of offices and facilities, social distancing, remote modes of communication such as teleconference and videocalls and sustained information campaign on COVID 19 and proper personal hygiene. The company also continuously maintains close coordination with relevant government entities.

Consolidated Financial Condition

Total assets as of September 30, 2021 increased by 0.3% to P30,912.9 million from P30,824.4 million as of December 31, 2020. Current assets went down by 6.6% to P7,179.5 million as of September 30, 2021 from P7,684.0 million as of December 31, 2020. Cash and cash equivalents of P3,632.0 million as of September 30, 2021 decreased by 18.2% compared to P4,437.9 million as of December 31, 2020. Trade and other receivables-net of P621.8 million as of September 30, 2021 decreased by 0.4% from P624.5 million as of December 31, 2020. Spare parts and supplies as of September 30, 2021 rose by 2.4% to P911.2 million from P890.3 million as of December 31, 2020. Prepaid expenses as of September 30, 2021 of P2,014.5 million were higher by 16.4% than P1,731.3 million as of December 31, 2020 on account of the unamortized portion of prepaid real property and business taxes and prepaid insurance for the year and higher input taxes on PPA fees and purchases of capital expenditures.

Total noncurrent assets of P23,733.4 million as of September 30, 2021 was higher by 2.6% compared to P23,140.4 million as of December 31, 2020. Investment in an associate increased by 10.5% to P49.9 million as of September 30, 2021 from P45.1 million as of December 31, 2020. Property and equipment - net amounted to P1,814.2 million, up by 51.3% from P1,198.8 million as of December 31, 2020. Intangible assets - net of P20,458.8 million was higher by 1.1% than P20,226.6 million as of December 31, 2020. The acquisitions of property and equipment and intangible assets, which amounted to P745.1 million and P1,297.5 million, respectively, was partially offset by the increase in depreciation and amortization. Right-of-use assets - net of P560.0 million as of September 30, 2021 was lower by 9.0% compared to P615.5 million as of December 31, 2020. Deferred tax assets – net amounted to P794.6 million as of September 30, 2021, was lower by 9.8% compared to P880.5 million as of December 31, 2020.

Total liabilities decreased by 0.1% to P10,902.2 million as of September 30, 2021 from P10,911.6 million as of December 31, 2020. Trade and other payables increased by 5.5% to P2,231.9 million as of September 30, 2021 from P2,114.9 million as of December 31, 2020. Trade and other payables are covered by agreed payment schedules. Provisions for claims of P60.9 million as of September 30, 2021 increased by 5.0% from P58.0 million as of December 31, 2020. Concession rights payable (current and noncurrent) as of September 30, 2021 of P7,789.1 million decreased by 2.0% from P7,639.8 million as of December 31, 2020. Income and other taxes payable of P50.9 million as of September 30, 2021 was lower by 83.6% compared to P311.1 million as of December 31, 2020 due to lower income tax for the first nine months of 2021. Pension liability of P222.9 million was up by 18.5% as of September 30, 2021 from P188.1 million as of December 31, 2020. Lease liabilities (current and noncurrent) of P546.5 million as of September 30, 2021 decreased by 8.9% from P599.8 million as of December 31, 2020 due to payments for the first nine months of 2021.

Consolidated Cash Flows

Net cash provided by operating activities in the first nine months of 2021 was P3,146.9 million, 47.0% higher than P2,140.2 million in the same period last year due to increase in trade and other payables.

Net cash used in investing activities in the first nine months of 2021 of P1,915.6 million was higher by 70.4% versus the P1,124.2 million in the same period last year due to higher acquisition of property and equipment and intangible assets.

Net cash used in financing activities in the first nine months of 2021 was P2,152.0 million, 2.8% higher than P2,094.2 million in the same period last year due to higher payments of lease liabilities 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 September 2021:

- ATIB's total assets were only 9.6% of the consolidated total assets
- Income before other income and expense for ATIB was only 4.5% of consolidated income before other income and expenses¹.

Consolidated KPI	Manner of Calculation	As of September 30		Discussion
		2021	2020	
Return on Capital Employed	Percentage of income before interest and tax over capital employed	12.9%	15.7%	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	10.1%	14.1%	Decreased due to lower net income.
Current ratio	Ratio of current assets over current liabilities	2.52 : 1.00	2.41 : 1.00	Increased due to lower current liabilities.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.55 : 1.00	1.60 : 1.00	Decreased due to higher increase in equity.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.55 : 1.00	0.60 : 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	8 days	9 days	Decreased due to improved collection.
Net Income Margin	Net income over revenues less government share in revenues	22.2%	29.5%	Decreased due to lower net income.
Reportable Injury Frequency Rate (RIFR) ²	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	0.77	0.80	Improved 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 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

The Company may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

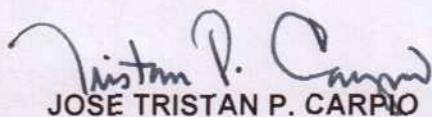
NONE

SIGNATURES

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

ASIAN TERMINALS, INCORPORATED

by:

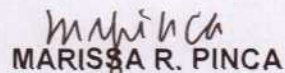


JOSE TRISTAN P. CARPIO

Vice President and Chief Financial Officer

Date: November 12, 2021

Principal Financial/Accounting Officer:



MARISSA R. PINCA

Senior Manager for Accounting and Financial Planning

Date: November 12, 2021

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts In Thousands)

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P3,631,964	P4,437,874
Trade and other receivables - net	621,812	624,516
Spare parts and supplies	911,212	890,289
Prepaid expenses	2,014,534	1,731,317
Total Current Assets	7,179,522	7,683,996
Noncurrent Assets		
Investment in an associate	49,874	45,115
Property and equipment - net	1,814,150	1,198,815
Intangible assets - net	20,458,838	20,226,591
Right-of-use assets - net	559,965	615,510
Deferred tax assets - net	794,560	880,505
Other noncurrent assets	55,975	173,875
Total Noncurrent Assets	23,733,362	23,140,411
TOTAL ASSETS	P30,912,884	P30,824,407
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	P2,231,861	P2,114,850
Provisions for claims	60,924	58,024
Port concession rights payable - current portion	361,291	327,521
Income and other taxes payable	50,936	311,097
Lease liabilities - current portion	139,574	134,452
Total Current Liabilities	2,844,586	2,945,944
Noncurrent Liabilities		
Port concession rights payable - net of current portion	7,427,807	7,312,248
Pension liability - net	222,885	188,090
Lease liabilities - net of current portion	406,959	465,323
Total Noncurrent Liabilities	8,057,651	7,965,661
Total Liabilities	10,902,237	10,911,605
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	17,740,519	17,642,548
Fair value reserve	(5,820)	(5,820)
	19,998,999	19,901,028
Non-controlling Interest	11,648	11,774
Total Equity	20,010,647	19,912,802
TOTAL LIABILITIES AND EQUITY	P30,912,884	P30,824,407

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts In Thousands, Except Per Share Data)

	For the third quarter ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
REVENUES FROM OPERATIONS	P2,757,877	P2,917,331	P8,223,479	P7,970,128
GOVERNMENT SHARE IN REVENUES	(494,235)	(509,988)	(1,436,060)	(1,303,265)
	<u>2,263,642</u>	<u>2,407,343</u>	<u>6,787,419</u>	<u>6,666,863</u>
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	(1,425,750)	(1,232,795)	(4,096,004)	(3,694,638)
OTHER INCOME AND EXPENSES				
Finance income	1,170	1,204	4,363	26,828
Finance cost	(126,552)	(134,879)	(388,342)	(410,454)
Others - net	(199,368)	115,135	(249,571)	193,960
	<u>(324,750)</u>	<u>(18,540)</u>	<u>(633,550)</u>	<u>(189,666)</u>
CONSTRUCTION REVENUES	453,045	538,434	1,297,455	1,003,520
CONSTRUCTION COSTS	(453,045)	(538,434)	(1,297,455)	(1,003,520)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCOME BEFORE INCOME TAX	513,142	1,156,008	2,057,865	2,782,559
INCOME TAX EXPENSE				
Current	186,872	323,703	467,494	708,178
Deferred	(50,088)	20,058	85,945	110,516
	<u>136,784</u>	<u>343,761</u>	<u>553,439</u>	<u>818,694</u>
NET INCOME	<u>P376,358</u>	<u>P812,247</u>	<u>P1,504,426</u>	<u>P1,963,865</u>
Income Attributable to				
Equity Holders of the Parent Company	P376,258	P812,095	P1,503,972	P1,963,364
Non - controlling interest	100	152	454	501
	<u>P376,358</u>	<u>P812,247</u>	<u>P1,504,426</u>	<u>P1,963,865</u>
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	P0.19	P0.41	P0.75	P0.98

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							
	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, 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	-	-	-	1,503,972		1,503,972	454	1,504,426
Balance at September 30, 2021	P2,000,000	P264,300	P14,000,000	P3,740,519	P (5,820)	P19,998,999	P11,648	P20,010,647
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)	(580)	(1,406,580)
Net income for the period	-	-	-	1,963,364		1,963,364	501	1,963,865
Balance at September 30, 2020	P2,000,000	P264,300	P12,900,000	P3,717,610	P (5,820)	P18,876,090	P11,166	P18,887,256

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts In Thousands)

	For the third quarter ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	P 513,142	P1,156,008	P2,057,865	P2,782,559
Adjustments for:				
Depreciation and amortization	462,731	439,959	1,368,713	1,296,364
Finance cost	126,554	134,879	388,343	410,454
Finance income	(1,170)	(1,205)	(4,363)	(26,829)
Net unrealized foreign exchange gains (losses)	199,840	(112,250)	265,020	(192,417)
Equity in net earnings of an associate	(10,609)	(15,042)	(36,283)	(35,950)
Gain on disposals of:				
Property and equipment	-	23	116	141
Intangible assets	-	-	419	876
Provisions for inventory obsolescence	-	1,500	3,000	5,500
Operating income before working capital changes	1,290,488	1,603,872	4,042,830	4,240,698
Decrease (increase) in:				
Trade and other receivables	23,289	(63,867)	2,531	70,557
Spare parts and supplies	(10,423)	(5,227)	(23,923)	(150,087)
Prepaid expenses	(5,489)	7,587	(283,217)	(222,603)
Increase (decrease) in:				
Trade and other payables	(3,911)	(119,983)	143,110	(845,377)
Provisions for claims	2,668	172	2,900	(199,245)
Income and other taxes payable	(310,754)	(33,869)	(252,684)	(57,751)
Cash generated from operations	985,868	1,388,685	3,631,547	2,836,192
Finance income received	1,209	2,488	4,536	30,558
Finance cost paid	(3,128)	(46)	(14,195)	(154)
Income tax paid	-	(217,423)	(474,971)	(726,408)
Net cash provided by operating activities	983,949	1,173,704	3,146,917	2,140,188
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and Equipment	(191,374)	(148,033)	(745,116)	(212,087)
Intangible assets	(453,046)	(538,434)	(1,319,474)	(1,003,520)
Proceeds from disposals of:				
Property and Equipment	64	(23)	4	(141)
Intangible assets	-	-	(419)	(876)
Dividends received	31,524	35,822	31,524	35,822
Decrease (increase) in:				
Other noncurrent assets	53,154	57,769	59,251	58,602
Deposits	73,285	14	58,649	(1,997)
Net cash used in investing activities	(486,393)	(592,885)	(1,915,581)	(1,124,197)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	-	-	(1,406,000)	(1,406,000)
Cash dividend to non-controlling interest	-	-	(580)	(580)
Lease liabilities	(46,048)	(37,611)	(149,523)	(106,477)
Port concession rights payable	(201,724)	(192,214)	(595,909)	(581,153)
Net cash used in financing activities	(247,772)	(229,825)	(2,152,012)	(2,094,210)
NET DECREASE IN CASH AND CASH EQUIVALENTS	249,784	350,994	(920,676)	(1,078,219)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	87,493	(80,270)	114,766	(129,315)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	3,294,687	4,169,091	4,437,874	5,647,349
CASH & CASH EQUIVALENTS AT END OF YEAR	P3,631,964	P 4,439,815	P3,631,964	P4,439,815

**SELECTED
EXPLANATORY NOTES
September 30, 2021
(Amounts in Thousands)**

1. Segment Information

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

	For the nine months ended September	
	2021	2020
Revenue	P8,223,479	P7,970,128
Intangible Assets (excluding goodwill)	20,416,778	19,968,412
Property and equipment - net	1,814,150	1,018,579
Total assets	30,912,884	30,110,700
Total liabilities	10,902,237	11,223,444
Capital expenditures		
Intangible Assets	1,297,455	1,003,520
Property and equipment	745,116	212,087
Depreciation and amortization	1,368,713	1,296,364
Noncash expenses (income) other than depreciation and amortization	3,000	5,500

2. Trade and Other Receivables

	As of September 30, 2021	As of December 31, 2020 (Audited)
Trade receivables	P469,249	P399,852
Receivable from insurance	56,522	102,197
Due from related parties	49,316	63,930
Advances to officers and employees	24,765	25,597
Receivable from escrow fund	13,635	13,635
Interest receivable	186	359
Other receivables	12,334	23,141
	626,007	628,711
Allowance for impairment losses	(4,195)	(4,195)
	P621,812	P624,516

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

3. Property and Equipment

A summary of property and equipment follows:

	Port facilities and equipment	Leasehold improvements	Furnitures, fixtures and equipment	Transportation and other equipment	Construction In-progress	September 30, 2021	December 31, 2020 (Audited)
Cost							
Balance at beginning of year	P 225,247	P 684,809	P 751,764	P 282,983	P 477,586	P 2,422,389	P 2,045,168
Additions	19,726	3,009	24,958	3,705	715,737	767,135	423,821
Disposals	(2,117)	-	(541)	(1,311)	-	(3,969)	(58,855)
Reclassifications	(18,900)	231	2,219	1,509	(7,078)	(22,019)	12,255
Balance at end of year	223,956	688,049	778,400	286,886	1,186,245	3,163,536	2,422,389
Accumulated depreciation							
Balance at beginning of year	104,800	445,326	523,488	149,959	-	1,223,573	1,111,056
Depreciation	9,536	28,983	62,571	27,633	-	128,723	171,370
Disposals	(2,117)	-	(421)	(1,311)	-	(3,849)	(58,855)
Reclassification	-	-	939	-	-	939	-
Balance at end of year	112,219	474,309	586,577	176,281	-	1,349,386	1,223,574
Carrying Amount	P 111,737	P 213,740	P 191,823	P 110,605	P 1,186,245	1,814,150	P 1,198,815

4. Intangible Assets

As of September 30, 2021

	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	-	-	1,297,455	1,297,455	-	1,297,455
Disposals	-	-	(32,276)	(32,276)	-	(32,276)
Reclassifications	-	-	22,019	22,019	-	22,019
Balance at end of year	882,000	9,279,694	23,504,352	33,666,046	42,060	33,708,106
Accumulated amortization						
Balance at beginning of year	85,934	3,945,966	8,162,416	12,194,316	-	12,194,316
Amortization	8,460	27,697	1,052,010	1,088,167	-	1,088,167
Disposals	-	-	(32,276)	(32,276)	-	(32,276)
Reclassifications	-	-	(939)	(939)	-	(939)
Balance at end of year	94,394	3,973,663	9,181,211	13,249,268	-	13,249,268
Carrying Amount	P787,606	P5,306,031	P14,323,141	P20,416,778	P42,060	P20,458,838

As of December 31, 2020 (Audited)

	Port Concession Rights					
	Upfront Fees	Fixed Fees	Port Infrastructure	SubTotal	Goodwill	Total
Cost						
Balance at beginning of year	P282,000	P9,279,694	P20,757,720	P30,319,414	P42,060	P30,361,474
Additions	600,000	-	1,595,105	2,195,105	-	2,195,105
Disposals	-	-	(121,234)	(121,234)	-	(121,234)
Reclassifications	-	-	(14,437)	(14,437)	-	(14,437)
Balance at end of year	882,000	9,279,694	22,217,154	32,378,848	42,060	32,420,907
Accumulated amortization						
Balance at beginning of year	74,654	3,559,370	7,276,209	10,910,233	-	10,910,233
Additions	11,280	386,596	1,004,420	1,402,296	-	1,402,296
Disposals	-	-	(118,212)	(118,212)	-	(118,212)
Balance at end of year	85,934	3,945,966	8,162,416	12,194,316	-	12,194,316
Carrying Amount	P796,066	P5,333,728	P14,054,738	P20,184,532	P42,060	P20,226,591

5. Trade and Other Payables

	September 30, 2021	December 31, 2020 (Audited)
Trade	P200,015	P254,212
Accrued expenses:		
Marketing, commercial and promotion	235,696	123,848
Personnel costs	202,202	112,818
Finance costs	133,147	129,744
Repairs and maintenance	88,249	47,338
Professional fees	50,413	41,204
Corporate social responsibility	19,578	15,203
Security expenses	18,646	27,443
Rental	11,961	10,698
Utilities	8,380	9,812
Trucking Expenses	6,836	11,109
Safety and environment	4,317	5,656
Miscellaneous accrued expenses	45,054	100,472
Due to government agencies	669,901	614,674
Equipment acquisitions	237,555	306,991
Shippers' and brokers' deposits	129,820	114,493
Management fee payable	4,185	20,104
Other Payables	165,906	169,031
	P2,231,861	P2,114,850

6. Other Income and Expenses

Finance cost is broken down as follows:

	For the nine months ended September 30	
	2021	2020
Interest on port concession rights payable	P369,833	P384,636
Interest on lease liability	13,944	19,731
Interest component of pension expense	4,315	5,933
Interest on bank loans/credit facilities	250	154
	P388,342	P410,454

Finance income is broken down as follows:

	For the nine months ended September 30	
	2021	2020
Interest on cash in banks and short-term investments	P4,363	P26,828
	P4,363	P26,828

Others consisted of the following:

	For the nine months ended September 30	
	2021	2020
Foreign exchange gains (losses) - others	P136,521	P (120,359)
Equity in net earnings of an associate	36,283	35,950
Lease and other income - net	12,311	31,381
Management income	6,441	6,771
Foreign exchange gains (losses) - port concession rights payable	(441,127)	240,217
	(P 249,571)	P193,960

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

7. Financial Risk and Capital Management Objectives and Policies

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

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

Interest Rate Risk

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

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

	September 30, 2021	December 31, 2020 (Audited)
Fixed Rate Instruments		
Cash and cash equivalents	P3,628,742	P4,436,490

Excluding cash on hand amounting to P3.2 million and P1.4 million as at September 30, 2021 and 2020, respectively.

Fair Value Sensitivity Analysis for Fixed Rate Instruments

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

Liquidity Risk

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

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

As of September 30, 2021	Carrying Amount	Contractual Cash Flows					Total
		On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	
Trade and other payables*	P1,561,960	P261,094	P312,331	P988,535	P -	P -	P1,561,960
Port concession rights payable	7,789,098	-	200,405	601,215	3,640,126	6,669,800	11,111,546
Lease liabilities	546,533	13,357	26,714	106,248	177,238	417,325	740,882
Total	P9,897,591	P274,451	P539,450	P1,695,998	P3,817,364	P7,087,125	P13,414,388

* excluding due to government agencies amounting to P670.0 million

As of December 31, 2020 (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*	P1,500,176	P227,771	P397,340	P875,065	P -	P -	P1,500,176
Port concession rights payable	7,639,769	-	199,201	597,601	3,859,042	6,927,877	11,583,721
Lease liabilities	599,775	11,307	22,614	101,765	206,526	422,595	764,807
Total	P9,739,720	P239,078	P619,155	P1,574,431	P4,065,568	P7,350,472	P13,848,704

* excluding due to government agencies amounting to P614.7 million

Credit Risk

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

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

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

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

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

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

	As of September 30, 2021	As of December 31, 2020 (Audited)
Cash and cash equivalents*	P3,628,743	P4,436,490
Trade and other receivables - net	621,812	624,516
Deposits	73,303	131,953
Equity securities	2,652	2,652
	P4,326,510	P5,195,611

* Excluding cash on hand amounting to P3.2 million and P1.4 million as at September 30, 2021 and 2020, respectively.

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

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

	As at September 30, 2021			
	Grade A	Grade B	Grade C	Total
Cash in banks and cash equivalents	P3,628,743	P -	P -	P3,628,743
Trade and other receivables - net	459,821	161,991	-	621,812
Deposits	73,303	-	-	73,303
Equity securities	2,652	-	-	2,652
	P4,164,519	P161,991	P -	P4,326,510

	As at December 31, 2020 (Audited)			
	Grade A	Grade B	Grade C	Total
Cash in banks and cash equivalents	P4,436,490	P -	P -	P4,436,490
Trade and other receivables - net	352,587	271,929	-	624,516
Deposits	131,953	-	-	131,953
Equity securities	2,652	-	-	2,652
	P4,923,682	P271,929	P -	P5,195,611

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

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

Expected Credit Loss Assessment as at September 30, 2021

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

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

The following table provides information about the exposure to credit risk for trade and other receivables as at September 30, 2021:

	Gross Carrying Amount	Impairment Loss Allowance	Credit- impaired
Current (not past due)	P478,031	P -	No
1 - 30 days past due	81,708	-	No
31 - 60 days past due	24,873	-	No
61- 90 days past due	35,091	-	No
More than 90 days past due	6,304	4,195	Yes
Balance at September 30, 2021	P626,007	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 P3.6 billion and P4.4 billion as at September 30, 2021 and December 31, 2020, respectively. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Grade A.

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

Foreign Currency Risk

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

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

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

	As of September 30, 2021	As of December 31, 2020
Assets		
Cash and cash equivalents	US\$40,550	US\$53,141
	40,550	53,141
Liabilities		
Trade and other payables	1,898	1,040
Port concession rights payable	132,562	134,718
	134,460	135,758
Net foreign currency-denominated liabilities	(US\$93,910)	(US\$82,617)
Peso equivalent	(P4,582,808)	(P3,967,516)

The exchange rates applicable for US dollar as at September 30, 2021 and December 31, 2020 are P51.000 and P48.023, respectively.

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

Increase (Decrease) in USD Exchange Rate	Effect on Income Before Income Tax	Effect on Equity
September 30, 2021		
5%	(P239,723)	(P167,806)
-5%	239,723	167,806
December 31, 2020		
5%	(P198,376)	(P138,863)
-5%	198,376	138,863

Capital Management

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

The Company considers capital to include capital stock, additional paid-in capital, retained earnings and fair value reserve. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period ended September 30, 2021.

The Company is not subject to externally imposed capital requirements.

The table below shows the capital structure of the Company.

	September 30, 2021	December 31, 2020 (Audited)
Capital Stock	P2,000,000	P2,000,000
Additional paid-in capital	264,300	264,300
Retained Earnings	17,740,519	17,642,548
Fair value reserve	(5,820)	(5,820)
Total	P19,998,999	P19,901,028

8. Financial Instruments

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

	As of September 30, 2021		As of December 31, 2020 (Audited)	
	Carrying Amount	Fair Values	Carrying Amount	Fair Values
Financial Assets				
Cash and cash equivalents	P3,631,964	P3,631,964	P4,437,874	P4,437,874
Trade and other receivables - net	621,812	621,812	624,516	624,516
Deposits	73,303	79,650	131,953	138,262
	4,327,079	4,333,426	5,194,343	5,200,652
Equity securities	2,652	2,652	2,652	2,652
	P4,329,731	P4,336,078	P5,196,995	P5,203,304
Financial Liabilities				
Other Financial liabilities:				
Trade and other payables*	P1,561,960	P1,561,960	P1,500,176	P1,500,176
Port concession rights payable	7,789,098	8,736,327	7,639,769	9,817,086
Lease Liability	546,533	546,533	559,775	599,775
	P9,897,591	P10,844,820	P9,699,720	P11,917,037

* excluding due to government agencies amounting to P670.0 million and P614.7 million as at September 30, 2021 and 2020, 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 1.7% in 2021 and 1.8% in 2020.

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 3.31% to 5.42% in 2021 and 2.65% to 3.97% in 2020.

Fair Value Hierarchy

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

As of September 30, 2021	Level 1	Level 2	Level 3
Equity securities	P933	P -	P 1,719
Port concession rights payable		8,736,327	
Lease liabilities	-	546,533	-
	P933	P9,282,860	P1,719

As of December 31, 2020 (Audited)	Level 1	Level 2	Level 3
Equity securities	P933	P -	P 1,719
Port concession rights payable		9,817,086	
Lease liabilities	-	599,775	-
	P933	P10,416,861	P1,719

There have been no transfers from one level to another in 2021 and 2020.