COVER SHEET

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S.E.C. Registration Number

ASIAN TERMINALS INC.

(Company's Full Name)

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

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

ATTY. RODOLFO G. CORVITE,JR.

Contact Person

85286000

Company Telephone Number

4th Thursday of April

0	5		1	2

Month *Day*

SEC FORM 17-A

FORM TYPE

0	4		2	8

Month *Day*

Annual Meeting
For 2022

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

821

Total No. of Stockholders
As of 04-30-2022

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

SEC Number: 133653
File Number:________

<u>ASIAN TERMINALS, INC.</u>
(Company's Full Name)

<u>A. Bonifacio Drive, Port Area, Manila</u>
(Company's Address)

<u>8528-6000</u>
(Telephone Number)

<u>December 31</u>
Calendar Year Ending
(Month & Day)

<u>SEC Form 17-A</u>
Form Type

NA
Amendment Designation (if applicable)

<u>December 31, 2021</u>
Period Ended Date

___________**__N/A**________________
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC Form 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended : December 31, 2021

2. SEC Identification Number : 133653

3. BIR Tax Identification Code : 000-132-413

4. 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 Principal Office : A. Bonifacio Drive Port Area, Manila 1018

8. Registrant's telephone number : (632) 8528-6000

9. Former name, address and fiscal year, if changed since last report : N/A

10. Securities registered pursuant to Section 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 or Amount of Debt Outstanding
Common	2,000,000,000 shares

11. Are any or all of registrant's securities listed on a Stock Exchange?

    Yes [X] No [ ]

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein: Philippine Stock Exchange, Inc.; common shares

12. Check whether the issuer

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder of Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports):

    Yes [X] No [ ]

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

Yes [X]   No [   ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

Number of non-affiliate shares as of December 31, 2021	359,878,220
Closing price per share as of April 29, 2022 (last trading day)	P14.08
Market value of stocks held by non-affiliates as of April 30, 2022	P5.067B

PART I- BUSINESS AND GENERAL INFORMATION

Item 1. Business

Asian Terminals, Inc. (ATI), formerly known as Marina Port Services, Inc. (MPSI), was incorporated on July 9, 1986 to provide general services with respect to the operation and management of port terminals in the Philippines. In August 1990, a consortium of local and foreign companies acquired all the issued and outstanding capital stock of ATI.

South Harbor

ATI manages and operates the South Harbor pursuant to the Third Supplement to the Contract for Cargo Handling Services and Related Services granted by the Philippine Ports Authority (PPA) extending ATI's South Harbor concession for twenty-five (25) years or until May 2038.

The Container Terminal Division handles stevedoring, arrastre, warehousing, storage, cranage, container freight station (CFS) and other port-related services for international cargoes. ATI's 5-year lease contract commencing in 2011 over two parcels of land located in Sta. Mesa, City of Manila continued and is extended until January 2022 with further extension retroactive to January 2022 being currently negotiated. This land is being used exclusively as an off-dock container depot. In 2019, ATI contracted for the use of a two-hectare area at Barangay 101, Radial Road 10, as an extension of the Manila South Harbor for long-staying cargoes, and the same has been extended until 2022.

Pier 15 is partially used as COVID-19 facility. General Stevedoring operations provides arrastre, stevedoring and storage services to international shipping lines.

The ATI South Harbor facility is certified compliant with the International Ship and Port Facility Security (ISPS) Code issued by the Office for Transportation Security, DOTC valid until January 2025.

The ATI South Harbor facility is certified with ISO 14001:2015 (Environment), ISO 45001:2015 (Health and Safety), ISO 9001: 2015 (Quality) and ISO 28000: 2007 (Specifications for the Supply Chain Security). The certificates are valid until March and April 2025.

Inland Clearance Depot and Empty Container Depot (Laguna)

The Inland Clearance Depot (ICD) was established pursuant to Customs Memorandum Order No. 11-97 which designated ICD as an extension of the Port of Manila and as a customs bonded facility. This permits the immediate transfer of cargoes to the facility while still being cleared by customs in Manila. This provides savings in storage charges and efficient just-in- time delivery for clients in the CALABARZON area. The facility provides storage, trucking, just-in-time delivery, brokerage and maintenance and repair services for its clients. Customs Memorandum Order No. 23-2003 expanded the operations of the ATI-Calamba ICD to include servicing the Port of Batangas, in addition to the Port of Manila.

The facility is equipped with CCTV cameras for security monitoring.

In 2019, the Empty Container Depot (ECD) (located near ICD) was established. The ECD serves as depot for shipping lines. This provides greater operational efficiency and minimizes locators' costs. It is currently used for storing empties that will later be transferred to the Port of Batangas or recirculated as laden exports for Laguna based manufacturing companies that ship via the Port of Batangas.

The Inland Clearance Depot is certified with ISO 14001:2015 (Environment), ISO 45001:2015 (Health and Safety), ISO 9001: 2015 (Quality) and ISO 28000: 2007 (Specifications for the Supply Chain Security). The certificates are valid until March and April 2025.

Port of Batangas

ATI Batangas, Inc. (ATIB), a 99.17%-owned subsidiary of ATI, is the sole cargo handling contractor operating at the Port of Batangas. ATI provides management services to ATIB relating to operations, marketing, training and administration.

ATIB had a 10-year Cargo Handling Contract in Phase 1 of the Port of Batangas effective until October 2015, under which it provides arrastre, stevedoring, storage and related cargo handling services. By virtue of the same contract, ATIB was also given the right to manage and operate the Fastcraft Passenger Terminal and to provide specific services and amenities to all passengers, both for fastcraft and RO-RO vessels.

A Lease Agreement for the management and operation of additional assets and facilities in Phase 1 was signed by ATIB effective August 1, 2009 and co-terminous with the above-mentioned 10-year agreement. Pursuant to this Lease Agreement, the Passenger Terminal Building 2 was turned over to ATIB in May 2010.

On 2 October 2015, ATIB and ATI signed a Contract for the Management, Operation, Maintenance and Development of Phase I, Port of Batangas for a term commencing 1 October 2015 until 30 September 2025. This contract effectively consolidates the above-mentioned contracts of ATIB in Phase 1, Port of Batangas, and included the contract to lease the Main Passenger Terminal Building mentioned in the narrative below. On December 20, 2019, Asian Terminals, Inc., its subsidiary ATI Batangas, Inc., and the Philippine Ports Authority have signed the First Amendment to said contract extending the term for an additional 10 years from September 30, 2025 up to June 30, 2035.

On January 18, 2010, the PPA issued to ATI the Notice to Proceed to Award the Contract for the Management, Operation, Maintenance, Development and Promotion of the Container Terminal “A-1”, Phase II of the Port of Batangas for a period of 25 years. The contract was signed on March 25, 2010 and is effective for a term of 25 years. The Notice to Proceed dated June 16, 2010 allowed ATI to start and commence operations at the Terminal on July 1, 2010.

The container terminal handles stevedoring, arrastre, storage, container freight station (CFS) and other port related activities for domestic and international shipping lines. Other special services include ship’s husbanding, maintenance and repair services, and trucking.

ATI’s 5-year lease agreement with PPA effective 3 April 2012 covering a land adjacent to the CFS area of the Container Terminal “A-1” has been extended until 2 April 2022. This area is being utilized as storage for completely built units (CBU) of vehicles.

On 1 February 2021, PPA issued to ATI a Permit to Occupy over an 80,000 square meter area in Phase II of the Port of Batangas, effective for the period 1 February 2021 to 31 January 2022. Pending issuance of a Permit to Occupy for another year, the occupancy is renewed on a monthly basis. The area is used as storage area of cargoes being handled by ATI as port operator of Phases I and II of Port of Batangas.

ATIB and Batangas Container Terminal is certified with ISO 14001:2015 (Environment), ISO 45001:2015 (Health and Safety), ISO 9001: 2015 (Quality) and ISO 28000: 2007 (Specifications for the Supply Chain Security). The certificates are valid until March and April 2025.

ATIB and Batangas Container Terminal is certified compliant with the International Ship and Port Facility Security (ISPS) Code issued by the Office for Transportation Security, DOTC. The certificates are valid until August and October 2022.

Batangas Supply Base

On May 1, 2000, ATIB entered into a contract to lease the Main Passenger Terminal Building for the purpose of operating a supply base for companies engaged in oil and gas exploration. The contract was initially effective for five (5) years and had been extended several times until 2012. The contract was renewed in 2012 until 2015 and was extended for two consecutive years. The contract was again renewed on December 1, 2017 effective until February 29, 2024.

ATI operates and manages the Batangas Supply Base within the Port of Batangas under a contract with Shell Philippines Exploration B.V. (SPEX). The Supply Base provides logistics support to the Malampaya Gas-to-Power-Project which includes cargo-handling, crane and equipment hire, transport, labor, vessel agency and waste management. The life of the Malampaya Gas field is approximately 20 years.

Batangas Supply Base is certified with ISO 14001:2015 (Environment), ISO 45001:2015 (Health and Safety), ISO 9001: 2015 (Quality) and ISO 28000: 2007 (Specifications for the Supply Chain Security). The certificates are valid until March and April 2025.

Tanza Barge Terminal

On 15 February 2018, ATI signed an initial lease term of 6-months over a property in Tanza, Cavite, for Php1.54 million per month with escalation rate of 5% beginning 2020 and every 2 years thereafter. On 1 September 2019, ATI agreed to enter the Main Lease Term (25 years) upon Completion of the Conditions Precedents, which took place on 15 December 2019. The lease contract includes the development of a barge terminal to cater to PEZA cargoes. In preparation for this project, Tanza Container Terminal, Inc. was incorporated on 18 January 2018. The source of funding will be a combination of internally generated funds and bank borrowings. ATI will obtain the necessary management certifications for the facility as may be applicable.

South Cotabato Integrated Port Services, Inc.

ATI owns 35.71% of the issued and outstanding capital stock of South Cotabato Integrated Port Services, Inc. (SCIPSI).

SCIPSI is the existing cargo handling operator at the Makar Wharf in the Port of General Santos, General Santos City. It is located near the business center of the city and caters to the needs of local businesses (which are engaged mainly in agriculture, fisheries, livestock and poultry) as well as importers and exporters.

The services provided by SCIPSI include container terminal handling, arrastre, stevedoring, bagging, domestic cargo handling and equipment services.

SCIPSI is ISO 14001:2015, OHSAS 18001:2007 and ISO 9001:2015 certified since 2004. It is Investors in People (IiP) certified beginning June 16, 2009. In September 2015, SCIPSI reached the IiP – Gold Accreditation. SCIPSI won the IiP Gold Employer of the Year (International) Award in June 2016, the IiP Excellence in Social Responsibility Award in November 2018, and the IiP Reward and Recognition Award in November 2019 in London, UK.

The International Ship and Port Facility Security Code compliance certificate for the Port of General Santos issued by the Office of Transport Security (OTS) is valid until October 8, 2022.

Breakdown of Consolidated Revenues

Based on accounting records, the following is the breakdown of consolidated revenues (in ‘000 PHP) by service type for the year ended December 31, 2021:

	2021		2020		2019	
Service	**Amount**	**% to Total**	**Amount**	**% to Total**	**Amount**	**% to Total**
Stevedoring	4,775,548	43%	4,580,562	42%	6,027,019	45%
Arrastre	4,587,974	41%	3,637,336	33%	4,666,414	35%
Logistics	106,907	1%	117,159	1%	91,289	1%
Special/Other Services	1,692,315	15%	2,625,902	24%	2,544,719	19%
TOTAL	**11,162,744**	**100%**	**10,960,959**	**100%**	**13,329,441**	**100%**

	2021		2020		2019	
Source	**Amount**	**% to Total**	**Amount**	**% to Total**	**Amount**	**% to Total**
Domestic	408,632	4%	412,610	4%	501,432	4%
Foreign	10,754,112	96%	10,548,348	96%	12,828,009	96%
TOTAL	**11,162,744**	**100%**	**10,960,959**	**100%**	**13,329,441**	**100%**

Competition

ATI manages the South Harbor at the Port of Manila. Its major competitor on the container business is International Container Terminal Services, Inc., which operates the Manila International Container Terminal; and on the non-containerized business, Harbour Centre Port Terminal Inc., which operates a private commercial port at the northern end of the Manila North Harbor.

At the Port of Batangas, ATIB competes with two (2) major private commercial ports on breakbulk cargoes -- Philippine National Oil Corporation Energy Base and Bauan International Port Inc. The Batangas Container Terminal has no direct competitor.

Both the Inland Clearance Depot (ICD) and Empty Container Depot (ECD) compete with ICTSI’s Laguna Gateway Inland Container Terminal (LGICT) located in Calamba, Laguna. The LGICT is an extension of the seaport operations of the MICT.

Effect of existing or probable governmental regulations on the business

Various laws, orders, rules and regulations govern ATI’s business and operations. ATI’s commitments and authority to manage, operate, maintain, develop and promote its business are based on the terms provided in its various contracts with and the administrative rules issued by the Philippine Ports Authority (PPA). The regulatory powers of government agencies namely the Department of Labor and Employment (DOLE), Department of Environment and Natural Resources (DENR), Securities and Exchange Commission (SEC), Bureau of Customs (BOC), Philippine Competition Commission, as well as the concerned Local Government Units (LGU) over various aspects of its business and intended projects, facilitate and ensure observance of existing laws.

Employees

ATI has a total manpower complement of 1,745 as of December 31, 2021. Of the total, 1,419 are in Operations, 219 are in Maintenance and 107 are in Management and Administration. The projected headcount for next 12 months is 1,871.

About 78% of the existing manpower is covered by collective bargaining agreements as follows:

TYPE OF WORKER	UNION	FROM	TO
Equipment operators and dockworkers	Associated Workers Union (AWU)	12/01/18	11/30/23
Stevedores	Katipunan ng mga Mangagawa sa Daungan	12/01/18	11/30/23
Field Supervisors	Associated Skilled and Technical Employees Union	08/16/16	08/15/21
Checkers	South Harbor Independent Port Checkers Union	09/07/16	09/07/21
Stevedores and dockworkers	Batangas Pier Stevedores and Labor Union	11/06/17	11/05/22

There were no labor strikes for the past twenty six (26) years.

Costs and Effects of Compliance with Environmental Laws

In 2021 ATI incurred approximately Php 13 million for various environmental activities and other environment related projects. The Company also participated in Corporate Social Responsibility activities benefiting nearby communities.

ATI business units maintain its current certifications to ISO 14001:2015 Environmental Management System.

COVID-19 Management

ATI sustained its efforts as a COVID-19 resilient organization in 2021. It continues to respond to shifting infection risks, adjusting accordingly to government alert levels, and working closely with stakeholders and port authorities to deliver safe and uninterrupted port services to customers.

ATI maintained its stringent health protocols and control measures against COVID-19 to ensure the safety and welfare of its employees and stakeholders following global and local standards. From heightened health surveillance, provisioning of facemasks and face shields, contact tracing and social distancing protocols, 24/7 medical response facility and personnel, installation of digital temperature scanners, UV capable air purifiers, no-contact alcohol dispensers, acrylic partitions for offices and company owned vehicles, hygienic quarantine facilities, daily sanitation using UVs/misting machines, mobilization of shuttles for the exclusive home-to-work transit of employees and quarantine allowances.

From a designated quarantine site in 2020, the Cruise Terminal in Pier 15 served as a step-down medical facility in 2021, adding vital healthcare space for the Department of Health in anticipation of case surges.

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 health and safety of its workforce and stakeholders remain the topmost priority for ATI in the new normal as it keeps trade flowing in support of the Philippine economy.

Business Risks

The Company regularly undertakes a Business Risk Profile review where risks are identified by priority based on a systematic assessment of probability and impact. Control strategies are identified and action points established with the designated accountable persons. Results and developments are monitored during reviews.

Adequate bonds and insurance coverage with business interruption clauses and global umbrella scope, structural testing and improvement of facilities and equipment, compliance with government regulations, asset management systems, business continuity plans, disaster recovery procedures, safety and health management systems, emergency response procedures and security management systems are in place to meet operational contingencies. Results and developments are monitored during reviews.

Process controls, intensified collection efforts, rationalization of capital and operational spending, close monitoring of economic indicators and financial planning and budget controls are practiced to address financial and strategic contingencies. Regular monitoring and updating of system, assets and policies are ensured to maintain order and implement improvements in response to the growing market.

Aggressive marketing approach and customer relations, regular dialogue with and active participation in the initiatives of concerned government entities and port users, productivity and efficiency improvements are initiated as far as commercial and legal contingencies are concerned.

Item 2. Properties

PROPERTIES

The Company has outstanding leases and subleases covering land, buildings, and offshore area in Manila (Sta. Mesa and Tondo), Laguna (Calamba), Batangas (Sta. Clara) and Cavite (Tanza). Rental expenses on these properties in 2021 totaled P204.8 million. The current lease agreements have various expiration dates with the longest term expiring in August 2043. The leases are renewable upon mutual agreement with the lessor. There is no intention to purchase any of the real property currently being leased.

Main Facilities

South Harbor

The Container Terminal operates a facility with 4 container berths. It has 975 meters of quay line equipped with twin-lift capable ship-to-shore gantry cranes. Capacity was 1.03m prior to 2013 and has now been brought up to 1.4m through developments since 2013**.** With the development of 2 RTG blocks in the Engineering Island Basin, the facility can accommodate additional 408 twenty-footer ground slots (on top of existing 10,320 TGS). South Harbor provides optimal service through modern equipment comprising of 9 ship-to-shore cranes, 28 rubber-tired gantry cranes, 5 container stackers, 16 empty handlers, and 63 internal transfer vehicles and 8 forklifts. The Truck Holding Area can accommodate up to 100 trucks. South Harbor has a Container Freight Station (CFS) and a Designated Examination Area (DEA) with two pass-through container x-ray portals and backup mobile x-ray machines operated by the Bureau of Customs. The South Harbor facility offers efficient gate access through five corridors connecting to main roadways. The Terminal Operating System (TOS) is powered by Zodiac, an innovative system developed inhouse by DP World in partnership with ATI which has more advanced features to boost terminal efficiency and productivity.

The General Stevedoring Division (GSD) occupies a single pier at the Manila South Harbor with a total of 5 berths and a beaching area for landing craft. It is equipped with annually certified lifting gears and 19 heavy forklifts rated up to 30 tons. A warehouse was converted to a passenger terminal which serves international cruise vessel berthing in ATI.

Inland Clearance Depot and Empty Container Depot (Laguna)

Inland Clearance Depot (ICD) is a 4.2-hectare container yard facility. It has a maximum capacity of 2,500 TEUs. It is equipped with a toploader, two (2) reachstackers and one (1) unit of 3-tonner forklift to service the logistics requirement of clients. The core activities of ICD, among others, include the “Just-in-Time-Deliveries” for CALABARZON based consignees using the Ports of Batangas and Manila.

The Empty Container Depot (ECD) is a 5.2[1]-hectare yard located 10 minutes from the ICD facility. It is currently used for storing empties that will later be transferred to the Port of Batangas or recirculated as laden exports for Laguna based manufacturing companies that ship via the Port of Batangas. The ECD is strategically located between the port of Manila & Batangas and serves to ease high yard utilization at either facility during peak season. It is operated with 2 Side Loaders and a 16 ton forklift, 24 hours a day and 6 days a week.

Port of Batangas (Phase 1) (ATIB)

The domestic terminal has 230-meter and 185-meter berths and three general cargo berths with lengths ranging from 130 meters to 180 meters. It has a storage area totaling 62,500 square meters (sqm) and a transit shed measuring 3,000 square meters. Additional services, through partnerships, include operating an offshore supply base.

ATIB operates two (2) modern passenger terminal buildings for high-speed inter-island ferries and RORO vessels. It has seven fast craft berths with a total length of 540 meters and a draft of five meters. It has a ferry berth 124 meters long with five meters draft and six RORO berths with a total length of 680 meters. The passenger terminal facility includes a 25,000 sqm. marshalling area for RORO vehicles. It can handle more than 3 million embarking passengers annually.

In 2018, ATI unveiled a modern Multilevel Car Storage Facility in ATIB, which has since increased the port’s capacity to handle around 13,000 completely-built imported car units at any one time.

Batangas Container Terminal (Container Terminal “A-1”, Phase II of the Port of Batangas) (BCT)

The Batangas Container Terminal (“A-1”, Phase 2) is the preferred international gateway terminal for South Luzon and Calabarzon (Cavite, Laguna, Batangas, Rizal and Quezon).

[1] From September 2021 to August 31, 2022, the leased area was temporarily reduced to 2.5 hectares

ATI in 2019 has expanded BCT in response to growing market demand. BCT has a quay length spanning 670 meters with a draft of 13 meters. BCT's approximate area of 180,000 sqm include the container yard, working apron, maintenance and control buildings, gates and roadways. The terminal has a total ground slots for 2,870 twenty-foot equivalent container units. Efficient operations is complemented by four ship-to-shore cranes, 8 rubber-tired gantry cranes and other container handling equipment. The terminal is also equipped with 10 reefer platforms with 352 plugs, with back-up generator sets and covered by a network of CCTV cameras. The Terminal Operating System is powered by Zodiac OPS7.

Batangas Supply Base

For its BSB operations, ATIB allocates an open area measuring nearly 8,100 sqm for SPEX (Shell Philippines Exploration) in addition to a 2-level covered storage facility with a lot area of nearly 2,200 sqm.

South Cotabato Integrated Port Services Inc.

South Cotabato Integrated Port Services, Inc. (SCIPSI) operates the Makar Wharf in General Santos City. Cargoes are loaded or unloaded using ships gears. It has a total berth length of 850 meters. SCIPSI receives and handles cargoes through the use of their various lifting equipment with capacities ranging from 3 tons to 40 tons.

Item 3. Legal Proceedings

1. The Company is a party to legal proceedings which arose from normal business activities. However, Management believes that the ultimate liability, if any, resulting therefrom, has no material effect on the Company's financial position.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II- OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

1. The Company's common equity is traded at the Philippine Stock Exchange.

2020	High	Low
First Quarter (Jan. – Mar.)	18.60	15.78
Second Quarter (Apr. – June)	17.94	15.50
Third Quarter (July – Sept.)	16.80	15.24
Fourth Quarter (Oct. - Dec.)	16.66	15.32
2021	High	Low
First Quarter (Jan. – Mar.)	15.80	14.52
Second Quarter (Apr. – June)	16.26	14.56
Third Quarter (July – Sept.)	14.26	13.60
Fourth Quarter (Oct. - Dec.)	15.38	13.80

On December 31, 2021 (last day when ATI shares were traded for 2021), ATI shares were traded at its highest for the price of Php14.00, lowest for Php14.00 and closed at Php14.00.

The number of stockholders as of December 31, 2021 was 822. Of the 2,000,000,000 common shares outstanding as of December 31, 2021, a total 775,794,702 or 38.79% are foreign-owned.

Top 20 stockholders as of December 31, 2021:

	Name	Shares	% to Total
1	Dp World Australia (POAL) Pty. Ltd	346,466,600	17.32%
2	ATI Holdings, Inc.	291,371,229	14.57%
3	Pecard Group Holdings, Inc.	198,203,968	9.91%
4	Philippine Seaport Inc.	196,911,524	9.85%
5	Daven Holdings, Inc.	155,906,071	7.80%
6	PCD Non-Filipino	137,060,729	6.85%
7	SG Holdings, Inc.	130,000,000	6.50%
8	PCD Filipino	122,253,449	6.11%
9	Kayak Holdings, Inc.	109,500,000	5.48%
10	Morray Holdings, Inc.	100,000,000	5.00%
11	Harbourside Holding Corp.	80,000,000	4.00%
12	Aberlour Holding Company, Inc.	71,517,463	3.58%
13	Rescom Developers, Inc.	26,627,884	1.33%
14	Tanco, Eusebio H.	15,257,663	0.76%
15	Seawood Resources, Inc.	7,179,000	0.36%
16	Granite Realty Corporation	1,000,000	0.05%
17	Luym, Douglas	800,000	0.04%
18	Tanco, Joseph Luym	795,000	0.04%
19	Oben, Reginaldo &/Or Teresa Oben	784,266	0.04%
20	Tangco , Joseph Agustin Eusebio L.	500,000	0.03%

2. The cash dividends declared and paid out by the Company during the two (2) most recent fiscal years were as follows:

Date	Dividend Per Share	Record Date
March 30, 2020	0.7030	April 29, 2020
April 22, 2021	0.7030	May 17, 2021

Under the Company's By-Laws, dividends shall be declared only from unrestricted earnings, and shall be payable at such time and in such manner and in such amounts as the Board of Directors shall determine. No dividends shall be declared which would impair the capital of the Company.

3. Recent Sale of Unregistered Securities or Exempt Securities, including recent Issuances of Securities Constituting an Exempt Transaction (within 3 years)

   No unregistered or exempt securities including recent issuance of securities constituting an exempt transaction were sold in 2021, 2020 and 2019.

Item 6. Management Discussion and Analysis

Revenues for the year ended December 31, 2021 of P11,162.7 million went up by 1.8% from P10,961.0 million in 2020. Revenues from international containerized cargo operations in South Harbor (SH) and Batangas Container Terminal (BCT) increased from last year by 2.8% on account of higher container volumes. Container volumes at SH and BCT increased by 3.9% and 3.8% respectively.

Port authorities' share in revenues in 2021 of P1,947.7 million increased by 7.9% from P1,805.6 million in 2020 as a result of higher revenues subject to port authorities' share.

Cost and expenses in 2021 amounted to P5,426.2 million, 7.2% higher than P5,062.2 million in 2020. Depreciation and amortization in 2021 increased by 6.7% to P1,849.7 million from P1,733.7 million in 2020. Equipment running in 2021 went up by 21.4% to P665.4 million from P548.3 million in 2020 due to the following: i) higher usage of equipment spare parts and consumables; and ii) higher fuel costs related to higher volume and higher fuel price. Facilities-related expenses in 2021 went up by 37.8% to P214.4 million from P155.6 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 P198.4 million in 2021 increased by 37.6% compared to P144.2 million last year due to higher insurance premiums. Labor costs in 2021 of P1,495.2 million were higher by 3.3% compared to P1,447.0 million in 2020 due to salary rate increases. Taxes and licenses in 2021 increased by 1.8% to P419.7 million from P412.4 million in 2020 due to higher real property taxes and business taxes. General transport of P116.5 million in 2021 were higher by 6.7% than P109.2 million in 2020 on account of higher trucking costs. Provision for claims of P7.2 million in 2021 increased by 208.2% compared to P2.3 million last year due to higher provision for claims. Entertainment, amusement and recreation in 2021 of P3.5 million went up by 49.7% from P2.3 million last year. Other expenses in 2021 totaled P136.2 million, went up by 22.8% from P111.0 million in 2020 due to higher general operations.

Meanwhile, management fees in 2021 decreased by 27.5% to P133.6 million from P184.4 million in 2020 following lower earnings before tax. Security, health, environment and safety in 2021 of P152.5 million were lower by 8.7% compared to P167.0 million in 2020 due to lower security costs related to lower passenger volume and continued cost savings initiatives. Professional fees in 2021 of P12.9 million went down by 7.6% from P14.0 million last year due to lower consultancy fees related to Business Development Projects. Marketing, commercial, and promotion in 2021 decreased by 27.7% to P7.0 million from P9.7 million due to lower advertising costs. Rentals of P14.0 million in 2021 declined by 33.9% compared to P21.1 million in the same period last year due to lower rental costs of generator sets and shuttles to services to employees during pandemic

Finance income amounted to P5.8 million in 2021, 79.8% down from P28.6 million in 2020 due to lower interest rates for money market placements and lower cash balance. Finance costs in 2021 of P504.1 million were lower by 7.4% compared to P544.1 million in 2020. Others-net was negative P254.9 million in 2021 from P599.3 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 2021 of P3,035.6 million was lower by 27.3% compared to P4,177.0 in 2020. Income tax expense decreased by 34.7% to P797.9 million in 2021 from

P1,221.0 million in the same period last year due to lower results and decrease in income tax rate to 25% due to the implementation of CREATE LAW.

Net income for the year ended December 31, 2021 decreased by 24.3% to P2,237.7 million from P2,956.0 million last year. Earnings per share was down to P1.12 in 2021 from P1.48 in 2020.

Plans for 2022

As a smart trade enabler, Asian Terminals Inc. (ATI) actively pursues its port-centric logistics philosophy anchored on bringing competitive, comprehensive, and convenient port services closer to beneficial cargo owners to keep trade flowing in the Philippine supply-chain.

Aligned with this, ATI continuously enhances its gateway ports in Manila and Batangas for containerized cargo, non-containerized cargo, and passenger handling operations, upgrading their capacity, capabilities, and technologies to support customer growth, respond to future market demand, and contribute to the post-pandemic recovery of the economy.

For 2022, ATI is investing an estimated P5.43 billion in step with its growth strategy and in line with its investment commitment with the Philippine Ports Authority. This will support the acquisition of more modern cargo handling equipment and the development of ports and logistics infrastructure across ATI's sites.

Building on its long-term sustainability, ATI explores new business growth drivers, including developing smart cargo storage spaces within and outside port zones, offering ancillary services leveraged on its core ports business and exploring new port operations locally or overseas, given the right opportunity.

Combining the best Filipino talent and the global leadership of its foreign equity shareholder, DP World, ATI shall continue leveraging its resources, management capabilities, and industry expertise spanning 35 years to bring its competencies where growth potential is high, where it could deliver greater value to its shareholders and where it could positively impact economies and communities.

Consolidated Financial Condition

Total assets as of December 31, 2021 increased by 2.9% to P31,710.9 million from P30,824.4 million as of December 31, 2020. Total current assets as of December 31, 2021 was up by 2.1% to P7,847.9 million from P7,684.0 million as of December 31, 2020. Cash and cash equivalents as of December 31, 2021 were lower by 10.9% to P3,954.2 million from P4,437.9 million as of December 31, 2020. Trade and other receivables - net as of December 31, 2021 up by 29.6% to P809.2 million from P624.5 million as of December 31, 2020. Spare parts and supplies - net as of December 31, 2021 of P935.5 million were higher by 5.1% compared to P890.3 million as of December 31, 2020 in support of operational requirements and equipment maintenance program. Prepaid expenses of P2,149.0 million as of December 31, 2021 went up by 24.1% from P1,731.3 million as of December 31, 2020 on account of higher input taxes on PPA fees and various purchases and advance payment on real property taxes for 2021 for South Harbor.

Total non-current assets of P23,863.0 million as of December 31, 2021 were higher by 3.1% compared to of P23,140.4 million as of December 31, 2020. Property and equipment-net increased by 57.7% to P1,890.7 million as of December 31, 2021 from P1,198.8 million as of December 31, 2020. Additions to property and equipment which were not subject of the service concession arrangement totaled P897.1 million in 2021. Intangible assets - net as of December 31,2021 of P20,551.5 million were higher by 1.6% compared to P20,226.6 million as of December 31,2020. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P1,730.6 million in 2020. Right-of-use assets – net was at P459.0 million as of December 31, 2021, was lower by 25.4% compared to P615.5 million as of December 31, 2020. Deferred tax assets - net as of December 31, 2021 of P801.3 million went down by 9.0% to P880.5 million as of December 31, 2020, pertaining to adjustment on deferred tax on unrealized foreign exchange loss on fair value of concession liability and accrued interest. Other noncurrent assets as of December 31, 2021 decreased by 41.3% to P102.0 million from P173.9 million as of December 31, 2020.

Total liabilities went up by 0.6% to P10,972.3 million as of December 31, 2021 from P10,911.6 million as of December 31, 2020. Trade and other payables as of December 31, 2021 of P2,379.9 million were higher by 12.5% than P2,114.9 million as of December 31, 2020. Trade and other payables are covered by agreed payment schedules. Provision for claims went up to P63.2 million as of December 31, 2021 from P58.0 million as of December 31, 2020. Income and other taxes payable decreased by 57.3% to P132.7 million as of December 31, 2021 from P311.1 million as of December 31, 2020 due to lower income tax rate from 30% to 25%. Port concession rights payable (current and noncurrent) as of December 31, 2021 totaled P7,702.2 million, 8.1% higher than P7,639.8 million as of December 31, 2020 due to payments of government share in 2020. Lease liabilities (current and noncurrent) was at P452.6 million as of December 31, 2021, decreased by 32.5% from P599.8 million as of December 31, 2020. Pension liability as of December 31, 2021 of P241.6 million was higher by 28.5% compared to P188.1 million as of December 31, 2020.

Consolidated Cash Flows

Net cash provided by operating activities increased by 38.9% to P4,328.7 million in 2021 from P3,116.1 million in 2020 despite lower operating income due to increase in trade and other payables and lower income taxes paid.

Net cash used in investing activities in 2021 of P2,523.1 million was 36.6% higher than P1,847.3 million in 2020 due to higher acquisitions of intangible assets and property and equipment.

Cash used in financing activities in 2021 of P2,403.5 million was higher by 3.5% than the P2,322.7 million in 2020 due to higher payments of port concession and payments of lease liabilities.

<u>Adoption of Amendments to Standards</u>

The Group has adopted the following amendments to standards starting January 1, 2021 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

- *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 adoption of the amendment did not have an effect to the consolidated financial statements.

Standards Issued but 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 remain 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.

Key Performance Indicators (KPIs)

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 2021:

- ATIB's total assets were only 9.1% of the consolidated total assets
- Income before other income and expense from ATIB was only 5.9% of consolidated income before other income and expense.[2]

Consolidated KPI	Manner of Calculation	2021	2020	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	13.2%	16.0%	Decreased due to lower income before interest and taxes during the period and higher capital employed.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of the parent	11.0%	15.5%	Decreased due to lower net income.
Current ratio	Ratio of current assets over current liabilities	2.59 : 1.00	2.61 : 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	1.53 : 1.00	1.55 : 1.00	Decreased due to increase in retained earnings.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.53 : 1.00	0.55 : 1.00	Improved due to increase in retained earnings.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	9 days	6 days	Increased due to higher trade receivables.
Net Income Margin	Net income over revenues less government share in revenues	24.3%	32.3%	Decreased due to lower net income
Reportable Injury Frequency Rate (RIFR)[3]	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	0.56	0.59	Decreased due to lower number of injuries.

[2] Income before interest and tax excludes also net unrealized foreign exchange losses and others.

[3] 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 Medically Treated Injuries (MTIs) and Fatalities incidents.

Summary of Selected Financial Data (in millions)

Description	*Year ended December 31, 2021*	*Year ended December 31, 2020*
Revenues	*P11,162.7*	*P10,961.0*
Net income	*2,237.7*	*2,956.0*
Total assets	*31,710.9*	*30,824.4*
Total liabilities	*10,972.3*	*10,911.6*

Years ended December 31, 2020 and 2019

Revenues for the year ended December 31, 2020 of P10,961.0 million went down by 17.8% from P13,329.4 million in 2019. Revenues from South Harbor (SH) international containerized cargo operations and Batangas Container Terminal (BCT) decreased from last year by 16.9% and 20.2%, respectively, on account of lower container volumes resulting from the negative economic impact of COVID-19. Container volumes at SH and BCT declined by 20.4% and 19.7%, respectively.

Port authorities' share in revenues in 2020 of P1,805.6 million decreased by 22.5% from P2,329.1 million in 2019 as a result of lower revenues subject to port authorities' share.

Cost and expenses in 2020 amounted to P5,062.2 million, 9.7% lower than P5,606.4 million in 2019. Labor costs in 2020 of P1,447.0 million were lower by 6.8% compared to P1,551.9 million in 2019 due to lower deployment and overtime related to lower volume as well as the implementation of cost savings measures. Equipment running in 2020 went down by 32.5% to P548.3 million from P812.3 million in 2019 due to lower usage of equipment spare parts and tyres, lower electricity and lower fuel costs resulting from lower consumption and lower fuel price. Management fees in 2020 decreased by 19.8% to P184.4 million from P229.8 million in 2019 following lower earnings before tax. Security, health, environment and safety in 2020 of P167.0 million were lower by 21.5% compared to P212.7 million in 2019 due to cost saving initiatives. Facilities-related expenses in 2020 went down by 26.1% to P155.6 million from P210.5 million in 2019 due to lower repair and maintenance costs on buildings and lightings. Provision for claims of P2.3 million in 2020 decreased by 97.9% compared to P109.5 million last year due to lower provision for claims. Professional fees in 2020 of P14.0 million went down by 46.8% from P26.3 million last year due to lower consultancy fees. Marketing, commercial, and promotion in 2020 decreased by 82.7% to P9.7 million from P56.0 million due to lower advertising costs. Entertainment, amusement and recreation in 2020 of P2.3 million went down by 74.1% from P8.9 million last year. Other expenses in 2020 totaled P111.0 million, went down by 50.1% from P222.2 million in 2019 due to lower general operations.

Meanwhile, depreciation and amortization in 2020 increased by 13.3% to P1,733.7 million from P1,530.0 million in 2019. Taxes and licenses in 2020 increased by 5.7% to P412.4 million from P390.2 million in 2019 due to higher real property taxes and business taxes. Insurance of P144.2 million in 2020 increased by 30.2% compared to P110.7 million last year due to higher insurance premiums.

Finance income amounted to P28.6 million in 2020, 81.8% down from P157.3 million in 2019 due to lower interest rates for money market placements and lower cash balance. Finance costs in 2020 of P544.1 million were lower by 2.6% compared to P558.9 million in 2019. Others-net in was higher 176.5% to P559.4 million in 2020 from P216.7 million in 2019 mainly due to unrealized foreign exchange gain 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 2020 of P4,177.0 million was lower by 19.8% compared to P5,209.1 in 2019. Provision for income tax in 2020 decreased by 18.2% to P1,221.0 million from P1,493.5 million in 2019.

Net income for the year ended December 31, 2020 decreased by 20.4% to P2,956.0 million from P3,715.6 million last year. Earnings per share was down to P1.48 in 2020 from P1.86 in 2019.

Consolidated Financial Condition

Total assets as of December 31, 2020 decreased by 1.4% to P30,824.4 million from P31,254.1 million as of December 31, 2019. Total current assets as of December 31, 2020 down by 8.8% to P7,684.0 million from P8,422.3 million as of December 31, 2019. Cash and cash equivalents as of December 31, 2020 were lower by 21.4% to P4,437.9 million from P5,647.3 million as of December 31, 2019. Trade and other receivables - net as of December 31, 2020 down by 1.0% to P624.5 million from P630.6 million as of December 31, 2019. Spare parts and supplies - net as of December 31, 2020 of P890.3 million were higher by 18.9% compared to P748.5 million as of December 31, 2019 in support of operational requirements and equipment maintenance program. Prepaid expenses of P1,731.3 million as of December 31, 2020 went up by 24.0% from P1,395.9 million as of December 31, 2019 on account of higher input taxes on PPA fees and various purchases and advance payment on real property taxes for 2021 for South Harbor.

Total non-current assets of P23,140.4 million as of December 31, 2020 were higher by 1.4% compared to of P22,831.8 million as of December 31, 2019. Property and equipment-net increased by 28.3% to P1,198.8 million as of December 31, 2020 from P934.1 million as of December 31, 2019. Additions to property and equipment which were not subject of the service concession arrangement totaled P421.0 million in 2020. Intangible assets - net as of December 31, 2020 of P20,226.6 million were higher by 0.9% compared to P20,051.2 million as of December 31, 2019. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P1,432.4 million in 2020. Right-of-use assets – net was at P615.5 million as of December 31, 2020, was lower by 9.0% compared to P676.1 million as of December 31, 2019. Deferred tax assets - net as of December 31, 2020 of P880.5 million went down by 13.1% to P1,013.2 million as of December 31, 2019, pertaining to adjustment on deferred tax on unrealized foreign exchange gain on fair value of concession liability and accrued interest. Other noncurrent assets as of December 31, 2020 increased by 61.6% to P173.9 million from P107.6 million as of December 31, 2019.

Total liabilities went down by 15.6% to P10,911.6 million as of December 31, 2020 from P12,924.1 million as of December 31, 2019. Trade and other payables as of December 31, 2020 of P2,114.9 million were lower by 35.0% than P3,253.0 million as of December 31, 2019. Trade and other payables are covered by agreed payment schedules. Provision for claims went down to P58.0 million as of December 31, 2020 from P259.8 million as of December 31, 2019. Income and other taxes payable increased by 9.8% to P311.1 million as of December 31, 2020 from P283.2 million as of December 31, 2019. Port concession rights payable (current and noncurrent) as of December 31, 2020 totaled P7,639.8 million, 8.0% lower than P8,303.0 million as of December 31, 2019 due to payments of government share in 2020. Lease liabilities (current and noncurrent) was at P599.8 million as of December 31, 2020, decreased by 6.4%

from P640.9 million as of December 31, 2019. Pension liability as of December 31, 2020 of P188.1 million were higher by 2.1% compared to P184.1 million as of December 31, 2019.

Consolidated Cash Flows

Net cash provided by operating activities decreased by 22.8% to P3,116.1 million in 2020 from P4,038.4 million in 2019 due to lower operating income and decrease in trade and other payables and provision for claims.

Net cash used in investing activities in 2020 of P1,847.3 million were 40.9% lower than P3,125.1 million in 2019 due to lower acquisitions of intangible assets reduced by higher acquisitions of property and equipment.

Cash used in financing activities in 2020 of P2,322.8 million were higher by 14.4% than the P2,030.5 million in 2019 due to higher payments of cash dividends and payments of lease liabilities. Cash dividends paid amounted to P1,406.0 million and P1,125.0 million in 2020 and 2019, respectively.

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards starting January 1, 2020 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

Amendments to References to Conceptual Framework in PFRS Standards sets out amendments to PFRS Standards, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

- a new chapter on measurement;
- guidance on reporting financial performance;
- improved definitions of an asset and a liability, and guidance supporting these definitions; and
- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

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

Definition of a Business (Amendments to PFRS 3, Business Combinations). The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments:

- confirmed that a business must include inputs and a process, and clarified that:
  - the process must be substantive; and
  - the inputs and process must together significantly contribute to creating outputs;
- narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather

than on providing dividends or other economic benefits directly to investors or lowering costs; and

- added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

Definition of Material (Amendments to PAS 1, Presentation of Financial Statements and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors). The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

(a) raising the threshold at which information becomes material by replacing the term ‘could influence’ with ‘could reasonably be expected to influence’;
(b) including the concept of ‘obscuring information’ alongside the concept of ‘omitting’ and ‘misstating’ information in the definition;
(c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;
(d) clarifying the explanatory paragraphs accompanying the definition; and
(e) aligning the wording of the definition of material across PFRS Standards and other publications.

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

Standards Issued But Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2020. 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 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 four 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 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.

Key Performance Indicators (KPIs)

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 2020:

- ATIB's total assets were only 9.1% of the consolidated total assets
- Income before other income and expense from ATIB was only 6.9% of consolidated income before other income and expense.[4]

Consolidated KPI	Manner of Calculation	2020	2019	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	16.0%	20.1%	Decreased due to lower income before interest and taxes during the period and higher capital employed.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of the parent	15.5%	21.7%	Decreased due to lower net income.
Current ratio	Ratio of current assets over current liabilities	2.61 : 1.00	1.98 : 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	1.71 : 1.00	Decreased due to lower assets.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.55 : 1.00	0.71 : 1.00	Improved due to decrease in liabilities.

[4] Income before interest and tax excludes also net unrealized foreign exchange losses and others.

Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	6 days	11 days	Decreased due to improved collection.
Net Income Margin	Net income over revenues less government share in revenues	32.3%	33.8%	Decreased due to lower net income.
Reportable Injury Frequency Rate (RIFR)[5]	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	0.59	0.82	Decreased due to lower number of injuries.

Summary of Selected Financial Data (in millions)

Description	*Year ended December 31, 2020*	*Year ended December 31, 2019*
Revenues	*P10,961.0*	*P13,329.4*
Net income	*2,956.0*	*3,715.6*
Total assets	*30,824.4*	*31,254.1*
Total liabilities	*10,911.6*	*12,924.1*

Years ended December 31, 2019 and 2018

Revenues for the year ended December 31, 2019 of P13,329.4 million went up by 8.6% from P12,276.7 million in 2018. Revenues from South Harbor international containerized cargo and Batangas Container Terminal increased from last year by 5.1% and 37.8%, respectively, on account of higher container volumes, which grew by 10.7% and 25.6%, respectively.

Port authorities' share in revenues in 2019 of P2,329.1 million increased by 2.6% from P2,270.1 million in 2018 as a result of higher revenues subject to port authorities' share.

Cost and expenses in 2019 amounted to P5,606.4 million, 13.5% higher than P4,940.9 million in 2018. Labor costs in 2019 of P1,551.9 million were higher by 6.1% compared to P1,462.6 million in 2018 due to salary rate increases and additional headcount related to higher volumes. Depreciation and amortization in 2019 increased by 35.3% to P1,530.0 million from P1,130.9 million in 2018. Equipment running in 2019 went up by 1.8% to P812.3 million from P798.0 million in 2018 due to higher usage of equipment tyres, higher electricity and higher fuel costs resulting from higher prices and higher consumption. Taxes and licenses in 2019 increased by 43.4% to P390.2 million from P272.1 million in 2018 due to higher real property taxes and business taxes. Management fees in 2019 grew by 30.5% to P229.8 million from P176.1 million in 2018 following higher earnings before tax. Security, health, environment and safety in 2019 of P212.7 million were higher by 3.5% compared to P205.4 million in 2018 due to increase in safety initiatives. Facilities-related expenses in 2019 went up by 5.0% to P210.5 million from P200.5 million in 2018 due to higher repair and maintenance costs on buildings and lightings. Provision for claims of P109.5 million in 2019 increased by 325.6% compared to P25.7 million

5 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 Medically Treated Injuries (MTIs) and Fatalities incidents.

last year due to higher provision for claims. Insurance of P110.7 million in 2019 increased by 26.9% compared to P87.3 million last year due to higher insurance premiums. General transport of P96.4 million in 2019 were higher by 109.1% than P46.1 million in 2018 on account of higher trucking costs. Entertainment, amusement and recreation in 2019 of P8.9 million went up by 14.4% from P7.8 million last year. Other expenses in 2019 totaled P222.2 million, went up by 4.2% from P213.4 million in 2018 due to higher general operations and additional provision for inventory obsolescence.

On the other hand, rental expenses in 2019 of P38.9 million decreased by 73.8% from P148.1 million in 2018 due to reclassification of facility rent under PFRS 16. Professional fees in 2019 of P26.3 million went down by 67.4% from P80.5 million last year due to lower consultancy fees. Marketing, commercial, and promotion in 2019 decreased by 35.2% to P56.0 million from P86.5 million due to lower advertising costs.

Finance income amounted to P157.3 million in 2019, 39.0% up from P113.2 million in 2018 due to higher interest rates for money market placements. Finance costs in 2019 of P558.9 million were higher by 3.4% compared to P540.4 million in 2018. Others-net in 2019 was at P216.7 million in 2019 from negative P627.8 million in 2018 mainly due to last year's fair value losses in cash flow hedge.

Income before income tax in 2019 of P5,209.1 million was higher by 29.9% compared to P4,010.7 million in 2018. Provision for income tax in 2019 increased by 32.5% to P1,493.5 million from P1,127.3 million in 2018.

Net income for the year ended December 31, 2019 improved by 28.9% to P3,715.6 million from P2,883.4 million last year. Earnings per share was up to P1.86 in 2019 from P1.44 in 2018.

Consolidated Financial Condition

Total assets as of December 31, 2019 increased by 7.3% to P31,254.1 million from P29,123.2 million as of December 31, 2018. Total current assets as of December 31, 2019 down by 7.2% to P8,422.3 million from P9,080.4 million as of December 31, 2018. Cash and cash equivalents as of December 31, 2019 were lower by 17.8% to P5,647.3 million from P6,868.5 million as of December 31, 2018. Trade and other receivables-net as of December 31, 2019 down by 15.0% to P630.6 million from P742.0 million as of December 31, 2018. Spare parts and supplies-net as of December 31, 2019 of P748.5 million were higher by 47.5% compared to P507.5 million as of December 31, 2018 in support of operational requirements and equipment maintenance program. Prepaid expenses of P1,395.9 million as of December 31, 2019 went up by 45.0% from P962.4 million as of December 31, 2018 on account of higher input taxes on PPA fees and various purchases.

Total non-current assets of P22,831.8 million as of December 31, 2019 were higher by 13.9% compared to P20,042.7 million as of December 31, 2018. Property and equipment-net increased by 5.7% to P934.1 million as of December 31, 2019 from P883.9 million as of December 31, 2018. Additions to property and equipment which were not subject of the service concession arrangement totaled P194.4 million in 2019. Intangible assets-net as of December 31, 2019 of P20,051.2 million were higher by 11.6% compared to P17,962.6 million as of December 31, 2018. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P2,747.5 million in 2019. Right-of-use assets – net was at P676.1 million as of December 31, 2019, based on new accounting standard PFRS 16 effective January 1, 2019. Deferred tax assets-net as of December 31, 2019 of P1,013.2 million went up by 6.5% to P951.3 million as of December 31, 2018, pertaining to additional deferred tax on concession rights payable and unrealized foreign exchange losses. Other noncurrent assets as of December 31, 2019 decreased by 33.3% to P107.6 million from P161.3 million as of December 31, 2018.

Total liabilities went down by 2.6% to P12,924.1 million as of December 31, 2019 from P13,269.3 million as of December 31, 2018. Trade and other payables as of December 31, 2019 of P3,253.0 million were lower by 14.3% than P3,797.4 million as of December 31, 2018.

Trade and other payables are covered by agreed payment schedules. Provision for claims went up to P259.8 million as of December 31, 2019 from P219.4 million as of December 31, 2018. Income and other taxes payable increased by 5.7% to P313.3 million as of December 31, 2018 from P296.2 million as of December 31, 2018. Port concession rights payable (current and noncurrent) as of December 31, 2019 totaled P8,303.0 million, 0.7% lower than P8,866.9 million as of December 31, 2018 due to payments of government share in 2019. Lease liabilities (current and noncurrent) was at P640.9 million as of December 31, 2019, based on new accounting standard PFRS 16 effective January 1, 2019. Pension liability as of December 31, 2019 of P184.1 million were higher by 236.3% compared to P54.8 million as of December 31, 2018.

Consolidated Cash Flows

Net cash provided by operating activities increased by 0.6% to P4,038.4 million in 2019 from P4,061.8 million in 2018 due to higher operating income and decrease in trade and other receivables reduced by decrease in trade and other payables and prepaid expenses.

Net cash used in investing activities in 2019 of P3,125.1 million were 25.3% higher than P2,494.2 million in 2018 due to higher acquisitions of intangible assets reduced by decrease in other noncurrent assets.

Cash used in financing activities in 2019 of P2,030.5 million were higher by 20.7% than the P1,682.4 million in 2018 due to higher payments of cash dividends and payments of lease liabilities. Cash dividends paid amounted to P1,125.0 million and P900.0 million in 2019 and 2018, respectively.

Adoption of New or Revised Standards, Amendments to Standards and Interpretation

The Group has adopted the following new standard, amendments to standards and interpretations starting January 1, 2019 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

- PFRS 16 supersedes PAS 17, *Leases* and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements.

  Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio- level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were also introduced.

  The Group has applied PFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under PAS 17 and Philippine Interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*. The details of the accounting policies under PAS 17 and Philippine Interpretation IFRIC 4 are disclosed separately if they are different from those under PFRS 16 and the impact of changes is disclosed below.

  On transition to PFRS 16, the Group recognized right-of-use assets, and lease liabilities, recognizing the difference in retained earnings. The impact on transition is summarized below.

	January 1, 2019
Right-of-use assets	**P587,088**
Lease liabilities	**555,635**
Prepaid expenses	**(53,379)**
Trade and other payables	**(10,310)**
Retained earnings	**(11,616)**

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted the remaining lease payments using its incremental borrowing rate at the date of initial application. The carrying amount of right-of-used assets was measured as if PFRS 16 has been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application. The weighted average rate applied is 7.17%.

	January 1, 2019
Operating lease commitments at December 31, 2018 as disclosed under PAS 17	**P896,008**
Discounted using the incremental borrowing rate at January 1, 2019	**555,635**
Lease liabilities recognized at January 1, 2019	**555,635**

The Group used a number of practical expedients when applying PFRS 16 to leases previously classified as operating leases under PAS 17. In particular, the Group:

- did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognize right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

The Group has classified:

- cash payments for the principal portion of lease payments as financing activities;
- cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Group; and
- short-term lease and payments for leases of low value assets as operating activities.

▪ Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments* clarifies how to apply the recognition and measurement requirements in PAS 12, *Income Taxes,* when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the consolidated financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the Group chosen tax treatment. If it is not probable that the tax authority will accept the Group chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty - either the most likely amount or the expected value.

The interpretation also requires the reassessment of judgements and estimates applied if facts and circumstances change - e.g., as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

- *Prepayment Features with Negative Compensation (Amendments to* PFRS 9, *Financial Instruments*). The amendments cover the following areas:

  - Prepayment features with negative compensation. The amendment clarifies that a financial asset with a prepayment feature could be eligible for measurement at amortized cost or FVOCI irrespective of the event or circumstance that causes the early termination of the contract, which may be within or beyond the control of the parties, and a party may either pay or receive reasonable compensation for that early termination.

  - Modification of financial liabilities. The amendment to the Basis for Conclusions on PFRS 9 clarifies that the standard provide an adequate basis for an entity to account for modifications and exchanges of financial liabilities that do not result in derecognition and the treatment is consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset - i.e., the amortized cost of the modified financial liability is recalculated by discounting the modified contractual cash flows using the original effective interest rate and any adjustment is recognized in profit or loss.

- *Long-term Interests in Associates and Joint Ventures* (Amendments to PAS 28, *Investments in Associates and Joint Ventures*). The amendment requires the application of PFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests (LTIs) that, in substance, form part of the entity's net investment in an associate or joint venture.

  The amendment explains the annual sequence in which PFRS 9 and PAS 28 are to be applied. In effect, PFRS 9 is first applied ignoring any prior years' PAS 28 loss absorption. If necessary, prior years' PAS 28 loss allocation is trued-up in the current year which may involve recognizing more prior years' losses, reversing these losses or re-allocating them between different LTI instruments. Any current year PAS 28 losses are allocated to the extent that the remaining LTI balance allows and any current year PAS 28 profits reverse any unrecognized prior years' losses and then allocations against LTI.

- *Plan Amendment, Curtailment or Settlement* (Amendments to PAS 19, *Employee Benefits).* The amendments clarify that on amendment, curtailment or settlement of a defined benefit pension plan, an entity now uses updated actuarial assumptions to determine its current service cost and net interest for the period. The effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

- *Annual Improvements to PFRSs 2015 - 2017 Cycle*. This cycle of improvements contains amendments to four standards:

  - Previously held interest in a joint operation (Amendments to PFRS 3, *Business Combinations* and PFRS 11, *Joint Arrangements*). The amendments clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party maintains or obtains joint control, then the previously held interest is not remeasured. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.

- Income tax consequences of payments on financial instruments classified as equity (Amendments to PAS 12). The amendments clarify that all income tax consequences of dividends, including payments on financial instruments classified as equity, are recognized consistently with the transactions that generated the distributable profits, i.e. in profit or loss, Other Comprehensive Income or equity.

- *Borrowing Costs Eligible for Capitalization* (Amendments to PAS 23, *Borrowing Costs)*. The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale are included in that general pool.

Standards Issued But Not Yet Adopted

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

Effective January 1, 2020

▪ *Amendments to References to Conceptual Framework in PFRS Standards* sets out amendments to PFRS Standards, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

  - a new chapter on measurement;
  - guidance on reporting financial performance;
  - improved definitions of an asset and a liability, and guidance supporting these definitions; and
  - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

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

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

▪ *Definition of a Business (Amendments to* PFRS 3*).* The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments:

  - confirmed that a business must include inputs and a process, and clarified that:

- o the process must be substantive; and
- o the inputs and process must together significantly contribute to creating outputs;

- narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and

- added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

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

- *Definition of Material (Amendments to* PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

(a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';
(b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;
(c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;
(d) clarifying the explanatory paragraphs accompanying the definition; and
(e) aligning the wording of the definition of material across PFRS Standards and other publications.

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

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

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

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

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

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

Other information:

- 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 global economic and industry conditions;
    - natural events (earthquake, typhoons and other major calamities); and
    - material changes in exchange rates.
- There was no known trend, event or uncertainty that had or may have a material impact on liquidity and on revenues or income from continuing operations. There was no known event that may cause a material change in the relationships between costs and revenues.
- There was no seasonal factor that had a material effect on the financial condition and results of operations.
- There was no event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- Except for the commitments and contingencies mentioned in Note 23 of the consolidated financial statements, the Company has no knowledge of any material off-balance sheet (statement of financial position) transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period that would address the past and would have material impact on future operations.
- Projected capital expenditures for 2020 is P10.0 billion, which includes yard and berth development as well as construction of new facilities and equipment acquisition. The capital expenditure will strengthen the Company's operations and capability to handle growth.

Key Performance Indicators (KPIs)

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 2019:

- ATIB's total assets were only 10.1% of the consolidated total assets
- Income before other income and expense from ATIB was only 6.9% of consolidated income before other income and expense.[6]

Consolidated KPI	Manner of Calculation	2019	2018	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	20.1%	20.7%	Decreased due to increase in intangible assets.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of the parent	21.7%	19.6%	Improved due to increase in net income.
Current ratio	Ratio of current assets over current liabilities	1.98 : 1.00	1.96 : 1.00	Increase due to lower current assets.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.71 : 1.00	1.84 : 1.00	Decreased due to increase in retained earnings.

[6] Income before interest and tax excludes also net unrealized foreign exchange losses and others.

Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.71 : 1.00	0.84 : 1.00	Improved due to increase in retained earnings
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	11 days	16 days	Decreased due to improved collection.
Net Income Margin	Net income over revenues less government share in revenues	33.8%	28.8%	Increased due to higher net income growth.
Reportable Injury Frequency Rate (RIFR)[7]	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	0.82	0.73	Increased due to higher number of injuries.

Summary of Selected Financial Data (in millions)

Description	*Year ended December 31, 2019*	*Year ended December 31, 2018*
Revenues	*P13,329.4*	*P12,276.7*
Net income	*3,715.6*	*2,883.4*
Total assets	*31,254.1*	*29,123.2*
Total liabilities	*12,924.1*	*13,269.3*

Information on Independent Accountant and External Audit Fees

The appointment of R.G. Manabat & Co. as the external auditors of Asian Terminals, Inc. for 2021 was approved by the stockholders during the annual meeting held on April 22, 2021. The same external auditors are being recommended for re-election at the scheduled annual meeting of the Stockholders.

In compliance with Securities Regulation Code Rule 68, Ms. Alicia S. Columbres was appointed as the Partner-in-Charge in 2018.

The aggregate fees for audit services rendered were as follows:

	2021 (P'000)	2020 (P'000)
Audit Fees	2,902.4	3,211.5

Audit Fees are for professional services rendered in connection with the audit of our annual financial statements and services provided by the external auditors in connection with statutory and regulatory filings or engagements.

There was no engagement for tax or other services with R.G. Manabat & Co. in 2021 and 2020.

[7] 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 Medically Treated Injuries (MTIs) and Fatalities incidents.

Audit Committee Pre-Approval Policy

The Audit Committee pre-approves and recommends to the Board of Directors all audit and non-audit services to be rendered by the external auditors as well as the engagement fees and other compensation to be paid. When deciding whether to approve these items, the Audit Committee takes into account whether the provision of any non-audit service is compatible with the independence standards under the guidelines of the SEC. To assist in this undertaking, the Audit Committee actively engages in a dialogue with the external auditors with respect to any disclosed relationships or services that may impact their objectivity and independence and, if appropriate, recommends that the Board take appropriate action to ensure their independence.

Item 7. Financial Statements

The audited consolidated financial statements are herein attached as Exhibit 1.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

There was no change in or disagreement with external auditors on accounting and financial disclosures.

PART III-CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

As of December 31, 2021, the following were the directors and executive officers of Asian Terminals Inc.

Name	Age	Position
Glen C. Hilton	52	Chairman
Eusebio H. Tanco	73	Director/President
William Wassaf Khoury Abreu	43	Director
Monico V. Jacob	76	Director
Roberto C.O. Lim.	64	Independent Director
Felino A. Palafox, Jr.	72	Director
Artemio V. Panganiban	85	Independent Director
Zissis Jason Varsamidis	46	Director
Sean James L. Perez	56	Senior Vice President for Commercial and Outports
Rodolfo G. Corvite, Jr.	62	Corporate Secretary and Vice President for Business Support Services
Jose Tristan P. Carpio	53	Treasurer/ Vice President for Finance/CFO

A brief background of the current Company's Board of Directors and Executive Officers is as follows (brief description of their respective business experience for the past five (5) years included):

Glen Christopher Hilton, 52, Australian, was a former director of ATI from 2008 to 2013 and was elected again in August 2019. He is the current Chairman of the Board since

November 2020 and the current CEO and Managing Director of DP World Asia Pacific & Australasia Region. He was the former CEO of Port of Tanjung Pelepas, Malaysia (2013 to 2016) and VP and Managing Director of DP World South East Asia (2008- 2013), Executive Director of DP World Caucedo (2006- 2008) and the General Manager of DP World Adelaide (2001 to 2006).

Eusebio H. Tanco, 73, Filipino, is the President of the Company from 1995 to 2001 and 2007 to present. He is the Chairman of STI Education Systems Holdings, Inc. (formerly JTH Davies Holdings, Inc., since 2010), Leisure Resorts World Corporation (since 2019, as director since 2011), Fibertex (since 2012) Mactan Electric Company (since 1988), DLS-STI College (since 2003), Eximious Holdings, Inc. (formerly Capital Managers and Advisors, Inc.,since 1995), GROW Vite (since 2014), Venture Securities, Inc.(since 1980),First Optima Realty Corporation (since 1980); iACADEMY (since 2002), and the executive committee chairman of STI Education Services Group, Inc. (since 2003). He is Chairman and President of Prime Power Holdings (since 1999), Prudent Resources, Inc. (since 1999), Philippines First Insurance Co. (since 1973), and CEO of Classic Finance, Inc. (since 2004). He is also the president of Global Resource for Outsourced Workers, Inc. (GROW, Inc.) (since 2002), Bloom with Looms Logistics, Inc. (formerly STMI Logistics, Inc., since 1980), Total Consolidated Asset Management Inc. (TCAMI) (since 2006), Eujo Philippines, Inc. (since 1986), Tantivy Holdings, Inc (formerly Insurance Builders Inc.,since 1979) Mar-Bay Homes Inc. (since 1980) , Cement Center, Inc. (since 1983), Biolim Holdings and Management Corp. (formerly Rescom Developers, Inc ,since 1983). In addition, he is a Director of Philhealthcare Inc. (since 2009), Philplans First, Inc. (since 2017), Philippine Life Financial Assurance (formerly Asian Life Financial Assurance, since 2012), STI West Negros University (since 2013), United Coconut Chemicals, Inc. (since 1995), M.B. Paseo (since 1980), Philippine Health Educators, Inc. (since 2004), Maestro Holdings, Inc. (formerly STI Investments, since 2007), Philippine Racing Club (since 2011)and Philippine Stock Exchange (from 2007 to 2021). His professional associations include the Philippines-Thailand Business Council, Philippines-UAE Business Council, and the Philippine Chamber of Commerce and Industry. He obtained his Master of Science in Economics from the London School of Economics and Political Science. He has been a member of the ATI Board since 1993.

William Wassaf Khoury Abreu, 43**,** a national of Dominican Republic. Mr. Khoury was elected by the Board in the regular Board Meeting held last November 25, 2021, replacing Mr. Andrew R. Hoad, who resigned effective on same date. He was the Executive Vice President of ATI from March 2018 up to November 2021, the former Director of PT Terminal Petikemas Surabaya (TPS) Indonesia (from 2014 to 2018), the CEO of DP World-Saigon Premier Container Terminal from 2010 to 2014, the Operations Director of DP World Korea from 2009 to 2010 and held various management positions at DP World Caucedo, Dominican Republic from 2003 to 2009 and CSX World Terminals (Caucedo) from 2001 to 2003. He obtained a degree in Industrial Engineering from Universidad Nacional Pedro Henriquez Ureña in 2000, Post Graduate Diploma in Port Management from IMTA-STC in Rotterdam in 2001 and has undertaken executive management programs at Michigan Ross School of Business, London Business School and Case Western Reserve University.

Monico Jacob, 76**,** Filipino, is currently the President of STI Education Systems Holdings, Inc. (2011), Chairman of STI West Negros University (since 2019) and the CEO and Vice-Chairman of the STI Education Services Group (since 2016). He is the Chairman of Rosehills Memorial Management, Inc. (since 2014), Philippine Life Financial Assurance, Inc. (PhilLife, since 2016), Global Resource for Outsourced Workers, Inc. (GROW, Inc., since 2000), Total Consolidated Asset Management Inc. (since 2006), GROW-Vite (since 2014), and TechZone Philippines, Inc. (since 2021). He is currently a director of iACADEMY, (since 2010) and PhilCare, (since 2012). He is also an independent director of Rockwell Land Inc. (since 2015), and Lopez Holdings, Inc. (since 2014), while he is a regular director of Phoenix Petroleum Philippines (since 2008). Prior to his current engagements, he was the General Manager of the National Housing Authority (NHA) (from 1989 to 1991); Chairman and CEO of Petron Corporation from 1991 to 1998 and Philippine National Oil Company (PNOC) and all of its subsidiaries from 1991 to 1994; and CEO of the Home Development Mutual Fund (PAG-IBIG Fund) from 1988 to 1989. Mr. Jacob also served as an Associate Commissioner for the Securities and Exchange Commission in 1986. He is a member of the Integrated Bar of the Philippines and the Management Association of the Philippines (MAP) and served as its President in 1998. Mr. Jacob finished his Bachelor of Arts degree with a Major in Liberal Arts from the Ateneo de Naga University in 1966 and his Bachelor of Laws degree from the Ateneo de Manila University in 1971. He joined the Board in 2009.

Felino A. Palafox, Jr., 72, Filipino**,** has more than 45 years of experience in the field of architecture and planning. He is the Principal Architect-Urban Planner and Founder of Palafox Associates which was founded in 1989. For more than 25 years, he led and managed his firm in carrying out the planning of more than 28 billion square meters of land area and the architecture of more than 15 million square meters of building floor area in 40 countries. He is the President of FIABCI (International Real Estate Federation) Philippines for 2015. He is also an international associate of the American Institute of Architects, country leader of the Council on Tall Buildings and Urban Habitat, member of the U.S. Green Building, Urban Land Institute, Congress for the New Urbanism, American Planning Association, and the International Council of Shopping Centers, all U.S.-based. He was formerly the Chairman of National Real Estate Association (NREA). He was the past President of the Philippine Institute of Environmental Planners and the Management Association of the Philippines. He is a Fellow of the United Architects of the Philippines (UAP). He finished his Bachelor of Science in Architecture in 1972 from the University of Santo Tomas, Manila, and his Master in Environmental Planning from the University of the Philippines as a scholar of the United Nations Development Program (UNDP), in 1974. He took up Advanced Management Development Program for Real Estate in 2003, and 7 other continuing education courses, from the Harvard University. Architect Palafox is a registered APEC Architect and a recipient of several local and international awards. He joined the Board in 2009.

Artemio V. Panganiban, 85, Filipino. He served as Chief Justice of the Philippines from 2005 to 2006 and as Associate Justice from 1995 to 2005. Prior to his appointment to the Supreme Court, he was a senior partner at Panganiban Benitez Parlade Africa and Barinaga Law Offices from 1963 to 1995. He is a recipient of over 250 prestigious awards and recognitions from various associations and groups for his role as a jurist, lawyer, civic leader, Catholic lay worker, entrepreneur and youth leader. Among such awards is the “Renaissance Jurist of the 21st Century” given by the Supreme Court of the Philippines upon his retirement in 2006. Chief Justice Panganiban holds a Bachelor’s Degree in Law from the Far Eastern University where he graduated *cum laude*. He was a 6th placer in the 1960 Bar Examinations. He was also conferred Doctor of Laws (*Honoris Causa)* by several universities. At present, he writes a column for the Philippine Daily Inquirer. He sits as an independent director in the following companies aside from Asian Terminals, Inc.; GMA Network, Inc. (2007-present), First Philippine Holdings Corp. (2007-present), Metro Pacific Investments Corp. (2007-present), Manila Electric Company (2008-present), Robinsons Land Corp. (2008-present), GMA Holdings, Inc. (2009-present), Petron Corporation (2010-present), Philippine Long Distance Telephone Company (2013-present). He is also a non-executive Director at Jollibee Foods Corporation (2012-present), Senior Adviser, Metrobank (2007 to present), Member of the Advisory Council, Bank of the Philippine Islands (2016-present) and Adviser, DoubleDragon Properties Corp. (2014-present). He is the Chairman of Corporate Governance Committee and a member of the Company’s Compensation Committee and Nomination Committee. He has been an independent director of Asian Terminals, Inc. since April 22, 2010.

Roberto C.O. Lim, 64, Filipino and is a lawyer. He was elected as independent director in 2018. He was elected in 2021 as an independent director of Pacific Online Systems Inc. and Atlas Mining and Consolidated ,Inc, . He also served as an independent director of the Philippine Stock Exchange from 2019 to 2021. Atty Lim is the Chairman of Inteliconsult Corporation and Vice Chairman and Executive Director of the Air Carriers Association of the Philippines (ACAP). He also teaches Transportation Law at the College of Law of the Lyceum of the Philippines University. Prior to this, he was the former Undersecretary for Aviation and Airports at the Department of Transportation up to 2017. He was the Chairman of Global Legal Advisory Council of International Air Transport Association (IATA), the Vice President for Legal Affairs and Corporate Compliance Officer of Philippine Airlines, Inc., Director of Abacus Holdings and Abacus International Pte, Ltd, a global distribution company based in Singapore. Atty. Lim was a member of the Philippine Negotiating Panel on Air Treaties, Chairman of the IATA Legal Advisory Council and member of the Aero Political Committee of the Association of Asia Pacific Airlines. Atty. Lim's degrees include: a BA in History and Political Science and a BSc in Commerce from De La Salle University; a law degree (LL.B) from the University of the Philippines; and, a Master of Laws (LLM) from Kings' College, University of London. Atty. Lim is the Chairman of Audit Committee and a member of the Corporate Governance Committee and Executive Committee.

Zissis Jason Varsamidis, 46, Australian, is the Chief Financial Officer (CFO) of DP World Asia Pacific & Australasia. Prior to this, Mr. Varsamidis was the CFO of DP World Australia from 2013 to March 2021 and held various positions in the company prior to that appointment. He has a degree in Commerce from the University of Wollongong, holds a Diploma in Terminals Operations Management from US Merchant Marine Academy and Masters in Applied Finance & Investment from the Securities Institute of Australia. He is also a Certified Public Accountant (CPA). Mr. Varsamidis was elected in the special board meeting held on June 30, 2021, replacing Mr. Ahmad Yousef Ahmad Alhassan Al Simreen, who resigned effective on same date.

Sean James L. Perez, 56, Filipino, is the Senior Vice-President for Commercial and Outports since November 2017. He was the Vice-President for Marketing and Commercial from October 2008 to October 2017, Vice President for Domestic and Outports from January 2007 to September 2008, Vice-President for Domestic/Marketing and Commercial Services (2004-2006). He has held various positions in the Company from the position of being the Terminal Manager of Batangas, Container Division and General Stevedoring Division for South Harbor to Vice-President for Operations, Marketing and Outports. He obtained his degree in Bachelor of Arts, Major in Economics from the University of Santo Tomas. He has been with the Company since 1996.

Jose Tristan P. Carpio, 53, Filipino, is the Vice-President for Finance and Chief Financial Officer (CFO) of the Company since July 2012. He joined ATI in 2000 as Assistant Vice President for Treasury and Special Projects. Prior to joining ATI, he was the Assistant Vice President for Capital Markets of All Asia Capital & Trust Corporation from 1997 to 2000. Mr. Carpio obtained his degree in B.S. Management Engineering from Ateneo de Manila University.

Rodolfo G. Corvite, Jr., 62, Filipino, is the Corporate Secretary and Compliance Officer since 1997, the Vice President for Business Support Services and Data Protection Officer (since 2017). He has held various positions in the Company handling Administration, Legal, Human Resources, Procurement, Industrial Relations, HSES, Insurance and Claims, Risk Management and Corporate Communications. He was a Law Partner of Diaz, Corvite and Associates. He is a member of the Integrated Bar of the Philippines. He obtained his Bachelor of Laws from the Ateneo de Manila University. He has been with the Company since 1989.

All the directors serve for a term equivalent to one (1) year from election or for the unexpired portion of the term of his predecessor.

Family Relationships

There are no family relationships among the directors and officers listed up to the fourth civil degree of consanguinity or affinity.

All employees are expected to make reasonable contribution to the success of the business of the Company.

The Company has no knowledge of events occurring during the past five years that are material to an evaluation of the ability and integrity of the above-named directors and officers.

Pending Legal Proceedings

The Company has no knowledge that the current members of its Board of Directors, or its executive officers have been involved during the last five years up to the present in any legal case affecting/involving themselves and/or their properties before any court of law or administrative body in the Philippines or elsewhere, which are material to an evaluation of the ability or integrity of any of the said directors or executive officers. Also, during the last five years, the said persons have not been: a) involved in any bankruptcy petition, b) convicted by final judgment of any offense punishable by the laws of the Philippines or of the laws of any other country, c) subjected to any order, judgment or decree, and d) violated any securities or commodities law.

Item 10. Executive Compensation

1) The total annual compensation of the Company's President and the most highly compensated officers amounted to P69 million in 2021 and P71 million in 2020. The projected annual compensation in 2022 is P57 million.

   The total annual compensation of all other officers and directors in 2021 amounted to P126 million and in 2020 amounted to P153 million. The projected annual compensation in 2022 is P132 million.

		(in millions of pesos)			
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**	**Total**
Eusebio H. Tanco President/CEO					
Sean James L. Perez Senior Vice President for Commercial and Outports					
Rodolfo G. Corvite, Jr. Vice President for Business Support Services					
Jose Tristan P. Carpio Vice President for Finance and CFO					
Mitos R. Lara Asst. Vice President Account Management and Treasury					
CEO and 4 most highly compensated officers	2022 (Projected)	48	9	0	57
All other officers* and directors as a group unnamed	2022 (Projected)	106	26	0	132

**Managers and above*

		(in millions of pesos)			
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**	**Total**
Eusebio H. Tanco President					
Sean James L. Perez Senior Vice President for Commercial and Outports					
Christopher Joe Styles Vice President for Engineering					
Rodrigo Sanchez Vice President for operations					
Rodolfo G. Corvite, Jr. Vice President for Business Support Services					
CEO and most highly compensated officers	2021(Actual)	54	15	0	69
All other officers* and directors as a group unnamed	2021 (Actual)	103	23	0	126

**Managers and above*

Name and Principal Position	Year	(in millions of pesos)			
		Salary	Bonus	Other Annual Compensation	Total
Eusebio H. Tanco President					
WIlliam Wassaf Khoury Abreu Executive Vice President					
Chi Wai Chan Vice President for Manila and Cavite Operations					
Rodolfo G. Corvite, Jr. Vice President for Business Support Services					
Christopher Joe Styles Vice President for Engineering					
CEO and most highly compensated officers	2020 (Actual)	60	11	0	71
All other officers* and directors as a group unnamed	2020 (Actual)	123	30	0	153

**Managers and above*

2) The Directors do not receive compensation for services provided as a director other than reasonable per diems[8] for attendance at meetings of the Board and the Board Committees. This is in accordance with Article IV, Section 14 of the Company's By-Laws which states that "Except for reasonable per diems, directors, as such shall be entitled to receive only such compensation as may be granted to them by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock at a regular or a special meeting of the stockholders. In no case the total yearly compensation of the directors, as such, exceed ten percent (10%) of the net income before income tax of the Corporation during the preceding year.

   The Board of Directors specified the duties and responsibilities of the elected Company officers. Other officers, whose duties and responsibilities are set by the Management, are considered regular employees of the Company.

3) There is no bonus, profit sharing, stock options, warrants, rights or other compensation plans or arrangements with directors and officers that will result from their resignation, retirement, termination of employment, or change in the control of the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2021, the Company knows of no one who owns in excess of 5% of its common stock except as set forth in the following table:

[8] Directors' per diem amounted to Php2,345,000 (for 2021) and Php2,825,000 (for 2020).The Chairman receives Php60,000.00 per diem, for every board meeting attended, while members of the Board receive Php50,000.00.

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Amount of Record Ownership	% of Class
Common	DP World Australia (POAL) Pty. Limited Level 21 400 George St., Sydney NSW 2000, GPO Box 4084, Sydney NSW 2001 Australia (Stockholder)	DP World Australia (POAL) Pty. Limited	Australian	346,466,600	17.32%
Common	ATI Holdings, Inc. 3rd Floor SSHG Law Centre, 105 Paseo de Roxas Makati City (Stockholder)	ATI Holdings, Inc.	Australian	291,371,229	14.57%
Common	Pecard Group Holdings, Inc. 3rd Floor SSHG Law Centre, 105 Paseo de Roxas Makati City (Stockholder)	Pecard Group Holdings, Inc.	Filipino	198,203,968	9.91%
Common	Philippine Seaport, Inc. 3rd Floor SSHG Law Centre, 105 Paseo de Roxas Makati City (Stockholder)	Philippine Seaport, Inc.	Filipino	196,911,524	9.85%
Common	Daven Holdings 7th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City (Stockholder)	Daven Holdings	Filipino	155,906,071	7.80%
Common	PCD Nominee Corp. (Non-Filipino.)* G/F MKSE Bldg. 6767 Ayala Ave., Makati City	(Beneficial Owners unknown to Issuer)	Non-Filipino	137,060,729	6.85%
Common	SG Holdings Inc. 7th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City (Stockholder)	SG Holdings, Inc	Filipino	130,000,000	6.50%
Common	PCD Nominee Corp. (Filipino.) G/F MKSE Bldg. 6767 Ayala Ave., Makati City	(Beneficial Owners unknown to Issuer)	Filipino	122,253,449	6.11%
Common	Kayak Holdings, Inc. 3/F HRC Center, 104 Rada St., Legaspi Village, Makati City	Kayak Holdings, Inc.	Filipino	109,500,000	5.48%
Common	Morray Holdings, Inc. 7th Floor, Philfirst Building, 6764 Ayala Avenue, Makati City (Stockholder)	Morray Holdings, Inc.	Filipino	100,000,000	5.00%

2. Security Ownership of Management

Owners of record of ATI shares among Management as of December 31, 2021, are as follows:

Title of Class	Name of Beneficial/Record Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Class
common	Felino A. Palafox, Jr.	15,300/direct 395,115,492 /indirect	Filipino	19.76%
common	Monico V. Jacob	1/direct	Filipino	.00%
common	William Wassaf Khoury Abreu	1/direct	Dominican	.00%
common	Glen C. Hilton	1/direct	Australian	.00%
common	Zissis Jason Varsamidis	1/direct	Australian	.00%
common	Eusebio H. Tanco	15,257,663/ direct 590,593,046/indirect	Filipino	30.29%
common	Artemio V. Panganiban (independent director)	1/direct	Filipino	.00%
common	Roberto C.O. Lim (independent director)	1/direct	Filipino	.00%
common	Rodolfo G. Corvite, Jr.	222,398/direct	Filipino	.01%
	TOTAL	1,001,203,905		50.06%

There was no change in control of the registrant during the year. There is no voting trust or similar agreement with respect to any portion of the outstanding shares, nor any agreement which may result in a change of control of the Company.

The Board of Directors generally has the power to vote on behalf of their respective corporate stockholders. A proxy is usually designated to cast the vote for the stockholder.

Item 12. Certain Relationships and Related Transactions

a) Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

Note 20 of the attached Audited Consolidated Financial Statements for the period ended 2021 and 2020 indicate related party transactions in the normal course of business:

Category/ Transaction	*Note*	Year	Amount of the Transaction	Outstanding Balance: Due from Related Parties	Outstanding Balance: Due to Related Parties	Outstanding Balance: Lease Liability	Terms	Conditions
Associate								
▪ Management income	*20A*	**2021**	**P8,588**	**P861**	**P -**	**P -**	**Payable on demand**	**Unsecured no impairment**
		2020	P9,226	P1,696	-	-	Payable on demand	Unsecured; no impairment
▪ Dividend income	*9*	**2021**	**31,524**				**Payable on demand**	**Unsecured no impairment**
		2020	53,733	17,911	-	-	Payable on demand	Unsecured; no impairment
Post-Employment Benefit Plan								
▪ Retirement fund	*20B*	**2021**	**56,113**	**44,647**			**Payable on demand**	**Unsecured no impairment**
		2020	71,438	43,978	-	-	Payable on demand	Unsecured; no impairment
Others								

▪ Management fees	*20C*	**2021**	**133,598**	**-**	**12,434**		**Payable within ten (10 days) of the following month**	**Unsecured**
		2020	184,380	-	20,104	-	Payable within ten (10) days of the following month	Unsecured
▪ Advances	*20D*	**2021**	**3,019**		**58**		**Payable on demand**	**Unsecured no impairment**
		2020	2,105	345	-	-	Payable on demand	Unsecured; no impairment
▪ Lease	*20E*	**2021**	**21,158**			**50,098**	**Payable within five (5 days) of the following month**	**Unsecured**
		2020	25,008	-	-	81,172		
TOTAL		**2021**		**P45,508**	**P12,492**	**P50,098**		
TOTAL		2020		P63,930	P20,104	P81,172		

A. Amount owed by SCIPSI pertains to management fees equivalent of 6% of gross revenue of SCIPSI.

B. The Parent Company and ATIB have separate, noncontributory, defined benefit retirement plans covering all its regular employees, in the form of a trust being maintained by a trustee bank. Certain payments to retired employees were paid directly by the Group to be subsequently paid by the retirement fund.

C. P & O Management Services Phils., Inc. (POMS), a related party which is 40.00% owned by POAL, manages the Parent Company by virtue of a management agreement. The Parent Company's management agreement with POMS was further renewed on August 27, 2020 for another five years until August 31, 2025. The terms of the agreement provide for the payment of a monthly management fee equivalent to 5% of ATI's consolidated income before income tax of the immediately preceding month.

D. Amount owed to or by DP World Asia Holdings Limited-Regional Operating Headquarters, a related party under common control, pertains to reimbursements for expenses paid by or for the Group. As of December 31, 2021, related amount was recorded as Other Payables under Trade and other payables.

E. The Parent Company has entered a 5-year lease contract with a company controlled by the Group's director commencing on May 1, 2019 for a parcel of land located at Barangay Lawa, Calamba, Laguna, with a monthly lease rental of P40 per square meter, subject to an escalation of 8% beginning May 1, 2021 and every 2 years thereafter. The contract terms are based on market rates for this type of arrangement and amounts are payable on a monthly basis for the duration of the contract. The leased premises shall be used for its off-dock container yard and cargo support requirements, including but not limited to warehousing and logistics.

The compensation and benefits of key management personnel are as follows:

	2021	2020
Short-term employee benefits	**P200,486**	P188,722
Post-employment benefits	**10,485**	12,741
	P210,971	P201,463

The outstanding related party balances are expected to be settled in cash.

Other related party transactions were not included in Note 20 of the Audited Financial Statements but were discussed and evaluated with the external auditors. After an evaluation our external auditors and ourselves showed that an amendment and reissuance of the 2021 AFS is not needed in view of the immateriality[9] of the potential impact to the financial statements of the said information based on the following details.

Related Party*	**Nature**	**Amount of Transaction**	**Percentage of Related Account**
Grow Vite Staffing Services, Inc.	Manpower services	P67.1 million expense	1.24% of Cost and expenses
		P1.7 million of accrual	0.07% of Trade and other payables
Philhealthcare, Inc.	Health care services	P10.8 million expense	0.20% of Cost and expenses

**Atty Monico Jacob is the Chairman of Grow Vite and Mr. Eusebio Tanco is the Director of Philhealthcare, and Chairman of PhilFirst Insurance and Fibertex and President of Eujo Philippines*

Related Party*	**Nature**	**Amount of Transaction**	**Percentage of Related Account**
Philippines First Insurance Co., Inc.	Insurance services for fleet and other local insurance policies	P0.1 million expense	0.00% of Cost and expenses
Eujo Philippines, Inc.	Lease of properties	P0.3 million interest expense	0.07% of Finance costs
		P6.0 million amortization expense	0.11% of Cost and expenses
		P0.5 million balance of Right-of-use asset	0.11% of Right-of-use assets
		P0.6 million balance of Lease liability	0.14% of Lease liabilities
Fibertex Corporation	Lease of properties	P5.7 million amortization expense	0.11% of Cost and expenses
		P15.5 million balance of Lease liability	3.43% of Lease liabilities

**Atty Monico Jacob is the Chairman of Grow Vite and Mr. Eusebio Tanco is the Director of Philhealthcare, and Chairman of PhilFirst Insurance and Fibertex and President of Eujo Philippines*

9 Kindly refer to Part III Section (2) (B) (1) (ii) of the Revised Securities Regulations Code (SRC) Rule 68 which states that: "*a disclosure deficiency or inconsistency in the disclosures within the financial statements shall be material if it represents ten percent (10%) or more of the total of related accounts or transactions. For issuers of securities to the public and public companies as identified under Section 3 (B) (i) (a) (1), (2) and (3) of Part I of this Rule, the test to be used shall be five percent (5%).*"

Item 13. Corporate Governance

The Company has substantially complied with the provisions of its Manual on Corporate Governance which was adopted in August 30, 2002. In 2017, the Board in its regular meeting amended the Manual on Corporate Governance in substantial compliance to the provisions of the Memorandum Circular No. 19 series of 2016 or the Code of Corporate Governance for Publicly Listed Companies.

The Company commits to the principles and best practices of good corporate governance to attain its goals and objectives. Its principal officers and directors have attended Corporate Governance seminars and orientations in compliance with the provisions of its Manual of Corporate Governance and provisions of SEC Memorandum Circular No. 19 series of 2016. The seminars were facilitated by accredited providers: Risks, Opportunities, Assessment and Management (ROAM) and PLDT.

The Company has not deviated from its Manual. The 2021 self-assessment facilitated by an external facilitator was concluded in March 2022. An external party (ROAM Inc.) facilitated the self-assessment. Over-all results yielded "excellent scores. The Corporate Governance Committee convened on April 20, 2022 which discussed and reported the results to the Board. The Board took note of the results and approved the same in the meeting on April 28. 2022. The Audit Committee separately conducted its self-assessment last August 26, 2021.[10]

Summary of the directors' attendance to board meetings for 2021 is posted on the Company website.[11]:

Continuous monitoring and compliance with the Corporate Governance Manual and other corporate standards are ensured through the Board and the board committees, Compliance Officer, President, Chief Financial Officer and the Internal and External Auditors.

Item 14. Exhibits and Reports on SEC Form 17-C

(A) Exhibits

Exhibit 1*	Quarterly Report (SEC Form 17-Q) As of September 30, 2021
Exhibit 2	Financial Statements and Schedules

*Please refer to the September 30, 2021 Quarterly Report (SEC Form 17-Q) submitted to the Securities and Exchange Commission

[10] Pursuant to SEC Memorandum Circular No. 4 series of 2012 and the ATI Audit Committee Charter. The results are posted in the ATI Website https://www.asianterminals.com.ph/ati_sec_disclosures.aspx
[11] ATI Website, https://www.asianterminals.com.ph/ati_sec_disclosures.aspx

(B) Reports on SEC Form 17-C

Date Reported	Item(s) Reported
January 5, 2021	Attendance of Directors in the 2020 Board Meetings
January 28, 2021	Certification on Compliance to the Corporate Governance Manual
February 16, 2021	Notice of Guidelines for Nomination
February 27, 2021	Setting of the date, time, agenda and venue of the 2021 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 2021;
April 27, 2021	Declaration of Cash Dividends, with record and payment dates; Results of the 2021 Annual Meeting and the organizational meeting
July 5, 2021	Resignation of Mr. Ahmad Yousef Ahmad Alhassan Al Simreen as director and member of various Board Committees and election of Mr. Zissis Jadon Varsamidis as his replacement, effective June 30, 2021
July 27, 2021	Receipt of resolution from the PSE denying the request to reconsider and re-compute the penalties imposed on ATI for violation of Sections 13.1 and 17.5 of the Disclosure Rules and the inaccurate public ownership report.
August 27, 2021	Audit Committee Self-Assessment (Self-Rating Form)
November 27, 2021	Resignation of Mr. Andrew R. Hoad as director and member of various Board Committees and election of Mr. William Wassaf Khoury Abreu as his replacement and cessation as Executive Vice President, all effective on November 25, 2021

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this amended report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Manila on the ___ day of May 2022.

By:

[redacted]

SEAN JAMES L. PEREZ
Senior Vice President

[redacted]

JOSE TRISTAN P. CARPIO
Vice President and Chief Financial Officer/ Corporate Treasurer

[redacted]

RODOLFO G. CORVITE, JR.
Vice President for Business Support Services /Corporate Secretary

[redacted]

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

SUBSCRIBED AND SWORN to before me this ___ day of May 2022 affiants exhibiting to me their respective government issued IDs.:

Name	ID, Date and Place of Issue
Sean James L. Perez	[redacted]
Jose Tristan P. Carpio	
Rodolfo G. Corvite, Jr.	
Marissa R. Pinca	

Notary Public

[redacted]

ATTY. CHARMAINE P. DATOC
Notary Public for Manila
Until June 30, 2022
Notarial Commission No. 2[redacted]
PTR No. [redacted] / 01-07-2022 / Manila
IBP No. 1[redacted] / 01-05-2022 / Manila
Roll No. 64199

Doc. No. 417
Page No. 10
Book No. XIV
Series of 2022.

Annex A: Sustainability Report Disclosures

Contextual Information

Company Details	
Name of Organization	Asian Terminals, Inc.
Location of Headquarters	ATI Bldg. A. Bonifacio Drive, Port Area, Manila
Location of Operations	• ATI Manila – Manila South Harbor, Port Area, Manila • Batangas Container Terminal – Sta. Clara, Batangas City • ATI Batangas, Inc. (Batangas Passenger, RoRo and Gen. Cargo Port) – Sta. Clara, Batangas City • Inland Clearance Depot – Calamba, Laguna **Note: Off-dock facilities in Sta. Mesa, Manila and Tondo, Manila as well as in Calamba, Laguna are operationally linked to Manilla South Harbor and Batangas Container Terminal, respectively, hence relevant data for these facilities are captured and reported under the said units.*
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report only discloses material information covering the operational sites which ATI has direct management control and supervision
Business Model, including Primary Activities, Brands, Products, and Services	ATI operates, manages, and develops strategic seaports which serve as vital marine transport linkages and trade gateways in the Philippines. ATI's terminals offer arrastre, stevedoring and ancillary port services. The Company handles containerized and non-containerized vessels carrying various commodities as well as cruise vessels. Over in Batangas, ATI handles domestic passengers and vehicles traversing mainland Luzon to nearby island destinations. Batangas is also the hub for imported completely-built car units. ATI also operates off-dock container yards which are operationally linked to Manila and Batangas Ports to sustain optimum port efficiency and complement the needs of nearby customers in high growth markets.
Reporting Period	January 1 to December 31, 2021
Highest Ranking Person responsible for this report	Eusebio H. Tanco President Asian Terminals Inc.

Materiality Process

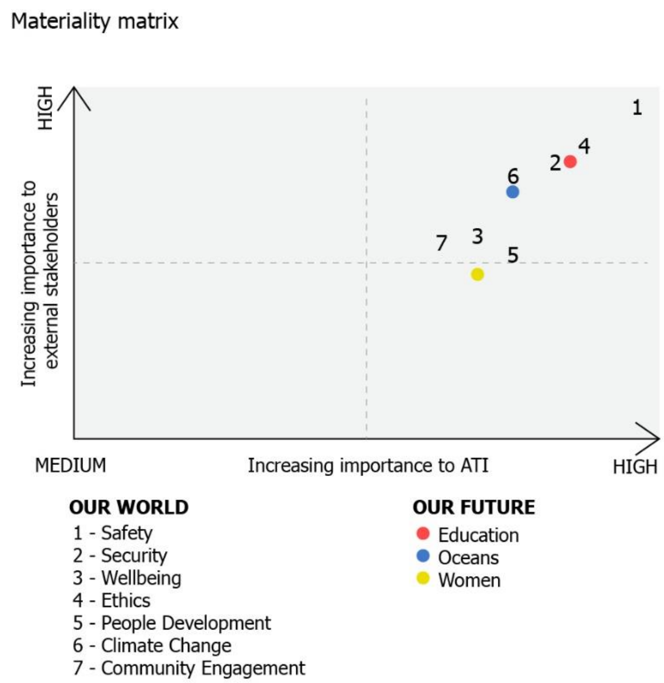
Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]

[1] See *GRI 102-46* (2016) for more guidance.

For the purpose of this report, ATI reflects on the definition of materiality under the Global Reporting Initiative (GRI): “Those topics and indicators that reflect the organization’s significant economic, environmental, and social impacts or that would substantively influence the assessments and decisions of stakeholders.”

ATI began exploring topics encompassing its business operations and stakeholders back in 2014 which resulted in its Corporate Responsibility (CR) framework: Our World, Our Future. ATI’s CR framework then was built around four pillars, namely: Community, Environment, People & Safety and Marketplace which collectively aimed to improve its social and environmental performance while adding value to the Company’s broader stakeholders *(including its employees and their dependents, customers, partners, suppliers, and the community in general).* ATI fully understood that by managing the business ethically and responsibly, it also contributed to creating a sustainable and productive future for the Philippine supply-chain.

Since 2019, the framework was revisited and refreshed in alignment with and in support of the UN Sustainable Development Goals. Through internal analysis and stakeholder surveys, the Company identified an initial list of sustainability issues. These were refined through stakeholder engagement to ten key areas as presented in a materiality matrix below based on importance to stakeholders and to the Company.



The framework is split into two components. The first, ‘Our World’, focuses on ATI’s efforts to operate as a responsible business across seven priority areas. The second part, ‘Our Future’, looks at the legacy component, or areas where ATI hopes to make a positive difference for future generations as a marine terminal business, namely: Education, Women and Oceans.

In its sustainability approach, ATI likewise observes the LBG framework in measuring impact of its sustainability initiatives with plans of future alignment with GRI standards.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	11,162,744	PhP'000
Direct economic value distributed:		
a. Operating costs	3,405,880	PhP'000
b. Employee wages and benefits	1,495,219	PhP'000
c. Government share in revenues	1,947,677	Php'000
d. Payments to suppliers, other operating costs	4,498,841	Php'000
e. Dividends given to stockholders and interest payments to loan providers	1,406,000	PhP'000
f. Taxes given to government	1,517,208	PhP'000
g. Investments to community (e.g. donations, CSR)	27,610	PhP'000

Discussions:

Revenues from Operations	Stakeholders Affected	Management Approach
ATI's revenues in 2021 of P11.16 billion went up by 1.8% from P11.0 billion in 2020. Revenues from international containerized cargo operations in South Harbor (SH) and Batangas Container Terminal (BCT) increased from last year by 2.8% on account of higher container volumes. Container volumes at SH and BCT increased by 3.9% and 3.8% respectively. In all, ATI handled a consolidated container volume of 1.38 million teus (twenty-foot equivalent units) in 2021. *For more information on the Company's results of operations and financial conditions, please refer to the 2021 Audited Consolidated Financial Statements and accompanying Notes to the Consolidated*	• Company • Shareholders • Customers	ATI has demonstrated resilient financial results on the back of operational discipline, diligent cost management efforts, and the careful execution of its long-term business plans. ATI continuously optimizes its facilities in Manila, Batangas and Laguna to support the growth of customers and respond to future market demand. Amidst the COVID-19 pandemic, ATI's terminals operated 24/7 to ensure the continuous and unhampered flow of goods in the supply-chain.
Operating Cost	**Stakeholders Affected**	**Management Approach**
ATI's operating cost and expenses in 2021 increased by 9.8% to Php3.4 billion, compared to 2020 on account of corresponding port activities and volume related factors during the period.	• Company • Shareholders • Customers	ATI optimizes resources and pursues innovation projects to continuously improve processes, increase efficiencies and manage operating cost.

For more information on the Company's results of operations and financial conditions, please refer to the 2020 Audited Consolidated Financial Statements and accompanying Notes to the Consolidated Financial Statements contained in its SEC Form 17-A.		Guided by its Asset Management Program, ATI adheres to strict operations and maintenance (predictive maintenance) schedules to ensure the operational readiness of port facilities and equipment. Replacements or spare parts are adequately stocked for the timely management of ageing equipment. Over the long-term, ATI is eyeing hybrid port equipment to reduce fuel costs and further improve its environmental performance.
Employee Wages and Benefits	**Stakeholders Affected**	**Management Approach**
Labor costs in 2021 amounting to Php1.50 billion were higher than 2020 by 3.3% due to salary rate increase. *For more information on the Company's results of operations and financial conditions, please refer to the 2021 Audited Consolidated Financial Statements and accompanying Notes to the Consolidated Financial Statements contained in its SEC Form 17-A.*	• Company • Shareholders • Employees	ATI operates at an optimal workforce complement. The Company is committed to managing labor costs and expenses consistent with the level of its business operations. Delivering safe, efficient, and reliable port services to customers are paramount, especially during this pandemic.
Government Share in Revenues	**Stakeholders Affected**	**Management Approach**
Port authorities' share in revenues in 2021 of Php1.95 billion increased by 7.9% from 2020 as a result of higher revenues subject to port authority's share.	• Company • Government	ATI regularly remits government share in compliance to its concession agreement and in line with its commitment to good corporate governance.
Dividends to Stockholders	**Stakeholders Affected**	**Management Approach**
Php1.4 billion in total cash dividends were released by ATI for its stockholders in 2021.	• Company • Shareholders	ATI provides healthy returns to its shareholders, resulting from its operational and financial performance.
Taxes to Government	**Stakeholders Affected**	**Management Approach**
Taxes given to government in 2021 of Php1.52 billion decreased by 19.6% from 2020 mainly due to lower results and decrease in income tax rate to 25% due to the implementation of CREATE Law.	• Company • Government	ATI dutifully pays its tax obligations to government arising from its business operations in line with its commitment to good corporate governance. ATI has consistently been cited as among the top taxpayers of the City of Manila and the City of Batangas.

Community Investment	Stakeholders Affected	Management Approach
In 2021, ATI invested Php27.61 million in its communities as part of its Corporate Sustainability initiatives, including COVID-19 assistance for its surrounding neighborhoods.	• Communities • Government • Stakeholders	Through the years, ATI has helped its host communities and neighboring areas through its dynamic Corporate Sustainability programs anchored on Health, Education, and Environment. Through its community investments, ATI is able to: • Help improve the health and wellbeing of underprivileged communities in nearby port areas; • Equip the youth with useful and productive tools for the future through educational support programs (including scholarships, IT programs, port-related lectures) • Help improve community health and wellbeing through provisions of sanitation infrastructure and community-based health programs; • Improve self-resilience especially in emergency response • Support charitable institutions and relevant social causes In this time of pandemic, ATI continues to mobilize resources to distribute food aid to neighborhoods mostly affected by lockdowns. ATI also converted its Cruise Terminal into an added COVID-19 isolation center to increase government's healthcare facilities.

Climate-related risks and opportunities[2]

Impact: Given the nature of its business, ATI is inherently exposed to climate-related and other environmental risks. With an average of 20 typhoons frequenting the Philippines yearly, heavy rainfall, flooding, and high winds could potentially damage port facilities and infrastructure, injure port workers, and cut-off road-to-port trade routes, resulting in suspension of port operations and eventual disruption of supply-chain cycles. Earthquake is also a natural threat. All these could materially and adversely affect the Company's business, financial condition, results of operations, and business outlook.

[2] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

Strategy: Integral and central to ATI's business operations is a strong safety culture. To maintain a safe and hazard-free industrial work environment, ATI implements stringent protocols, governing the safety and health of employees and other stakeholders consistent with international standards and compliant to government policies. This focus was further underscored during this pandemic, where ATI further increased its safety and health programs for a more COVID-19 resilient port environment and supply-chain.

Proactive monitoring and coordination with authorities, customers and stakeholders are inclusive in these programs. Business Continuity Plans are in place and are regularly reviewed and kept in check, ready for implementation as the need arises. Furthermore, ATI has been investing in climate change adaptation in and around its terminals.

Risk Management: Risk is an inherent part of doing business. ATI's approach is to identify and assess all significant risks which could adversely affect the Company's ability to achieve its business objectives and to identify management actions and internal controls which can mitigate the effects of those risks to an acceptable level.

Cognizant of this, the Company regularly undertakes a Business Risk Profile review where risks are identified by priority based on a systematic assessment of probability and impact.

The risk management process applies to all critical projects and business processes as determined in what ATI calls as a Risk Category Universe. Control strategies are identified, and action points established with the designated accountable persons. Results and developments are monitored during reviews at least quarterly.

ATI's Board of Directors establishes the control environment, sets the risk appetite, and approves the policies and delegates responsibilities under our risk management framework.

Metrics	Initiatives/Targets
Governance on Climate-Related Risks	The Company has an Integrated Management System. Part of this is its Environment Management System which is certified against ISO 14001:2015 international standards.
Risk Management and Mitigation	ATI is covered by comprehensive insurance policies, first and excess layers, with business interruption clause, to respond to climate-risk eventualities and other forms of natural or man-made disruptions. Business Continuity Plans are in place and are regularly reviewed and updated, ready for execution as the need arises, like the onset of the COVID-19 pandemic.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	71	%

Discussions

Identification of Impact	Stakeholders Affected	Management Approach, Risk and Opportunities
Safe and Secure Procurement		
ATI considers impacts when making purchasing decisions, consistent with its commitment to being an ethical and responsible port operator.	• Company • Suppliers	In line with the Company's Integrated Management System Policy, ATI considers quality, health, safety, security, and environmental factors in purchasing decisions. ATI is certified for Supply Chain Security Management or ISO 28000:2017.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

Discussions

Identification of Impact	Stakeholders Affected	Management Approach, Risk and Opportunities
Code of Professional Conduct and Ethics		
ATI strictly adheres to a code of professional conduct and ethics	• Employees • Community	The Company recognizes that corruption, or even allegations of corruption, is a

which upholds professionalism and guides employee behavior in business dealings and transactions. This includes comprehensive policies governing employee conduct, procurement, relations with stakeholders, including vendors, customers, and other parties, acceptance of gifts, entertainment, among others.	• Suppliers • Government	reputational risk that may significantly affect business. The Company is committed to conducting its business with honesty and integrity and expects all staff to maintain high standards in accordance with its code of conduct policy and procedure, including zero tolerance of bribery and corruption. The company has institutionalized strong programs and policies in support of this commitment: • Code of Ethics • Table of Offenses and Penalties (governing administrative and disciplinary sanctions covering employee infractions) • Policy on Anti-Bribery and Corruption • Policy on Gifts and Hospitality • Whistleblowing Policy • Regular and special audits These policies are cascaded company-wide, integrating these in the formal onboarding program of newly hired employees. Regular engagement programs are also conducted to reinforce ATI's policies to employees.
Internal Measures on Corruption		
All employees of the Company are expected to behave in an ethical and professional manner	• Employees • Community • Suppliers • Government	Allegations or incidents of corruption undergo thorough investigation and are subjected to internal administrative and disciplinary procedures consistent with due process requirements of law. ATI has institutionalized a Whistleblowing Policy which encourages staff to report suspected wrongdoing without fear of reprisals and with reports kept in confidence through the pertinent company unit.

ENVIRONMENT

Resource Management

Energy consumption within the organization

Disclosure	ATI MANILA	BCT	ATIB	ICD	Units
Energy consumption (renewable sources)	2,972.41	451.86	-	-	GJ
Energy consumption (gasoline)	442.87	107.56	163.65	-	GJ
Energy consumption (LPG)	-	-	-	-	GJ
Energy consumption (diesel)	132,794.80	27,420.50	4,549.90	15,639.20	GJ
Energy consumption (electricity)	9,066,582.22	2,768,323.62	1,782,604.00	110,880.00	kWh

Reduction of energy consumption

Disclosure	ATI MANILA	BCT	ATIB	ICD	Units
Energy reduction (gasoline)	-	-	-	-	GJ
Energy reduction (LPG)	-	-	-	-	GJ
Energy reduction (diesel)	-	1,748.30	-	-	GJ
Energy reduction (electricity)	1,903,858.04	1,198,767.21	309,141.12	-	kWh
Energy reduction (gasoline)	-	-	-	-	GJ

Discussion

Identification of Impact	Stakeholders Affected	Management Approach, Risk and Opportunities
Energy Efficiency		
ATI explores new technologies and innovations to reduce energy consumption and reduce its carbon footprint	• Company • Community	In line with ATI's carbon reduction measures, the following initiatives are undertaken: • Replacement of high-pressure sodium lamps with of LED lamps • Installation of energy saving apparatus on port equipment (e.g. Hybrid Rubber-tired gantry cranes with Lithium-ion batteries for stored energy for hoisting operations; idling control to lower engine RPM; automatic engine shutoff for long idling; Car Tracking System for

		shuttle services to monitor idle time of shuttle services); • Initial installation of solar panels to supplement electricity requirements in Manila and Batangas ports; and • Procurement of renewable energy. Portion of the energy supplied to ATI by a local utility comes from renewable energy.

Water consumption within the organization

Disclosure	ATI MANILA	BCT	ATIB	ICD	Units
Water withdrawal	30,148.33	16,391.00	30,767.00	2,186.00	m^3
Water consumption	30,148.33	16,391.00	30,767.00	2,186.00	m^3
Water recycled and reused	1,458.58	0	1.00	-	m^3

Materials used by the organization

Disclosure	ATI Manila	BCT	ATIB	ICD	Units
Materials used by weight or volume					
Renewable	n/a	n/a	n/a	n/a	kg/L
non-renewable	n/a	n/a	n/a	n/a	kg/L
Percentage of recycled input materials used to manufacture the organization's primary products and services	n/a	n/a	n/a	n/a	%

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	ATI Manila	BCT	ATIB	ICD	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	None	None	None	
Habitats protected or restored	Since 2001, ATI has reforested and protected 24 hectares of the La Mesa Nature Reserve.	None	3-Year Monitoring Plan of transferred/ Re-Planted tress at BCT area and Brgy. Sico, Batangas City since 2016 included in the DENR Earth Balling Permit Condition. With Continuous Tree planting Program.	None	ha

IUCN[1] Red List species and national conservation list species with habitats in areas affected by operations	None	None	None	None	

Discussion

Identification of Impact	Stakeholders Affected	Management Approach, Risk and Opportunities
Managing Water Resources		
As a shared resource, ATI recognizes its responsibility to prudently manage its water consumption and monitor the water quality in its areas of its operations.	• Company • Community • Government	ATI has an Environmental Policy which governs its ecological risk identification, assessment, and mitigation measures as an impact of its operations ATI is ISO 14001:2015 certified for its Environment Management System ATI has rainwater collection system. Collected water is used for watering of plants and other cleaning purposes. Treated water form wastewater treatment facility is re-used for cleaning purposes
Managing Wastewater		
ATI strives to ensure that the environmental impact of its business operations is mitigated and/or minimized and that it strictly abides by regulatory requirements and policies.	• Company • Community • Government	ATI has wastewater treatment facilities located in Manila South Harbor which sifts out water used during cleaning of terminal mobile resources. Water is treated and re-used for other purposes. ATI's terminal facilities are installed with emergency shutoff valves to prevent spillage going to Manila Bay. Domestic wastewater is interconnected to Maynilad sewage treatment facility and some are contained in septic tank and regularly collected by siphoning service facility. Other wastewater from washing activity are treated offsite by a DENR-accredited treatment, storage and disposal (TSD) facility.

Environmental impact management

Air Emissions

GHG

Disclosure	ATI Manila	BCT	ATIB	ICD	Units
Direct (Scope 1) GHG Emissions	9,610.90	1,985.61	339.22	1,128.39	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	6,096.74	1,865.56	1,197.91	74.51	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	1,047.03	98.34	155.36	0	Tonnes CO_2e

Air pollutants

Disclosure	ATI Manila	BCT	ATIB	ICD	Units
NO_x	4.6-19.0	6.2	5.8 -13.1	No available data	µg/Ncm
SO_x	10.0-10.3	< 2.9	< 2.8	No available data	µg/Ncm
Persistent organic pollutants (POPs)	no available data	No available data	No available data	No available data	
Volatile organic compounds (VOCs)	no available data	No available data	No available data	No available data	
Hazardous air pollutants (HAPs)	no available data	No available data	No available data	No available data	
Particulate matter (PM)	43.1-197.4	< 1.7	< 1.7	No available data	µg/Ncm

Solid and Hazardous Wastes

Solid Waste

Disclosure	ATI Manila	BCT	ATIB	ICD	Units
Total solid waste generated	435,241.40	43,599.00	140,381.00	1,257.00	kg
Reusable	-	-	-	-	kg
Recyclable	74,781.40	4,389.00	1,881.00	-	kg
Composted	-	-	-	-	kg
Incinerated	-	-	-	-	kg
Residuals/Landfilled	360,460.00	39,210.00	138,500.00	1,257.00	kg

Hazardous Waste

Disclosure	ÁTI Manila	BCT	ATIB	ICD	Units
Total weight of hazardous waste generated	60,737.90	23,572.50	10,102.50	270.00	kg
Total weight of hazardous waste transported	60,737.90	23,572.50	10,102.50	0.00	kg

Effluents

Disclosure	ÁTI Manila	BCT	ATIB	ICD	Units
Total volume of water discharges	-	-	-	-	m^3
Percent of wastewater recycled	4.61	0.0	0.01	-	%

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	ÁTI Manila	BCT	ATIB	ICD	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	Php 30,000	0	0	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	0	0	0	#
No. of cases resolved through dispute resolution mechanism	0	0	0	0	#

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity				Units
	ATI-Manila	BCT	ICD	ATIB	
Total number of employees[3]	1249	195	18	283	#
a. Number of female employees	96	23	3	15	#
b. Number of male employees	1153	172	15	268	#
Attrition rate[4]	2.25				Rate
Ratio of lowest paid employee against minimum wage	57				%

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year				% of male employees who availed for the year			
		ATI-Manila	BCT	ICD	ATIB	ATI-Manila	BCT	ICD	ATIB
SSS	Y	32%	65%	-	20%	50%	18%	0	99%
PhilHealth	Y	32%	27%	-	7%	41%	6%	0	5%

[3] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[4] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Pag-ibig	Y	10%	9%	-	20%	66%	3%	0	94%
Parental leaves	Y	3%	-	-	13%	-	-	-	-
Vacation leaves	Y	13%	24%	17%	27%	87%	76%	83%	73%
Sick leaves	Y	13%	24%	17%	27%	87%	76%	83%	73%
Medical benefits (aside from PhilHealth))	Y	100%	100%	100%	100%	100%	36%	100%	14%
Housing assistance (aside from Pag-ibig)	N								
Retirement fund (aside from SSS)	Y	100%	100%	100%	100%	100%	100%	100%	100%
Further education support	Y	1%	-	-	-	1%	1%	-	-
Company stock options	N								
Telecommuting	Y	47%	22%	0%	20%	2%	1%	0%	0%
Flexible-working Hours	Y	50%	30%	67%	700%	3%	1%	20%	0%
(Others)									

Employee Training and Development

Disclosure	Quantity				Units
	ATI-Manila	BCT	ICD	ATIB	
Total training hours provided to employees					
a. Female employees	844.5	398.7	78.8	261.9	hours
b. Male employees	8074.5	1863.2	145.4	1654.5	hours
Average training hours provided to employees					
a. Female employees	2.3	4.2	6.1	2.7	hours/employee
b. Male employees	4.6	3.5	2.1	3.3	hours/employee

Labor-Management Relations

Disclosure	Quantity				Units
	ATI-Manila	BCT	ICD	ATIB	
% of employees covered with Collective Bargaining Agreements	82%	52%	0	81%	%
Number of consultations conducted with employees concerning employee-related policies	Number not recorded	Number not recorded	Number not recorded	Number not recorded	#

Diversity and Equal Opportunity

Disclosure	Quantity				Units
	ATI-Manila	BCT	ICD	ATIB	
% of female workers in the workforce	8	12	17	5	%
% of male workers in the workforce	92	88	83	95	%
Number of employees from indigenous communities and/or vulnerable sector*	N/A	N/A	N/A	N/A	%

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	7,104,065	Man-hours
No. of work-related injuries	67*	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	23	#

**94% or 63 cases were classified as first-aid only*

Labor Laws and Human Rights

No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	ATI Recruitment Policy and ATI Corporate Responsibility Policy
Child labor	Y	ATI Recruitment Policy and ATI Corporate Responsibility Policy
Human Rights	Y	ATI Anti-Harassment and ATI Corporate Responsibility Policy

Discussion

Identification of Impact	Stakeholders Affected	Management Approach, Risk and Opportunities
Occupational Health, Safety and Security		
Safety is ATI's number one priority. This culture resonates across the organization and is embodied in programs and initiatives to ensure a safe and healthy work environment for port workers and stakeholders.	• Company • Employees • Customers • Community	ATI's institutional safety programs are anchored on the Company's Integrated Management System Policy which includes occupational health and safety practices which are compliant to international standards. As part of this policy, ATI promotes occupational health, safety, environmental, quality and security awareness among our partners, suppliers,

		contractors, and surrounding communities. The Company sustains its safety performance through proactive engagement programs and innovations with high employee and stakeholder involvement. ATI is certified for ISO45001:2018 (Occupational Health & Safety), ISO28000:2007 (Supply Chain Security Management), ISO14001:2015 (Environment Management) and ISO28000:2007 (Supply Chain Security Management).
Equal Employment Opportunity		
ATI employs a dynamic hiring strategy which opens employment opportunities to qualified individuals, including those from surrounding port communities.	• Company • Employees • Community	ATI promotes diversity and inclusion as a general employment policy, giving equal employment opportunities to qualified individuals regardless of race, gender, religion, and other demographics. ATI introduced the practice of blind CV for applicants, purposely dropping any reference to gender when pre-screening applicants. Women Empowerment is also strong in ATI through institutionalized mentoring programs and timely activities on diversity and inclusion. ATI's Women Trade Enablers' Network (WTEN) actively champions women empowerment in the industry. It hosts interactive workshops aimed at personal and professional advancement, including skills in public speaking, corporate presentations, stress management, and other holistic interests like mental health, physical fitness, sports, and wellness. Fourteen female employees successfully completed the global MentorHer program in partnership with The Hub, ATI's foreign equity partner's premier center for people excellence. MentorHer is a six-month program which aims to augment the professional development of women colleagues under the stewardship of

		senior managers across local and global-affiliated sites.
People Development		
Efficient, reliable, and sustainable port operations are dependent on the skills and competencies of employees. In 2021, ATI accumulated over 13,000 training hours in the areas of operations, engineering, safety, and support services.	• Company • Employees	ATI continues to focus on skills reinforcement, leadership, innovation, and inclusion in advancing competencies and diversity through traditional and emergent platforms. Trainings are conducted internally or externally in partnership with international and local facilitators. ATI locally rolled out the Emerge Program with the support of its regional and global talent management peers as it strengthened its career advancement and succession planning process. Emerge is a trailblazing platform which comprehensively screens key talents across the organization and prepares them for next-in-line leadership roles and functions throughout the business.
Corporate Responsibility		
ATI's business activities take to careful consideration workplace conditions, labor standards, and human rights	• Company • Employees • Community	Following its Corporate Responsibility Policy, ATI conducts its business in a responsible way. It is committed to pursue and maintain the highest standards in all aspects of its activities.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

https://bit.ly/3fQnOSo

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	ATI Procurement Policy/Integrate Management System
Forced labor	Y	ATI Procurement Policy/Integrate Management System
Child labor	Y	ATI Procurement Policy/Integrate Management System
Human rights	Y	ATI Procurement Policy/Integrate Management System and ATI Corporate Responsibility Policy

Bribery and corruption	Y	ATI's Code of Professional Conduct governs the professional behavior and ethics in all business dealings and transactions of ATI employees. The Company also has relevant policies on Anti-Bribery and Corruption, Acceptance of Gifts and Hospitality, Whistleblowing, Conflict of Interest and Related Party Transactions, which can be viewed at ATI's corporate website: https://bit.ly/3fQnOSo

Discussion

Identification of Impact	Stakeholders Affected	Management Approach, Risk and Opportunities
Ethical Procurement		
ATI strictly adheres to ethical procurement processes, from supplier accreditation up to actual procurement process, including document reviews and field audit and validation of suppliers.	• Company • Employees • Community • Suppliers	ATI procurement processes are governed by the Company's Procurement Policy and other related policies. It is primarily supervised by the Procurement Management Committee which includes big-ticket items such as equipment acquisition, infrastructure, and other development projects.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Port Operations	• Manila South Harbor	• Surrounding underprivileged port communities	N	• Community health • Mobility issues along shared roads	• Health and wellness projects are rolled out in partnership with local community officials. • Vehicle Booking System has

					been instituted to ease road traffic with organized and scheduled arrival or departure of trucks transacting at the terminal

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____________

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	Outstanding	N

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#

No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Discussions

Identification of Impact	Stakeholders Affected	Management Approach, Risk and Opportunities
Customer Relationship Management		
As a customer-centric organization, ATI sustains goods relations with importers, exporters, and shipping line partners. The Company works with its customers to address issues peculiar to the port industry	• Company • Customers	ATI efficiently manages company resources such as its workforce, equipment, facilities, and business systems with the aim of sustaining high customer satisfaction in cargo handling and other port-related services in the most cost-effective way. ATI strives to be attentive and responsive to the concerns of customers, conducting regular forums as venue for stakeholder interaction. Back in 2019, ATI in partnership with major international shipping lines, launched ELSA or the Empty Loadout Shipping Alliance, which resolved the problem of high inventory of empty container boxes in the market which has triggered bottlenecks in the supply chain. ELSA continues to deliver efficiency to the industry to this day.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts, and losses of data	0	#

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

UN SDGs	Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
3 GOOD HEALTH AND WELL-BEING	COVID-19 community assistance and institutional response	As ATI puts health and safety as a core policy. Consistently, the Company extends assistance to surrounding port settlements especially in improving community health/wellbeing and in times of exigencies. During this COVID-19 pandemic, ATI continued to mobilize resources and distribute food aid to neighborhoods most affected by lockdowns. As a pandemic-resilient workforce is an essential to uninterrupted trade facilitation, ATI actively pursued efforts to have its 1,700-strong dockworkers inoculated at the soonest possible time. Through its partnership with trade networks, port stakeholders and local government units, ATI achieved 100% vaccination coverage for all qualified individuals by Q3 2021. ATI's stringent health and safety protocols, following global and local best practices, have likewise been sustained, on top of leveraging port assets to support government's stakeholder-based approach to pandemic response. ATI's Cruise Terminal in Pier 15 has remained as temporary medical facility in partnership with the health department and port authorities to augment healthcare spaces during case surges.		

		Pier 15 also serves as a one-stop-shop for crew changes of international vessels, benefiting embarking and disembarking local and international maritime workers. In 2021, a fire incident broke out in a nearby Manila port community. ATI immediately dispatched its fire fighting assets and followed through with distribution of basic goods and other necessities for families affected by the exigency.		
4 QUALITY EDUCATION	ATI Scholarship Program Basic Computer Programming Literacy Program	ATI's Scholarship Program has produced skilled professionals in various fields. It continues to support scholars in the middle of the pandemic. ATI joined hands with Ayala Foundation Inc. (AFI), DepEd and the City of Manila in 2019 for a unique computer literacy program called <CODE/IT>. The program introduces basic programming skills to young Filipino students to bridge the digital divide at the onset of learning. <CODE/IT> continues to gained steady traction in 2021, training hundreds of teacher-trainers across Manila's public elementary schools and began rolling out the program in schools, with a potential of around 130,000 student beneficiaries.		
5 GENDER EQUALITY	Women Empowerment in PH Ports Program	ATI helps break barriers in the traditionally male-dominated port industry. It promotes equal employment opportunities regardless of gender. Its Women Trade Enabler		

		Network Group (WTEN) continued to expand its outreach in 2021 to further empower women in the industry. Women-centered programs were also held. Despite the pandemic, ATI was able to hold its annual fun run in 2021 in a virtual environment in view of prevailing health restrictions. ATI's institutional fun runs promote greater awareness for gender equality in the port industry. ATI's virtual fun run in 2021 collectively generated over 1,000-km dedicated for women empowerment with the active participation of its stakeholders. The event also coincided with ATI's 35th founding anniversary in the industry.		
6 CLEAN WATER AND SANITATION	La Mesa Watershed Protection Program	ATI is an institutional partner of Bantay Kalikasan which leads the protection and reforestation of La Mesa Watershed. To date, ATI has planted and protected 24 hectares of the forest reserve which contributes potable water to Metro Manila		
14 LIFE BELOW WATER	Oceans Protection Program Manila Bay Rehabilitation Program	Under its Ocean Protection Program, ATI has taken an active role in raising public awareness against plastic pollution. ATI continues to reach out to students in a virtual environment, teaching them on responsible port operations and outlining ways to preserve and protect this vital economic resource. The Program has banked on students as advocates for plastic-free oceans. ATI has partnered with the Department of		

		Environment and Natural Resources for the Manila Bay Rehabilitation Program. ATI has allocated significant resources for this multisectoral undertaking, including investment in sanitation infrastructure in nearby community settlements and planting of endemic mangrove saplings in nearby coastal areas in partnership with community volunteers to protect coastal resources.		

COVER SHEET
For
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 3 3 6 5 3

COMPANY NAME

ASIAN TERMINALS, INC. AND
ITS SUBSIDIARIES

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

A. Bonifacio Drive, Port Area
Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
asianterminals.com.ph	528-6000	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
822	4th Thursday of April	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Jose Tristan P. Carpio	Josec@asianterminals.com.ph	528-6000	

CONTACT PERSON's ADDRESS

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

Asian Terminals, Inc. (ATI) Head Office Bldg.
A. Bonifacio Drive, Port Area, 1018 Manila, Philippines
(L) +632 85286000 | (F) +632 85272467

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of **Asian Terminals, Inc. and its Subsidiaries** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

R.G. Manabat & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

GLEN CHRISTOPHER HILTON
Chairman of the Board

EUSEBIO H. TANCO
President

JOSE TRISTAN P. CARPIO
Chief Financial Officer

Signed this 1st of March, 2022

SUBSCRIBED AND SWORN TO before me this ____ day of MAR 2 9 2022 2022, the signatories exhibiting to me their respective Passports/Driver's License Nos., as follows:

Name	Passport Nos.	Date/Place Issued
1 Glen Christopher Hilton		
2. Eusebio H. Tanco		
3. Jose Tristan P. Carpio		

Notary Public

ATTY. CHARMAINE P. DATOC
Notary Public for Manila
Until June 30, 2022
Notarial Commission No. 2019-053
PTR No. / 01-07-2022 / Ma
IBP No. / 01-05-2022 / Ma
Roll No. 64199

Doc. No. 138;
Page No. 28;
Book No. XIV;
Series of 2022.

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R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Asian Terminals, Inc.
A. Bonifacio Drive
Port Area, Manila

Opinion

We have audited the consolidated financial statements of Asian Terminals, Inc. and its Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021, in accordance with Philippine Financial Reporting Standards (PFRSs).

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
APR 12 2022
RECEIVED
MILLE D. ROMERO
TAX ASSISTANCE

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue Recognition (P11,162,744 - amount in thousands)
Refer to Notes 2 and 26 to the consolidated financial statements.

The risk
The Group's revenues are mainly generated from arrastre, stevedoring, storage, and special and other services. Market expectations and profit-based targets may put pressure on management to recognize revenues before all the revenue recognition criteria have been met. Risk of material misstatement may arise in order to improve business results and achieve capital and revenue growths in line with the objectives of the Group.

Our response
Our audit procedures included assessment of the Group's accounting policies in respect of revenue recognition to ensure that they appropriately reflected the requirements of PFRSs. Evaluation of relevant IT systems and the design and operating effectiveness of controls over the recording of revenue transactions and generated reports was also conducted. In doing so, we have involved our IT specialists to assist in the audit of automated controls across different IT applications. Our substantive procedures included testing of revenues earned, to confirm that all services had been performed at the point at which revenue is recognized. Among others, we performed examination of selected individual transactions' supporting documentation to test the existence and accuracy of revenue transactions and to verify whether the revenue recognition practices adopted complied with the stated accounting policies. A detailed movement analysis of revenues earned for each of the Group's revenue streams was also performed to determine any significant fluctuation on the account.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

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Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

KPMG

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

The engagement partner on the audit resulting in this independent auditors' report is Alicia S. Columbres.

Partner
CPA License No.
SEC Accreditation No. 1590-AR-1, Group A, valid until August 7, 2022
Tax Identification No.
BIR Accreditation No.
Issued July 20, 2020; valid until July 19, 2023
PTR No. MKT
Issued January 3, 2022 at Makati City

March 11, 2022
Makati City, Metro Manila

Alas Oplas & Co., CPAs

Alas Oplas & Co., CPAs
Makati Head Office
10/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7759-5090 / 92
Email: aocheadoffice@alasoplascpas.com
www.alasoplascpas.com

Independent Member of
BKR International

CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

We have compiled the accompanying consolidated financial statements of **ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES** based on information you have provided. These consolidated financial statements comprise the consolidated statements of financial position of **ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES** as at December 31, 2021, the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with Philippine Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRSs). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These consolidated financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these consolidated financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these consolidated financial statements are prepared in accordance with (PFRSs).

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from September 4, 2019 to October 30, 2022
BIR A.N. 08-001026-000-2021, issued on January 11, 2021; effective until January 10, 2024
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period
TIN 002-013-406-000

By:

MA. CRISELDA S. OPLAS
Partner
CPA License No.
BIR A.N. 0 , issued on January 11, 2021; effective until January 10, 2024
SEC A.N. (Individual) 63314-SEC, Group A, issued on November 17, 2020; valid for 2020 to 2024 audit period
TIN 1
PTR No. issued on January 4, 2022, Makati City

March 11, 2022
Makati City, Philippines

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

	Note	December 31 2021	2020
ASSETS			
Current Assets			
Cash and cash equivalents	*6, 25*	**P3,954,166**	P4,437,874
Trade and other receivables - net	*7, 25*	**809,229**	624,516
Spare parts and supplies		**935,478**	890,289
Prepaid expenses	*8*	**2,149,009**	1,731,317
Total Current Assets		**7,847,882**	7,683,996
Noncurrent Assets			
Investment in an associate	*9*	**58,373**	45,115
Property and equipment - net	*10*	**1,890,714**	1,198,815
Intangible assets - net	*11*	**20,551,531**	20,226,591
Right-of-use assets - net		**458,999**	615,510
Deferred tax assets - net	*13*	**801,324**	880,505
Other noncurrent assets	*12*	**102,037**	173,875
Total Noncurrent Assets		**23,862,978**	23,140,411
		P31,710,860	P30,824,407
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*14, 20*	**P2,379,928**	P2,114,850
Provisions for claims	*15*	**63,216**	58,024
Port concession rights payable - current portion	*25*	**368,778**	327,521
Income and other taxes payable		**132,693**	311,097
Lease liabilities - current portion		**85,028**	134,452
Total Current Liabilities		**3,029,643**	2,945,944
Noncurrent Liabilities			
Port concession rights payable - net of current portion	*25*	**7,333,393**	7,312,248
Pension liability - net	*21*	**241,609**	188,090
Lease liabilities - net of current portion		**367,609**	465,323
Total Noncurrent Liabilities		**7,942,611**	7,965,661
		10,972,254	10,911,605
Equity			
Equity Attributable to Equity Holders of the Parent Company	*16*		
Capital stock		**2,000,000**	2,000,000
Additional paid-in capital		**264,300**	264,300
Retained earnings		**18,467,868**	17,642,548
Fair value reserve		**(5,920)**	(5,920)
		20,726,348	19,901,028
Non-controlling Interest		**12,258**	11,774
Total Equity		**20,738,606**	19,912,802
		P31,710,860	P30,824,407

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Per Share Data)

		Years Ended December 31		
	Note	**2021**	2020	2019
REVENUES FROM OPERATIONS	*26*	**P11,162,744**	P10,960,959	P13,329,441
GOVERNMENT SHARE IN REVENUES	*17*	**(1,947,677)**	(1,805,558)	(2,329,105)
		9,215,067	9,155,401	11,000,336
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	*18, 20, 21*	**(5,426,240)**	(5,062,192)	(5,606,428)
OTHER INCOME AND EXPENSES				
Finance income	*19*	**5,758**	28,554	157,296
Finance cost	*19*	**(504,068)**	(544,101)	(558,881)
Others - net	*19*	**(254,907)**	599,339	216,736
		(753,217)	83,792	(184,849)
CONSTRUCTION REVENUES	*11*	**546,474**	1,595,105	2,747,425
CONSTRUCTION COSTS	*11*	**(546,474)**	(1,595,105)	(2,747,425)
		-	-	-
INCOME BEFORE INCOME TAX		**3,035,610**	4,177,001	5,209,059
INCOME TAX EXPENSE	*13*	**797,881**	1,220,965	1,493,456
NET INCOME		**P2,237,729**	P2,956,036	P3,715,603
Income Attributable to				
Equity holders of the Parent Company		**P2,236,720**	P2,954,904	P3,714,060
Non-controlling interest		**1,009**	1,132	1,543
		P2,237,729	P2,956,036	P3,715,603
Basic/Diluted Earnings per Share Attributable to Equity Holders of the Parent Company	*22*	**P1.12**	P1.48	P1.86

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

		Years Ended December 31		
	Note	**2021**	2020	2019
NET INCOME FOR THE YEAR		**P2,237,729**	P2,956,036	P3,715,603
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will never be reclassified to profit or loss				
Actuarial gains (losses) on pension liability	*21*	**(7,127)**	47,678	(146,124)
Tax on item taken directly to equity	*13*	**1,782**	(14,303)	43,837
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - Net of tax		**(5,345)**	33,375	(102,287)
TOTAL COMPREHENSIVE INCOME		**P2,232,384**	P2,989,411	P3,613,316
Total Comprehensive Income Attributable to				
Equity holders of the Parent Company		**P2,231,320**	P2,988,302	P3,611,849
Non-controlling interest		**1,064**	1,109	1,467
		P2,232,384	P2,989,411	P3,613,316

See Notes to the Consolidated Financial Statements.

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					
	Note	Capital Stock	Additional Paid-in Capital	Appropriated for Port Development	Unappropriated	Fair Value Reserve	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2021		P2,000,000	P264,300	P14,000,000	P3,642,548	(P5,820)	P19,901,028	P11,774	P19,912,802
Cash dividends - P0.703 a share	16	-	-	-	(1,406,000)	-	(1,406,000)	(580)	(1,406,580)
Reversal of appropriation of retained earnings	16	-	-	(2,500,000)	2,500,000	-	-	-	-
Appropriations during the year	16	-	-	3,600,000	(3,600,000)	-	-	-	-
Net income for the year		-	-	-	2,236,720	-	2,236,720	1,009	2,237,729
Other comprehensive income:									
Actuarial loss - net of tax	21	-	-	-	(5,400)	-	(5,400)	55	(5,345)
Balance at December 31, 2021		**P2,000,000**	**P264,300**	**P15,100,000**	**P3,367,868**	**(P5,820)**	**P20,726,348**	**P12,258**	**P20,738,606**
Balance at January 1, 2020		P2,000,000	P264,300	P12,900,000	P3,160,246	(P5,820)	P18,318,726	P11,245	P18,329,971
Cash dividends - P0.703 a share	16	-	-	-	(1,406,000)	-	(1,406,000)	(580)	(1,406,580)
Reversal of appropriation of retained earnings	16	-	-	(2,200,000)	2,200,000	-	-	-	-
Appropriations during the year	16	-	-	3,300,000	(3,300,000)	-	-	-	-
Net income for the year		-	-	-	2,954,904	-	2,954,904	1,132	2,956,036
Other comprehensive income:									
Actuarial gain - net of tax	21	-	-	-	33,398	-	33,398	(23)	33,375
Balance at December 31, 2020		P2,000,000	P264,300	P14,000,000	P3,642,548	(P5,820)	P19,901,028	P11,774	P19,912,802

Forward

	Note	Attributable to Equity Holders of the Parent Company						Non-controlling Interest	Total Equity
				Retained Earnings					
		Capital Stock	Additional Paid-in Capital	Appropriated for Port Development	Unappropriated	Fair Value Reserve	Total		
Balance at January 1, 2019		P2,000,000	P264,300	P10,500,000	P3,085,013	(P5,820)	P15,843,493	P10,358	P15,853,851
Adjustment on initial application of PFRS 16		-	-	-	(11,616)	-	(11,616)	-	(11,616)
Adjusted Balance at January 1, 2019		2,000,000	264,300	10,500,000	3,073,397	(5,820)	15,831,877	10,358	15,842,235
Cash dividends - P0.56 a share	16	-	-	-	(1,125,000)	-	(1,125,000)	(580)	(1,125,580)
Reversal of appropriation of retained earnings	16	-	-	(3,600,000)	3,600,000	-	-	-	-
Appropriations during the year	16	-	-	6,000,000	(6,000,000)	-	-	-	-
Net income for the year		-	-	-	3,714,060	-	3,714,060	1,543	3,715,603
Other comprehensive income:									
Actuarial loss - net of tax	21	-	-	-	(102,211)	-	(102,211)	(76)	(102,287)
Balance at December 31, 2019		P2,000,000	P264,300	P12,900,000	P3,160,246	(P5,820)	P18,318,726	P11,245	P18,329,971

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

		Years Ended December 31		
	Note	**2021**	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P3,035,610**	P4,177,001	P5,209,059
Adjustments for:				
Depreciation and amortization	*10, 11, 18, 23*	**1,849,725**	1,733,668	1,529,979
Finance cost	*19*	**504,068**	544,101	558,881
Net unrealized foreign exchange losses (gains)		**255,570**	(237,509)	(211,056)
Current service cost	*21*	**40,639**	43,711	29,847
Provision (reversal of provision) for claims - net	*15*	**7,172**	(127,673)	-
Equity in net earnings of an associate	*9, 19*	**(44,782)**	(49,341)	(51,129)
Finance income	*19*	**(5,758)**	(28,554)	(157,296)
Provision (reversal of provision) for spare parts and supplies obsolescence	*18*	**(5,035)**	7,000	29,221
Gain on disposals of:				
Intangible assets		**(930)**	(10,861)	(5,849)
Property and equipment		**(302)**	(4,769)	(6,788)
Reversal of allowance for impairment losses	*7*	**-**	(2,700)	(3,550)
Operating income before working capital changes		**5,635,977**	6,044,074	6,921,319
Decrease (increase) in:				
Trade and other receivables		**(184,621)**	5,047	102,412
Spare parts and supplies		**(40,154)**	(148,790)	(270,182)
Prepaid expenses		**(417,692)**	(335,441)	(493,308)
Increase (decrease) in:				
Trade and other payables		**234,196**	(1,306,476)	(796,299)
Provisions for claims		**(1,980)**	(74,101)	40,440
Income and other taxes payable		**(33,407)**	(24,618)	14,465
Cash generated from operations		**5,192,319**	4,159,695	5,518,847
Finance income received		**6,117**	32,290	169,862
Finance cost paid		**(7,818)**	(25,743)	(27,914)
Income tax paid		**(861,915)**	(1,050,112)	(1,573,598)
Contributions to retirement funds		**-**	-	(48,795)
Net cash provided by operating activities		**4,328,703**	3,116,130	4,038,402

Forward

	Note	2021	2020	2019
		Years Ended December 31		
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Intangible assets	*11*	**(P1,730,573)**	(P1,432,434)	(P3,101,456)
Property and equipment	*10*	**(897,080)**	(421,024)	(182,502)
Proceeds from disposals of:				
Intangible assets		**930**	13,882	5,918
Property and equipment		**302**	4,771	7,601
Dividends received	*9*	**31,524**	53,733	85,258
Decrease (increase) in:				
Other noncurrent assets		**13,189**	8,524	68,489
Deposits		**58,649**	(74,797)	(8,386)
Net cash used in investing activities		**(2,523,059)**	(1,847,345)	(3,125,078)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	*16*	**(1,406,000)**	(1,406,000)	(1,125,000)
Cash dividends to non-controlling interest		**(580)**	(580)	(580)
Port concession rights payable	*23*	**(792,135)**	(775,542)	(773,340)
Lease liabilities	*23*	**(204,810)**	(140,550)	(131,625)
Net cash used in financing activities		**(2,403,525)**	(2,322,672)	(2,030,545)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(597,881)**	(1,053,887)	(1,117,221)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**114,173**	(155,588)	(103,915)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*6*	**4,437,874**	5,647,349	6,868,485
CASH AND CASH EQUIVALENTS AT END OF YEAR	*6*	**P3,954,166**	P4,437,874	P5,647,349

See Notes to the Consolidated Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
APR 12 2022
RECEIVED
CAMILLE D. ROMERO
RO 1 TAX ASSISTANCE

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Per Share Data)

1. Reporting Entity

Asian Terminals, Inc. (ATI or the "Parent Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 9, 1986. The consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries, ATI Batangas, Inc. (ATIB) and Tanza Container Terminal, Inc. (TCTI), (collectively referred to as the "Group"). The Parent Company is a public company under Section 17.2 of the Securities Regulation Code and its shares are listed on the Philippine Stock Exchange, Inc. (PSE). DP World Australia (POAL) Pty. Ltd. directly owns 17.32% of the total outstanding capital stock of ATI.

The Group operates and manages the South Harbor Port of Manila and the Port of Batangas in Batangas City. The registered office address of the Parent Company is A. Bonifacio Drive, Port Area, Manila.

2. Operating Contracts

Following are the Group's operating contracts:

a. South Harbor, Port of Manila

ATI's exclusive right to manage, operate and develop South Harbor was renewed for a period of 25 years from May 19, 2013 to May 18, 2038 pursuant to the Third Supplement to the Contract for Cargo Handling and Related Services (the "Third Supplement") with the Philippine Ports Authority (PPA) dated October 19, 2007 (see Note 23).

b. Port of Batangas

On October 2, 2015, ATI and ATIB signed a Contract with PPA for the Management, Operation, Maintenance and Development of Phase I, Port of Batangas with a term from October 1, 2015 until September 30, 2025.

On January 18, 2010, the PPA issued to ATI the Notice to Award the Contract for the Management, Operation, Maintenance, Development and Promotion of the Container Terminal "A-1," Phase II of the Port of Batangas for a period of 25 years. The Contract was signed on March 25, 2010. The Notice to Proceed dated June 16, 2010 allowed ATI to start and commence operations at the Terminal on July 1, 2010.

In December 2019, ATI and ATIB signed a Contract with PPA for the extension of the term from 2025 to 2035 (see Note 23).

3. Basis of Preparation

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRSs which are issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

The consolidated financial statements were authorized for issue by the Board of Directors (BOD) on March 1, 2022.

Basis of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

Items	Measurement Bases
Equity investments at Fair Value through Other Comprehensive Income (FVOCI)	Fair value
Pension liability	The present value of the defined benefit obligation less the fair value of plan assets.

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the Group's functional currency. All amounts have been rounded off to the nearest thousand pesos (P000), except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of ATI, ATIB, TCTI and the Group's interest in an associate accounted for under the equity method of accounting. ATIB is a 99.17% owned subsidiary as at December 31, 2021 and 2020. TCTI was incorporated on January 18, 2018, and a 100% owned subsidiary as at December 31, 2021 and 2020.

The financial statements of ATIB and TCTI are prepared for the same financial reporting year as ATI, using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income and expenses resulting from intra-group transactions are eliminated in full.

TCTI is fully consolidated from the date of incorporation. ATIB is fully consolidated from the date of acquisition, being the date when ATI obtained control, and continues to be consolidated until the date that such control ceases.

Non-controlling interest represents the portion of profit and loss and net assets in ATIB not held by ATI and are presented separately in the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity, and within equity in the consolidated statements of financial position.

4. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except if mentioned otherwise.

The Group has adopted amendments to standards, including any consequential amendments to other standards, with date of initial application of January 1, 2021.

Adoption of Amendments to Standards
The Group has adopted the following amendments to standards starting January 1, 2021 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

- *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 adoption of the amendment did not have an effect to the consolidated financial statements.

Standards Issued but 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 remain 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 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.

Financial Instruments

Non-derivative Financial Instruments. Non-derivative financial instruments consist of cash and cash equivalents, trade and other receivables, deposits, equity securities, trade and other payables (except for statutory payables), port concession rights payable and lease liabilities.

Recognition and Initial Measurement. Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

Classification and Subsequent Measurement. On initial recognition, the Group classifies its financial assets in the following measurement categories: amortized cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group has no financial assets classified as measured at: FVOCI - debt investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost using the effective interest method if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Included in this category are the Group's cash and cash equivalents, trade and other receivables, and deposits.

Cash includes cash on hand and in banks which are stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and are subject to an insignificant risk of changes in value.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. The accumulated fair value reserves are never reclassified to profit or loss. Dividends are recognized as income in profit or loss unless it clearly represents a recovery of the cost of investment.

Included in this category is the Group's equity instruments (included under other noncurrent assets).

Business Model Assessment. The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

a. the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

b. how the performance of the portfolio is evaluated and reported to the Group's management;

c. the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

d. how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

e. the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Solely Payments of Principal and Interest Assessment. Principal is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial Liabilities
Classification, Subsequent Measurement and Gains and Losses. Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Included under other financial liabilities are the Group's trade and other payables (except for due to government agencies) port concession rights payable and lease liabilities.

<u>Impairment of Financial Assets</u>
PFRS 9 replaces the 'incurred loss' model in PAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under PFRS 9, credit losses are recognized earlier than under PAS 39.

ECL is the probability-weighted estimate of credit losses over the expected life of the financial instrument, representing the present value of expected cash shortfalls. The Group applies either a 12-month ECL or a lifetime ECL. Lifetime ECL applies to the financial assets that have experienced a significant increase in credit risk or are already credit-impaired. The Group's approach to ECL measurement is described in Note 24.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating;
- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor and changes in the operating results of the debtor.

Regardless of the analysis above, a significant risk in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 75 days of when they fall due. A financial asset is credit-impaired when an event that has a detrimental impact on the estimated future cash flows have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as default or being more than 75 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or either financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Financial assets are written off when there is no reasonable expectation of recovery. The Group categorizes a loan or receivable for write off when a debtor fails to make payments or when it is no longer probable that the receivable will be collected. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Derecognition of Financial Instruments
Financial Assets. A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Determination of Fair Values
A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and nonfinancial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes, when necessary, based on the market values, being the estimated amount for which assets could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The different levels of fair value of financial instruments carried at fair value, by valuation method have been defined as follows:

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

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input that is significant to the entire measurement.

Fair values of the financial instruments are discussed in Note 25 to the consolidated financial statements.

'Day 1' Profit. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in profit or loss. In cases where no observable data are used, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' profit amount.

Spare Parts and Supplies

Spare parts and supplies are stated at the lower of cost and current replacement cost. Cost is determined using the weighted average method and includes all expenditures incurred in acquiring and bringing them to their existing location and condition.

Investment in Subsidiaries

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling Interest

NCI is measured at its proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of Control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investment in an Associate
The Group's 35.71% investment in its associate, South Cotabato Integrated Port Services, Inc. (SCIPSI), is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence but not control or joint control, over the financial and operating policies.

Under the equity method, the investment in the associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. The Group's share in the profit or loss and other comprehensive income of the associate is recognized in the Group's consolidated statements of income. Dividends received from the associate reduce the carrying amount of the investment. Adjustment to the carrying amount, may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's other comprehensive income.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized.

The financial statements of the associate are prepared for the same reporting period as the Group. The accounting policies of the associate conform to those used by the Group for like transactions and events in similar circumstances.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment. Such cost includes the cost of replacing part of such property and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes interest incurred during the construction period on funds borrowed to finance the construction of the projects. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Port facilities and equipment include spare parts that the Group expects to use for more than one year. These are not depreciated until ready for its intended use. However, these are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the spare parts may not be recoverable.

Construction in progress represents structures under construction and is stated at cost. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are substantially completed and ready for its intended use. Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Port facilities and equipment	2 - 25 years or life of the operating contract, whichever is shorter
Leasehold improvements	2 - 40 years or term of the lease, whichever is shorter
Furniture, fixtures and equipment	2 - 5 years
Transportation and other equipment	2 - 5 years

The remaining useful lives, residual values, depreciation and amortization method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are recognized in profit or loss.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

<u>Intangible Assets</u>
Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized using the straight-line method over the period covered by the contract or useful life, whichever is shorter. The amortization period and the amortization method are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are treated as changes in accounting estimates. The amortization expense is recognized in profit or loss in the expense category consistent with the function of the intangible asset. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss and measured as the difference between the net disposal proceeds and the carrying amount of the asset.

Port Concession Rights
The Group recognizes port concession rights as intangible assets arising from a service concession arrangements in which the grantor controls or regulates the services provided and the prices charged, and also controls any significant residual interests in the infrastructure at the end of the term of the arrangement, such as property and equipment, if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of the service concession arrangements.

Port concession rights consist of:

a. Upfront fees payments on the concession contracts;

b. The cost of port infrastructures constructed and port equipment purchased, which are not recognized as property and equipment of the Group but as intangible asset received as consideration for such cost; and

c. Future fixed government share considerations in exchange for license or right. Fixed government share is recognized at present value using the discount rate at the inception date with a corresponding liability recognized. Interest on the unwinding of discount of the liability and foreign exchange differences arising from translations are recognized in profit or loss.

Port concession rights are determined as intangible assets with finite useful lives and are amortized using the straight-line method over the concession period or useful life, whichever is shorter. The amortization period and the amortization method are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are treated as changes in accounting estimates. The amortization expense is recognized in profit or loss in the expense category consistent with the function of the intangible asset. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss and measured as the difference between the net disposal proceeds and the carrying amount of the asset.

Port concession rights are amortized using the straight-line method over the term of contract asset or useful life ranging from 2 to 25 years whichever is shorter.

Goodwill
Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

Impairment is determined by assessing the recoverable amount of the investment to which the goodwill relates. Where the recoverable amount is less than the carrying amount of the investment, an impairment loss is recognized. An impairment loss in respect of goodwill is not reversed. Where part of the operation within the investment is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of Non-financial Assets
The carrying amounts of investment in an associate, property and equipment, intangible assets other than goodwill and right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions
Provisions are recognized when the Group has: (a) a present obligation (legal or constructive) as a result of past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and those risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Share Capital
Capital Stock
Capital stock is classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Additional Paid-in Capital
The amount of contribution in excess of par value is accounted for as "Additional paid-in capital." Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefit.

Retained Earnings and Dividend Distribution
Retained earnings include current and prior years' results, net of dividends declared, if any.

Dividend distribution to the Group's shareholders is recognized as a liability, and deducted from equity in the Group's consolidated statements of financial position in the period in which the dividends are approved and declared by the Group's BOD.

Retained earnings may also include prior year adjustments and the effect of changes in accounting policies as may be required by the standards' transitional provisions.

Revenue, Cost and Expense Recognition
Revenue from Contracts with Customers
The Group recognizes revenue when it transfers control over a service to a customer. Revenue is measured based on the consideration specified in a contract and PPA Tariff regulations, which are all fixed amounts, for each type of services rendered net of variable consideration, if any. The PPA established all relevant port regulations, basic port services and service level requirements, liability on cargo, security, and safety. The Group's revenue is well defined in PPA Operations Memorandum Circular No. 02-2018 and revised schedule of Cargo Handling Tariff implemented on June 5, 2018.

The following is a description of principal activities from which the Group generates its revenue. Revenue is disaggregated by the following service lines:

- *Stevedoring*
  The Group generates stevedoring revenue from all works performed on board vessel. The activity includes movement of cargoes from ship-to-shore, shore-to-ship lifting for inbound and outbound and transshipment including the related stevedoring transportation and liftings from shore to yard and yard to shore. The activity generally finishes in a short period of time (i.e. 24 to 48 hours from the time ship arrives at the port). The Group recognizes revenue at a point in time upon completion of service and the average credit term is 15 to 30 days.

- *Arrastre*
  The Group generates arrastre revenue from portside cargo handling operations. The activity includes receiving, handling, custody, security and delivery of cargo passing over piers, quays, warehouses and open storages within the jurisdictional area of responsibility of the Group. The Group recognizes revenue upon completion of service (i.e at a point in time). The customer pays arrastre charges before the release of cargoes.

- *Logistics*
  Logistics operation includes trucking and handlings services. The Group recognizes revenue upon completion of service (i.e at a point in time) and the average credit term is 15 to 30 days.

- *Special and Others Services*
  Special and other services include storage, reefer monitoring, container freight servicing, and equipment or manpower rental. Majority of these service lines pertains to storage revenues. Storage revenues are charges from the use of warehouses and/or open storages within the jurisdictional area of responsibility of the Group beyond the free storage period. Customers are billed upon withdrawal of cargoes from the terminal (for Import) or upon loading of cargoes to vessel (for export). The Group recognizes revenues over a period of time (number of days the container stayed in the jurisdictional area) and the average credit term is15 to 30 days.

Other Income
Other income is recognized at the point in time when the service has been rendered.

Finance Income
Finance income is recognized on a time proportion basis that reflects the effective yield on the investment.

Construction Revenues and Costs
The Group recognizes revenue related to construction and upgrade of services under service concession arrangement in accordance with PFRS 15, *Revenue from Contracts with Customers*. When the construction or upgrade services are provided or delivered under concession arrangement accounted within the scope of Philippine Interpretation IFRIC 12, *Service Concession Arrangements* the consideration is measured at the estimated selling price of the construction services provided. No margin has been recognized since the estimated selling price of the consideration services provided approximates the construction costs. The nature of the consideration determines the subsequent accounting. The consideration is classified as a contract asset under Intangible assets during the construction or upgrade period in accordance with PFRS 15.

Cost and Expense Recognition
Costs and expenses are recognized upon receipt of goods, utilization of services or at the date they are incurred.

<u>Borrowing Costs</u>
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. The capitalization of borrowing costs: (a) commences when the activities to prepare the assets are in progress and expenditures and borrowing costs are being incurred; (b) is suspended during extended periods in which active development, improvement and construction of the assets are interrupted; and (c) ceases when substantially all the activities necessary to prepare the assets are complete. These costs are amortized using the straight-line method over the estimated useful life of the related property, plant and equipment to which it is capitalized.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss in the period in which these are incurred using the effective interest method.

Leases
At the inception of the contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in PFRS 16.

Group as Lessee
At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset. which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financial sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group's changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, if any. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Employee Benefits

a. *Short-term Employee Benefits*
   Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present, legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. *Pensions*
   ATI and ATIB have funded, defined benefit pension plans, administered by a common pension trustee, covering their permanent employees. The cost of providing benefits under the defined benefit pension plans is determined separately for each plan using the projected unit credit method.

   The defined benefit pension asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligation is to be settled directly. The value of any plan asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

   Remeasurements of the net defined benefit pension liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit pension liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit pension liability (asset), taking into account any changes in the net defined pension liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit pension plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit pension plan when the settlement occurs.

Foreign Currency Transactions

The consolidated financial statements are presented in Philippine peso, which is the Group's functional currency. Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. All differences are taken to the profit or loss. Foreign currency gains and losses are reported on a net basis.

Taxes

Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates (tax laws) enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax liabilities are not provided on non-taxable temporary difference associated with investment in associate.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (tax laws) that have been enacted or substantively enacted by the end of the reporting period.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the consolidated statements of financial position.

Earnings Per Share (EPS)

Basic EPS is calculated by dividing the net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to any stock dividends declared during the year.

The Group does not have potential common shares or other instruments that may entitle the holder to common shares. Hence, diluted EPS is the same as basic EPS.

Operating Segments

The Group's operating businesses are organized and managed separately according to the lines of business: port and non-port, with each segment representing a strategic business unit that serves different markets. Management reviews segment reports on a regular basis.

The Group has a single reportable operating segment, as its business has been mainly on port operations and the non-port operation is insignificant to the Group's total business.

The Group operates only in the Philippines which is treated as a single geographical segment.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment and intangible assets other than goodwill.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's consolidated financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's consolidated financial statements in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future periods affected.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Parent Company and its subsidiaries has been determined to be the Philippine peso. It is the currency that mainly influences the price and cost of providing services.

Service Concession Arrangements. The Group has determined that the operating contracts are within the scope of IFRIC 12, accounted for under the intangible asset model.

The intangible assets pertaining to concession rights as at December 31, 2021 and 2020 are presented in Note 11 to the consolidated financial statements.

Port Concession Rights and Port Concession Rights Payable. Estimates and assumptions are required on the determination of the cost of port concession rights on service concession arrangements to determine the extent to which the Group receives a right or license to charge users of public service. Port concession rights includes future fixed government share considerations in exchange for license or right. Fixed government share is recognized at present value using the discount rate at the inception date with a corresponding liability (port concession rights payable) recognized. In making those estimates, the management is required to determine a suitable discount rate to calculate the present value of port concessions rights and port concession rights payable. The Group believes that, while the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements.

Estimates and Assumptions
The key estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Provisions for Claims. The Group records provisions for claims for property, equipment and cargo damage and for pending civil and labor cases when it is determined that an unfavorable outcome is probable and the amount of the claim can be reasonably estimated. The determination of the amount of reserves required, if any, is based on management's analysis of each individual issue, often with assistance of outside legal counsel.

Provisions for claims amounted to P63.2 million and P58.0 million as at December 31, 2021 and 2020, respectively (see Note 15).

Lease Extension Option. Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Lease liabilities on property leases on which extension options were exercised amounted to P47.5 million and P92.3 million as at December 31, 2021 and 2020.

6. Cash and Cash Equivalents

	Note	**2021**	2020
Cash on hand and in banks		**P1,318,711**	P1,335,943
Short-term investments		**2,635,455**	3,101,931
	24, 25	**P3,954,166**	P4,437,874

Cash in banks earn interest at floating rates based on daily bank deposit rates. Majority of short-term investments are on 90-day term subject to roll-over requirements of the Group and earn interest at the prevailing short-term deposit rates amounting to P5.8 million, P28.6 million and P157.3 million in 2021, 2020 and 2019, respectively (see Note 19).

7. Trade and Other Receivables

	Note	**2021**	2020
Trade receivables		**P497,390**	P399,852
Receivable from insurance		**56,522**	102,197
Due from related parties	*20*	**45,508**	63,930
Advances to officers and employees		**20,237**	25,597
Receivable from escrow fund		**13,635**	13,635
Interest receivable		**371**	359
Other receivables		**179,761**	23,141
		813,424	628,711
Allowance for impairment losses		**(4,195)**	(4,195)
	24, 25	**P809,229**	P624,516

Other receivables include refund for the down payment to a third-party for a contract cancelled in 2021 amounting to P165.0 million.

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

Movements in the allowance for impairment losses on trade and other receivables are as follows:

	Individually Impaired	Collectively Impaired	Total
Balance at January 1, 2020	P1,173	P5,806	P6,979
Reversals during the year	-	(2,700)	(2,700)
Write-offs	(84)	-	(84)
Balance at December 31, 2020 and 2021	**P1,089**	**P3,106**	**P4,195**

8. Prepaid Expenses

	2021	2020
Taxes	**P2,118,864**	P1,686,889
Insurance	**9,861**	4,918
Rental	**3,927**	3,927
Advances to contractors	**816**	13,105
Advances to government agencies	**101**	101
Others	**15,440**	22,377
	P2,149,009	P1,731,317

Taxes pertain to the Group's input VAT credits, net of output VAT.

Rentals pertain to prepayments on short-term leases entered during the period. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

9. Investment in an Associate

ATI has a 35.71% interest in SCIPSI, which is engaged in arrastre, stevedoring and other related cargo handling services, except porterage, in Makar Wharf, General Santos City, Philippines. SCIPSI is not listed in any public exchange. The carrying amount of investment in an associate as at December 31 follows:

	Note	**2021**	2020
Acquisition cost		**P11,222**	P11,222
Accumulated equity in net earnings:			
Balance at beginning of year		**33,893**	38,285
Equity in net earnings for the year	*19*	**44,782**	49,341
Dividends received during the year		**(31,524)**	(53,733)
		47,151	33,893
		P58,373	P45,115

The information presented in the table includes the result of SCIPSI's operations for the years ended December 31, 2021 and 2020. The following table also reconciles the summarized financial information to the carrying amount of the Group's interest in SCIPSI.

	2021	2020
Current assets	**P156,497**	P140,916
Noncurrent assets	**37,787**	64,471
Total assets	**P194,284**	P205,387
Current liabilities	**P50,733**	P50,907
Noncurrent liabilities	**2,155**	47,105
Total liabilities	**P52,888**	P98,012
Net assets	**P141,396**	P107,375
Share in net assets	**P50,493**	P38,344
Excess of cost over the interest	**7,880**	6,771
Carrying amount of interest	**P58,373**	P45,115
Revenues	**P322,685**	P345,105
Expenses	**(197,281)**	(206,937)
Net income	**P125,404**	P138,168

Based on unaudited financial statements

10. Property and Equipment - net

The movements in this account are as follows:

2021

	Port Facilities and Equipment	**Leasehold Improvements**	**Furniture, Fixtures and Equipment**	**Transportation and Other Equipment**	**Construction in-progress**	**Total**
Cost						
Balance at beginning of year	**P225,247**	**P684,809**	**P751,765**	**P282,983**	**P477,584**	**P2,422,388**
Additions	**18,256**	**8,369**	**56,690**	**11,541**	**813,059**	**907,915**
Disposals	**(2,117)**	**-**	**(1,678)**	**(2,711)**	**-**	**(6,506)**
Reclassifications	**(18,900)**	**231**	**8,738**	**2,459**	**(8,027)**	**(15,499)**
Balance at end of year	**222,486**	**693,409**	**815,515**	**294,272**	**1,282,616**	**3,308,298**
Accumulated Depreciation and Amortization						
Balance at beginning of year	**104,801**	**445,326**	**523,487**	**149,959**	**-**	**1,223,573**
Depreciation and amortization	**13,508**	**38,789**	**83,444**	**36,876**	**-**	**172,617**
Disposals	**(2,117)**	**-**	**(1,678)**	**(2,711)**	**-**	**(6,506)**
Reclassifications	**-**	**1,080**	**26,820**	**-**	**-**	**27,900**
Balance at end of year	**116,192**	**485,195**	**632,073**	**184,124**	**-**	**1,417,584**
Carrying Amount	**P106,294**	**P208,214**	**P183,442**	**P110,148**	**P1,282,616**	**P1,890,714**

2020

	Port Facilities and Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction in-progress	Total
Cost						
Balance at beginning of year	P198,215	P678,688	P703,245	P240,691	P224,328	P2,045,167
Additions	66,628	7,407	48,217	54,848	246,721	423,821
Disposals	(39,596)	-	(3,021)	(16,238)	-	(58,855)
Reclassifications	-	(1,286)	3,324	3,682	6,535	12,255
Balance at end of year	225,247	684,809	751,765	282,983	477,584	2,422,388
Accumulated Depreciation and Amortization						
Balance at beginning of year	134,673	413,632	429,469	133,282	-	1,111,056
Depreciation and amortization	9,724	31,694	97,037	32,915	-	171,370
Disposals	(39,596)	-	(3,019)	(16,238)	-	(58,853)
Balance at end of year	104,801	445,326	523,487	149,959	-	1,223,573
Carrying Amount	P120,446	P239,483	P228,278	P133,024	P477,584	P1,198,815

The Group has non-cash additions for the years ended December 31, 2021 and 2020 which amounted to P10.8 million and P2.8 million, respectively.

Cost of fully depreciated property and equipment which are still being used by the Group amounted to P490.1 million and P528.2 million as at December 31, 2021 and 2020, respectively.

11. Intangible Assets - net

The movements in this account are as follows:

2021

	Port Concession Rights					
	Upfront Fees (Note 23)	**Fixed Government Share**	**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
Reclassifications	-	-	15,499	15,499	-	15,499
Disposals	-	-	(43,106)	(43,106)	-	(43,106)
Balance at end of year	882,000	9,279,694	23,934,464	34,096,158	42,060	34,138,218
Accumulated Amortization						
Balance at beginning of year	85,934	3,945,966	8,162,417	12,194,317	-	12,194,317
Amortization	11,280	386,596	1,065,500	1,463,376	-	1,463,376
Reclassifications	-	-	(27,900)	(27,900)	-	(27,900)
Disposals	-	-	(43,106)	(43,106)	-	(43,106)
Balance at end of year	97,214	4,332,562	9,156,911	13,586,687	-	13,586,687
Carrying Amount	P784,786	P4,947,132	P14,777,553	P20,509,471	P42,060	P20,551,531

2020

	Port Concession Rights					
	Upfront Fees (Note 23)	Fixed Government Share	Port Infrastructure	Subtotal	Goodwill	Total
Cost						
Balance at beginning of year	P882,000	P9,279,694	P20,757,720	P30,919,414	P42,060	P30,961,474
Additions	-	-	1,595,105	1,595,105	-	1,595,105
Reclassifications	-	-	(14,437)	(14,437)	-	(14,437)
Disposals	-	-	(121,234)	(121,234)	-	(121,234)
Balance at end of year	882,000	9,279,694	22,217,154	32,378,848	42,060	32,420,908
Accumulated Amortization						
Balance at beginning of year	74,654	3,559,370	7,276,210	10,910,234	-	10,910,234
Amortization	11,280	386,596	1,004,420	1,402,296	-	1,402,296
Disposals	-	-	(118,213)	(118,213)	-	(118,213)
Balance at end of year	85,934	3,945,966	8,162,417	12,194,317	-	12,194,317
Carrying Amount	P796,066	P5,333,728	P14,054,737	P20,184,531	P42,060	P20,226,591

The unamortized capitalized borrowing costs as at December 31, 2021 and 2020 amounted to P59.4 million and P64.1 million, respectively. No borrowing costs were capitalized in 2021 and 2020.

The Group has non-cash additions for the years ended December 31, 2021 and 2020 which amounted to P14.3 million and P162.7 million, respectively.

Contract asset under Port Infrastructure represents ongoing construction of port facilities and eventual putting into service in accordance with the Investment Plan. The movements in contract asset are as follows:

	2021	2020
Balance at beginning of year	**P2,842,686**	P2,144,577
Additions during the year	**546,474**	1,595,105
Reclassification during the year	**(1,548,412)**	(896,996)
Balance at end of year	**P1,840,748**	P2,842,686

Goodwill

Key Assumptions

In testing impairment of goodwill, the recoverable amount of ATIB is the value in use, which has been determined by calculating the present value of cash flow projections from the operations of ATIB. The average revenue growth rate assumption used was 5.0%. The discount rate applied to cash flow projections is 4.4% in 2021 and 2.3% in 2020 based on the industry's weighted average cost of capital (WACC).

Sensitivity to Changes in Assumptions

The estimated recoverable amount of ATIB exceeds its carrying amount by approximately P984.8 million and P1.7 billion in 2021 and 2020, respectively. Management has identified that earnings before interest and tax and discount rates are the key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount.

12. Other Noncurrent Assets

	Note	2021	2020
Deposits	*24, 25*	**P73,302**	P131,953
Taxes		**26,083**	39,270
Equity securities	*24, 25*	**2,652**	2,652
		P102,037	P173,875

Deposits mainly represent payments related to refundable security deposits on property leases and utilities. This account includes noninterest-bearing refundable security deposits on a lease agreement that was carried at fair value as of initial recognition determined based on the present value of future cash flows discounted using effective interest rate of 15.6%. The carrying amounts of these refundable security deposits at amortized cost amounted to P14.8 million as at December 31, 2021 and 2020.

Taxes pertain to noncurrent portion of the input value-added tax on capital goods exceeding P1.0 million.

Equity securities consist of investments in quoted and unquoted shares.

13. Income Tax

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Effective July 1, 2020, the Group, being qualified as large corporation, has its corporate income tax lowered from 30% to 25%.

The components of taxes are as follows:

	2021	2020	2019
Current tax	**P808,801**	P1,102,599	P1,511,488
Deferred tax	**(63,404)**	118,366	(18,032)
Changes in tax rate:			
Current tax	**(91,883)**	-	-
Deferred tax	**144,367**	-	-
	P797,881	P1,220,965	P1,493,456

A reconciliation between the statutory tax rate and the effective tax rate on income before income tax follows:

	2021	2020	2019
Statutory income tax rate	**25.0%**	30.00%	30.00%
Changes in income tax rate resulting from:			
Change in income tax rate	**1.73**	-	-
Income subjected to final tax	**(0.28)**	(0.72)	(0.98)
Others	**(0.17)**	(0.05)	(0.35)
Effective income tax rate	**26.28%**	29.23%	28.67%

The movements in deferred tax balances are as follows:

2021	Note	Net Balance at January 1	Recognized in Profit or Loss	Recognized in OCI	December 31 Deferred Tax Assets	Deferred Tax Liabilities	Net
Port concession rights payable related to fixed government share		P503,213	(P63,558)	P -	P439,655	P -	P439,655
Unrealized foreign exchange loss - net		274,087	(20,684)	-	253,403	-	253,403
Pension liability	21	62,668	141	1,782	64,591	-	64,591
Excess of cost over net realizable value of spare parts and supplies		27,229	(5,797)	-	21,432	-	21,432
Accrued expenses		12,000	7,274	-	19,274	-	19,274
Provisions for claims		17,407	(1,604)	-	15,803	-	15,803
Impairment losses on receivables	7	2,705	(451)	-	2,254	-	2,254
Right-of-use and lease liability		1,357	(955)	-	-	402	402
Unamortized capitalized borrowing costs and custom duties		(20,161)	4,671	-	-	(15,490)	(15,490)
Net tax assets (liabilities)		P880,505	(P80,963)	P1,782	P816,412	(P15,088)	P801,324

2020	Note	Net Balance at January 1	Recognized in Profit or Loss	Recognized in OCI	December 31 Deferred Tax Assets	Deferred Tax Liabilities	Net
Port concession rights payable related to fixed government share		P471,748	P31,465	P -	P503,213	P -	P503,213
Unrealized foreign exchange loss - net		376,514	(102,427)	-	274,087	-	274,087
Pension liability	21	62,712	14,259	(14,303)	62,668	-	62,668
Excess of cost over net realizable value of spare parts and supplies		26,235	994	-	27,229	-	27,229
Accrued expenses		16,845	(4,845)	-	12,000	-	12,000
Provisions for claims		77,940	(60,533)	-	17,407	-	17,407
Impairment losses on receivables	7	2,730	(25)	-	2,705	-	2,705
Right-of-use and lease liability		186	1,171	-	1,357	-	1,357
Unamortized capitalized borrowing costs and custom duties		(21,736)	1,575	-	-	(20,161)	(20,161)
Net tax assets (liabilities)		P1,013,174	(P118,366)	(P14,303)	P900,666	(P20,161)	P880,505

Deferred tax assets have been recognized because management believes that the Group will earn sufficient future taxable profits against which it can utilize the benefits therefrom.

14. Trade and Other Payables

	Note	2021	2020
Accrued expenses:			
Marketing, commercial and promotion		**P229,362**	P123,848
Finance costs		**131,732**	129,744
Personnel costs		**104,671**	112,818
Repairs and maintenance		**64,941**	47,338
Professional fees		**39,401**	41,204
Corporate social responsibility		**23,622**	15,203
Security expenses		**20,585**	27,443
Rentals	*23*	**10,542**	10,698
Utilities		**7,210**	9,812
Safety and environment		**4,701**	5,656
Trucking expense		**3,726**	11,109
Miscellaneous accrued expenses		**105,310**	100,472
Due to government agencies	*23*	**668,092**	614,674
Equipment acquisitions		**374,306**	306,991
Trade		**319,685**	254,212
Shippers' and brokers' deposits		**117,181**	114,493
Management fee payable	*20*	**12,434**	20,104
Other payables	*20*	**142,427**	169,031
	24, 25	**P2,379,928**	P2,114,850

Following are the terms and conditions of the above liabilities:

- Trade payables are non-interest-bearing and are normally settled on 30 to 60-day terms.
- Accrued finance costs are normally settled quarterly and semi-annually throughout the financial year.
- Other payables are non-interest bearing and are normally settled within twelve months from inception date. This account includes dividends and other non-trade payables.

Rentals pertain to short-term leases entered during the period.

15. Provisions for Claims

	2021	2020
Balance at beginning of year	**P58,024**	P259,799
Provisions (reversals) during the year	**7,172**	(127,673)
Payments during the year	**(1,980)**	(74,102)
Balance at end of year	**P63,216**	P58,024

Provisions relate to property and equipment, and cargo damage and other claims. It is expected that most of these provisions will be settled within the next financial year or on demand.

16. Equity

Pursuant to the registration statement rendered effective by the SEC and permit to sell issued by the SEC both dated April 7, 1995, 1 billion common shares of the Parent Company were registered and may be offered for sale at an offer price of P5.10 per common share. On March 26, 1999, another registration statement was rendered effective by the SEC and permit to sell issued by the SEC for 1 billion common shares of the Parent Company and may be offered for sale at an offer price of P1.00 per common share. As at December 31, 2021, the Parent Company has a total of 2 billion issued and outstanding common shares and 822 stockholders.

Capital Stock - P1 Par Value

The Parent Company has 2.0 billion issued and fully paid capital stock, from its 4.0 billion authorized common shares, as at December 31, 2021 and 2020.

Retained Earnings

The Group's unappropriated retained earnings includes the subsidiaries' unappropriated net earnings of P19.3 million and P21.1 million and the Group's accumulated equity in the net earnings of an associate amounting to P47.2 million and P33.9 million as at December 31, 2021 and 2020, respectively, which are available for distribution only upon declaration of dividends by such subsidiaries to the Parent Company and the associate to the Group. Cash dividends are distributed yearly since 2000.

Cash Dividends

On April 22, 2021, the BOD approved the declaration of cash dividends amounting to P1,406.0 million or P0.703 per share payable on May 17, 2021 to common shareholders of record as at May 17, 2021.

On March 30, 2020, the BOD approved the declaration of cash dividends amounting to P1,406.0 million or P0.703 per share payable on May 26, 2020 to common shareholders of record as at April 29, 2020.

On April 25, 2019, the BOD approved the declaration of cash dividends amounting to P1,125.0 million or P0.56 per share payable on June 18, 2019 to common shareholders of record as at May 24, 2019.

Appropriation and Reversal of Appropriation of Retained Earnings

On December 31, 2021, the Group's BOD approved the reversal to the unappropriated retained earnings of the amount of P2.5 billion out of the already approved appropriation of P14.0 billion, for capital expenditures for 2020 and 2021. Furthermore, the Group's BOD approved an appropriation of the retained earnings amounting to P3.6 billion for capital expenditures for the next 5 years. The Group's BOD also approved on the same date a budget amounting to P17.5 billion for capital expenditures which include yard and berth development as well as construction of new facilities and equipment acquisition for 2022 to 2026. The capital expenditures will strengthen the Group's operations and capability to handle growth.

On December 20, 2020, the Group's BOD approved the reversal to the unappropriated retained earnings of the amount of P2.2 billion out of the already approved appropriation of P12.9 billion, for capital expenditures for 2019 and 2020. Furthermore, the Group's BOD approved an appropriation of the retained earnings amounting to P3.3 billion for capital expenditures for the next 2 years. The Group's BOD also approved on the same date a budget amounting to P11.8 billion for capital expenditures which include yard and berth development as well as construction of new facilities and equipment acquisition for 2021 to 2022. The capital expenditures will strengthen the Group's operations and capability to handle growth.

On December 20, 2019, the Group's BOD approved the reversal to the unappropriated retained earnings of the amount of P3.6 billion out of the already approved appropriation of P10.5 billion, for capital expenditures for 2018 and 2019. Furthermore, the Group's BOD approved an appropriation of the retained earnings amounting to P6.0 billion for capital expenditures for the next 2 years. The Group's BOD also approved on the same date a budget amounting to P10.0 billion for capital expenditures which include yard and berth development as well as construction of new facilities and equipment acquisition for 2020. The capital expenditures will strengthen the Group's operations and capability to handle growth.

Fair Value Reserve

Fair value reserve amounting to P5.8 million as at December 31, 2021 and 2020 represents unrealized loss on equity securities.

17. Government Share in Revenues

This account consists of the PPA's share in revenues of the Group as stipulated in the agreements discussed in Notes 2 and 23. The PPA's share in gross revenues includes variable government share amounting to P1.9 billion, P1.8 billion and P2.3 billion in 2021, 2020 and 2019, respectively (see Note 23).

18. Costs and Expenses Excluding Government Share in Revenues

	Note	**2021**	2020	2019
Depreciation and amortization	*10, 11, 23*	**P1,849,725**	P1,733,668	P1,529,979
Labor costs	*21*	**1,495,219**	1,447,015	1,551,941
Equipment running		**665,431**	548,285	812,343
Taxes and licenses		**419,726**	412,407	390,164
Facilities-related expenses		**214,414**	155,600	210,506
Insurance		**198,358**	144,182	110,743
Security, health, environment and safety		**152,497**	167,014	212,654
Management fees	*20*	**133,598**	184,380	229,821
General transport		**116,549**	109,249	96,442
Rental	*23*	**13,960**	21,130	38,883
Professional fees		**12,898**	13,958	26,255
Provision for claims	*15*	**7,172**	2,327	109,541
Marketing, commercial and promotion		**7,015**	9,708	56,009
Entertainment, amusement and recreation		**3,453**	2,306	8,908
Others		**136,225**	110,963	222,239
		P5,426,240	P5,062,192	P5,606,428

Labor costs include salaries, benefits and pension expense.

Spare parts and supplies used and included under equipment running amounted to P249.4 million, P184.4 million and P310.9 million in 2021, 2020 and 2019, respectively.

Provision for spare parts and supplies obsolescence included under other costs and expenses amounted to nil, P7.0 million and P29.2 million in 2021, 2020 and 2019, respectively.

Rental pertains to short-term leases incurred during the period.

19. Other Income and Expenses

Finance income includes interest on cash in banks and short-term investments amounting to P5.8 million, P28.6 million and P157.3 million in 2021, 2020 and 2019, respectively (see Note 6).

Finance cost is broken down as follows:

	Note	**2021**	2020	2019
Interest on port concession rights payable		**P490,497**	P510,447	P528,747
Interest on lease liability	*23*	**7,530**	25,540	27,696
Interest component of pension expense	*21*	**5,753**	7,911	2,220
Interest on bank loans/credit facilities		**288**	203	218
		P504,068	P544,101	P558,881

Interest on port concession rights payable pertains to the interest on the unwinding of discount of said liability (see related policy on port concession rights in Note 4).

Others consist of the following:

	Note	**2021**	2020	2019
Foreign exchange gains (losses) - others		**P135,737**	(P146,107)	(P94,430)
Equity in net earnings of an associate	*9*	**44,782**	49,341	51,129
Other income - net		**14,202**	19,625	9,195
Management income	*20*	**8,588**	9,226	9,672
Gain on disposal of equipment and intangible assets		**1,232**	15,630	12,637
Foreign exchange gains (losses) - port concession rights payable		**(459,448)**	291,455	184,487
Reversal of prior year provision and accruals		**-**	255,503	-
Income from insurance claims		**-**	104,666	44,046
		(P254,907)	P599,339	P216,736

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

Reversal pertains to prior year provision for claims and accruals of professional fees and advertising expenses in excess of settlement paid which resulted to abnormal balances of the related expense accounts and were reclassified to other income.

Income from insurance claims includes amounts received in excess of the amount of liquidated damages to the properties of the Group caused by fire, earthquake and typhoon.

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

The Group, in the normal course of business, has the following transactions with its related parties:

Category/ Transaction	Note	Year	Amount of the Transaction	Outstanding Balance: Due from Related Parties	Outstanding Balance: Due to Related Parties	Lease Liability	Terms	Conditions
Associate								
▪ Management income	*20A*	2021	P8,588	P861	P -	P -	Payable on demand	Unsecured; no impairment
		2020	9,226	1,696	-	-	Payable on demand	Unsecured; no impairment
▪ Dividend income	*9*	2021	31,524	-	-	-	Payable on demand	Unsecured; no impairment
		2020	53,733	17,911	-	-	Payable on demand	Unsecured; no impairment
Post-Employment Benefit Plan								
▪ Retirement fund	*20B*	2021	56,113	44,647	-	-	Payable on demand	Unsecured; no impairment
		2020	71,438	43,978	-	-	Payable on demand	Unsecured; no impairment
Others								
▪ Management fees	*20C*	2021	133,598	-	12,434	-	Payable within ten (10 days) of the following month	Unsecured
		2020	184,380	-	20,104	-	Payable within ten (10) days of the following month	Unsecured
▪ Advances	*20D*	2021	3,019	-	58	-	Payable on demand	Unsecured; no impairment
		2020	2,105	345	-	-	Payable on demand	Unsecured; no impairment
▪ Lease	*20E*	2021	21,158	-	-	50,098	Payable within five (5 days) of the following month	Unsecured
		2020	25,008	-	-	81,172		
TOTAL		2021		P45,508	P12,492	P50,098		
TOTAL		2020		P63,930	P20,104	P81,172		

A. Amount owed by SCIPSI pertains to management fees equivalent to 6% of gross revenue of SCIPSI.

B. The Parent Company and ATIB have separate, noncontributory, defined benefit retirement plans covering all its regular employees, in the form of a trust being maintained by a trustee bank. Certain payments to retired employees were paid directly by the Group to be subsequently paid by the retirement fund.

C. P & O Management Services Phils., Inc. (POMS), a related party which is 40.00% owned by POAL, manages the Parent Company by virtue of a management agreement. The Parent Company's management agreement with POMS was further renewed on August 27, 2020 for another five years until August 31, 2025. The terms of the agreement provide for the payment of a monthly management fee equivalent to 5% of ATI's consolidated income before income tax of the immediately preceding month.

D. Amount owed to or by DP World Asia Holdings Limited-Regional Operating Headquarters, a related party under common control, pertains to reimbursements for expenses paid by or for the Group. As of December 31, 2021, related amount was recorded as Other Payables under Trade and other payables (see Note 14).

E. The Parent Company has entered a 5-year lease contract with a company controlled by the Group's director commencing on May 1, 2019 for a parcel of land located at Barangay Lawa, Calamba, Laguna, with a monthly lease rental of P40 per square meter, subject to an escalation of 8% beginning May 1, 2021 and every 2 years thereafter. The contract terms are based on market rates for this type of arrangement and amounts are payable on a monthly basis for the duration of the contract. The leased premises shall be used for its off-dock container yard and cargo support requirements, including but not limited to warehousing and logistics (see Note 23).

The compensation and benefits of key management personnel are as follows:

	2021	2020
Short-term employee benefits	**P200,486**	P188,722
Post-employment benefits	**10,485**	12,741
	P210,971	P201,463

The outstanding related party balances are expected to be settled in cash.

21. Pensions

The Group's latest actuarial valuation reports are dated December 31, 2021. Valuations are obtained on a periodic basis. The following tables summarize the components of pension expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated statements of financial position for the plans of ATI and ATIB:

Pension Expense

	ATI			ATIB			TOTAL		
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019
Current service cost	**P34,334**	P39,747	P27,718	**P6,305**	P3,964	P2,129	**P40,639**	P43,711	P29,847
Interest cost on defined benefit obligation	**19,473**	28,014	31,529	**2,407**	2,436	2,430	**21,880**	30,450	33,959
Interest income on plan assets	**(14,494)**	(20,710)	(29,379)	**(1,633)**	(1,829)	(2,360)	**(16,127)**	(22,539)	(31,739)
Net pension expense	**P39,313**	P47,051	P29,868	**P7,079**	P4,571	P2,199	**P46,392**	P51,622	P32,067

Current service cost is charged under "Labor cost" account included in "Costs and expenses excluding government share in revenues" in the consolidated statements of income (see Note 18). Interest cost on defined benefit obligation and interest income on plan assets are included in "Finance cost" account in the consolidated statements of income (see Note 19).

Pension Liability as of December 31

	ATI		ATIB		TOTAL	
	2021	2020	**2021**	2020	**2021**	2020
Present value of pension obligations	**(P605,375)**	(P568,642)	**(P54,937)**	(P59,776)	**(P660,312)**	(P628,418)
Fair value of plan assets	**384,731**	403,310	**33,972**	37,018	**418,703**	440,328
Pension liability	**(P220,644)**	(P165,332)	**(P20,965)**	(P22,758)	**(P241,609)**	(P188,090)

Changes in the Present Value of Pension Obligations

	ATI		ATIB		TOTAL	
	2021	2020	**2021**	2020	**2021**	2020
Present value of pension obligations at beginning of year	**P568,642**	P602,339	**P59,776**	P48,576	**P628,418**	P650,915
Current service cost	**34,334**	39,747	**6,305**	3,964	**40,639**	43,711
Interest cost	**19,473**	28,014	**2,407**	2,436	**21,880**	30,450
Benefits paid	**(26,707)**	(50,488)	**(4,185)**	(3,243)	**(30,892)**	(53,731)
Actuarial loss (gain)	**9,633**	(50,970)	**(9,366)**	8,043	**267**	(42,927)
Present value of pension obligations at end of year	**P605,375**	P568,642	**P54,937**	P59,776	**P660,312**	P628,418

Changes in the Fair Value of Plan Assets

	ATI		ATIB		TOTAL	
	2021	2020	**2021**	2020	**2021**	2020
Fair value of plan assets at beginning of year	**P403,310**	P432,407	**P37,018**	P34,362	**P440,328**	P466,769
Interest income	**14,494**	20,710	**1,633**	1,829	**16,127**	22,539
Remeasurement gain on plan assets	**(6,366)**	681	**(494)**	1,257	**(6,860)**	1,938
Benefits paid	**(26,707)**	(50,488)	**(4,185)**	(430)	**(30,892)**	(50,918)
Fair value of plan assets at end of year	**P384,731**	P403,310	**P33,972**	P37,018	**P418,703**	P440,328

The components of retirement benefits recognized in other comprehensive income are as follows:

	ATI			ATIB			TOTAL		
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019
Actuarial gain (loss) due to:									
Changes in financial assumptions	**(P24,382)**	(P32,713)	(P107,477)	**P8,798**	(P4,551)	(P11,072)	**(P15,584)**	(P37,264)	(P118,549)
Changes in demographic assumptions	**(28,543)**	47,365	-	**-**	(4,155)	-	**(28,543)**	43,210	-
Experience adjustment	**43,292**	36,317	(38,315)	**568**	3,477	(2,872)	**43,860**	39,794	(41,187)
Remeasurement gain (loss) on plan assets	**(6,366)**	681	12,776	**(494)**	1,257	836	**(6,860)**	1,938	13,612
	(P15,999)	P51,650	(P133,016)	**P8,872**	(P3,972)	(P13,108)	**(P7,127)**	P47,678	(P146,124)

The cumulative amount of actuarial gain (loss) recognized in the consolidated statements of changes in equity included under "Retained earnings" account amounted to P4.6 million and P11.8 million as at December 31, 2021 and, 2020, respectively.

Plan Assets

The plans entitle a retired regular or full-time employee to receive a lump sum amount equivalent to one (1) month salary for every year of credited service. Period of service shall be reckoned from date hired to date of retirement, death, permanent disability, or severance.

The defined benefit pension plans expose the Group to actuarial risks, such as interest rate risk and market (investment) risk.

Contributions will be made at the start of each year based on the funding requirements and recommendations indicated in the latest actuarial valuation reports.

The Group's plan assets consist of the following:

	ATI		ATIB		TOTAL	
	2021	2020	**2021**	2020	**2021**	2020
Cash and cash equivalents	**P9,744**	P2	**P2**	P5	**P9,746**	P7
Investment in UITF	**5,077**	14,994	**4,384**	2,296	**9,461**	17,290
Equity instruments	**62,055**	55,544	**5,536**	4,359	**67,591**	59,903
Investment in government securities	**274,852**	301,283	**21,237**	27,952	**296,089**	329,235
Debt instruments	**27,350**	28,563	**2,623**	2,172	**29,973**	30,735
Other receivables	**5,653**	2,924	**190**	234	**5,843**	3,158
	P384,731	P403,310	**P33,972**	P37,018	**P418,703**	P440,328

All equity instruments and government securities have quoted prices in active markets.

All government securities are issued by the Philippine government and are rated Baa3 by Moody's or BBB by Standard & Poor's.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	ATI		ATIB	
	2021	2020	**2021**	2020
Discount rate at end of year	**5.10%**	3.8%	**5.18%**	4.1%
Salary increase rate	**3.5%-6.0%**	3.0%-6.0%	**3.5%-6.0%**	3.0%-6.0%

Assumptions for mortality rate are based on the 2017 Philippine Intercompany Mortality Table.

The weighted average duration of defined benefit obligation is as follows:

	ATI		ATIB	
	2021	2020	**2021**	2020
Average expected future service years	**14**	13	**18**	18

Maturity analysis of the benefit payments:

	2021	
	Expected Benefit Payments	
	ATI	ATIB
Within 1 Year	P55,011	P230
Within 1 - 5 Years	211,887	12,663
More than 5 Years	2,677,966	539,141

	2020	
	Expected Benefit Payments	
	ATI	ATIB
Within 1 Year	P76,841	P2,150
Within 1 - 5 Years	204,227	7,930
More than 5 Years	1,494,904	566,182

Sensitivity Analysis

As of December 31, the reasonably possible changes to the relevant actuarial assumptions holding other assumptions constant, would have affected the defined benefit obligation by the amounts below:

2021

	ATI		**ATIB**	
	1% Increase	**1% Decrease**	**1% Increase**	**1% Decrease**
Discount rate	**(P49,679)**	**P58,604**	**(P6,714)**	**P8,244**
Salary increase rate	**60,424**	**(52,185)**	**8,357**	**(6,929)**

2020

	ATI		ATIB	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	(P42,064)	P48,957	(P7,704)	P9,531
Salary increase rate	50,911	(56,741)	9,541	(7,869)

The Group expects to pay P75.0 million in contributions to defined benefit pension plans in 2022.

22. Earnings Per Share (EPS) Attributable to Equity Holders of the Parent Company

Basic EPS is computed as follows:

	2021	2020	2019
(a) Net income attributable to Equity Holders of the Parent Company (in thousands)	**P2,236,720**	P2,954,904	P3,714,060
(b) Weighted average number of common shares outstanding (in thousands)	**2,000,000**	2,000,000	2,000,000
Basic/diluted EPS attributable to Equity Holders of the Parent Company (a/b)	**P1.12**	P1.48	P1.86

The Parent Company does not have potential common shares or other instruments that may entitle the holder to common shares. Hence, diluted EPS is the same as basic EPS.

23. Commitments and Contingencies

Agreements within the Scope of Philippine Interpretation IFRIC 12, *Service Concession Arrangements*

a. The Parent Company is authorized by the PPA to render cargo handling services at the South Harbor until May 2013. On October 19, 2007, the cargo handling services contract was extended until May 2038 under the terms mutually agreed upon with the PPA (see Note 2).

   i. In accordance with the Investment Plan which was revised in December 2014 pursuant to the Third Supplement to the Cargo Handling Contract, the Parent Company has committed to invest USD385.7 million from 2010 to 2028, for the rehabilitation, development and expansion of the South Harbor facilities. The commitment is dependent on container volume. The Investment Plan is subject to joint review every two (2) years, or as often as necessary as mutually agreed, to ensure that the same conforms to actual growth levels, taking into account introduction of new technologies and allowing the Parent Company the opportunity of a fair return on investment.

      In 2020, the reclamation of the Engineering Island Basin, which is part of the South Harbor, was subject to jurisdictional dispute between the PPA and the Philippine Reclamation Authority. As of date of this report, the opinion of the Department of Justice (DOJ) on the matter is still pending. It is the opinion of the Group that any opinion rendered by the DOJ will not have any material impact on the Group's ability to use the subject reclaimed land.

      Some of the Group's budgeted expansions which were delayed in 2020 due to the impact of COVID-19, amounting to approximately USD90.0 million, were continued in 2021. The revenues for the year ended December 31, 2021 increased by 2% compared to last year but have not reached yet the pre-pandemic levels. Expenses amounting to around P30.0 million and P84.0 million in 2021 and 2020, respectively were incurred relative to addressing the COVID-19 situation in the workplace and providing support to the nearby communities and employees. These expenses include food assistance to nearby communities as part of corporate social responsibility of the Group; medical expenses, financial assistance, and quarantine meals for employees; vehicle rentals for transport of employees; and expenses incurred for the disinfection of the Group's offices. Capital expenditures will proceed as planned, but timelines are adjusted.

   ii. Government Share

      - For storage operations, the Parent Company shall pay an annual fixed government share of P55.0 million payable quarterly and a government share of 30% of its annual gross storage revenue in excess of P273.0 million.

      - For international containerized cargo operations, the Parent Company shall pay quarterly fixed government share of USD2.25 million plus a variable government share amounting to 20% of its total gross revenues.

      - For general cargo operations, the Parent Company shall remit government share amounting to 20% of its total gross revenues collected from arrastre services and 14% of its total gross revenues collected from stevedoring services for general cargoes.

- For domestic terminal operations, the Parent Company shall remit government share amounting to 10% of its total gross revenues derived from its domestic cargo handling and passenger terminal operations.

b. The Parent Company is authorized by the PPA to render cargo handling services at the Container Terminal "A-1," Phase 2 at the Port of Batangas for 25 years starting July 1, 2010. For arrastre operations, the Parent Company shall pay an annual fixed government share of USD2.26 million for the first 2 years, USD4.68 million for the 3rd year, USD5.08 million for the 4th-7th year, and USD5.33 million for the 8th-25th year. The Parent Company shall also remit annual variable government share based on committed yearly percentage share multiplied by whichever is higher of the projected gross income in the bid proposal or actual gross income.

c. The Parent Company and ATIB are authorized by the PPA to render cargo handling and passenger services, supply base operations, porterage services, berth management, parking services, passenger terminal retail outlets, weighbridge or weighing operations, water supply services, vehicle booking system, security services, and leasing/sub-leasing of areas and facilities in the Port of Batangas Phase 1 from October 1, 2015 until September 30, 2025. For these operations, Parent Company and ATIB shall pay a fixed government share amount of P112.7 million for the first 3 years, which shall escalate by 5% and 4% on the 4th and 5th years and 3% for the remaining 5 years. In addition, Parent Company and ATIB shall remit annual volume-triggered government share of 10% and 20% for domestic cargoes and passenger terminal fees and for foreign cargoes, respectively, once defined threshold volumes are met. On December 18, 2019, the term of the contract was extended until June 30, 2035. The same percentage for the annual volume-triggered government share shall be remitted by Parent Company and ATIB for the extended term and the applicable escalation rate is still 3%. In consideration for the extension of the term from 2025 to 2035, Parent Company and ATIB paid to the PPA a lump-sum fee of P200 million in December 2019.

d. A lump-sum fee of P400 million was paid to the PPA in December 2019 as advance consideration in the event of renewal of the contracts for Port of Batangas Phase 1 and Container Terminal "A-1," Phase 2 beyond year 2035.

   Upon recognition of the fair value of the fixed fees representing the government share under the concession agreements as discussed above, the Group also recognized the corresponding port concession rights payable (see Note 2). The movements in the port concession rights payable are as follows:

	2021	2020
Balance as at January 1	**P7,639,769**	P8,302,992
Accretion of port concession rights payable	**484,794**	505,416
Payments during the year	**(792,135)**	(775,542)
Effects of exchange rate changes	**369,743**	(393,097)
Balance as at December 31	**P7,702,171**	P7,639,769

Agreements outside the Scope of Philippine Interpretation IFRIC 12, *Service Concession Arrangements*

a. The Parent Company has a 5-year lease agreement with PPA effective April 3, 2017 covering a land adjacent to the Container Freight Station (CFS) area of the Container Terminal "A-1" with a monthly lease rental of P1.7 million, subject to a yearly escalation of 5%.

b. The Parent Company has a 25-year lease agreement until April 2021 covering the land in Calamba, Laguna to be used exclusively as an Inland Container Depot for which the Parent Company pays an annual rental of P0.1 million, subject to an escalation of 7% once every two years.

   The contract was revised in 2004, changing the monthly rate to P0.5 million in January 1, 2002 to December 31, 2003 and P0.7 million in January 1, 2004 to December 31, 2005, subject to an escalation of 8% every 2 years starting January 1, 2006. The monthly rates amounted to P1.3 million, P1.3 million and P1.3 million in 2021, 2020 and 2019, respectively.

c. The Parent Company has a 5-year lease contract commencing on February 1, 2017 over two parcels of land located in Sta. Mesa, City of Manila with a monthly lease rental of P0.6 million, subject to an escalation of 7% once every two years. This land is being exclusively used as an off-dock container depot.

d. The Parent Company has entered a 25-year lease contract commencing on February 15, 2018 for a parcel of land located at barangay Calibuyo, Tanza, Cavite, with a monthly lease rental of P35 per square meter, subject to an escalation of 5% beginning February 15, 2020 and every 2 years thereafter. The lease premises shall be used exclusively as a port terminal, inland clearance depot, warehouse, and for other activities related or ancillary thereto.

   Majority of the Group's leased properties pertain to land. The leases typically run for a period of 1-25 years, with an option to renew the lease after that date.

   Information about leases for which the Group is a lessee is presented below.

   i. Right-of-Use Assets

      Right-of-use assets related to leased properties whose lease terms are more than 12 months.

	Note	**2021**	2020
Balance at January 1		**P615,510**	P676,129
Additions to right-of-use assets		**57,672**	99,383
Amortization during the year	*18*	**(213,732)**	(160,002)
Derecognition during the year		**(451)**	-
Balance at December 31		**P458,999**	P615,510

ii. Lease Liabilities

	Note	2021	2020
Balance at January 1		**P599,775**	P640,942
Additions to lease liabilities		**57,672**	99,383
Interest expense during the year	*19*	**7,530**	25,540
Payments made		**(212,340)**	(166,090)
Balance at December 31		**P452,637**	P599,775

As at December 31, 2021 and 2020, the Group has current and noncurrent lease liabilities included in the consolidated statements of financial position as follows:

	2021	2020
Current	**P85,028**	P134,452
Noncurrent	**367,609**	465,323
	P452,637	P599,775

The maturity analysis of undiscounted lease payments as of December 31, 2021 and 2020 is as follows:

	2021	2020
Within one year	**P204,152**	P280,104
More than one year to five years	**272,765**	453,256
More than five years	**449,863**	471,070
	P926,780	P1,204,430

iii. Amounts Recognized in Profit or Loss

	Note	2021	2020
Depreciation expense	*18*	**P213,732**	P160,002
Interest on lease liabilities	*19*	**7,530**	25,540
Expenses relating to short-term and/or low value leases	*18*	**13,960**	21,130
Total		**P235,222**	P206,672

iv. Amounts Recognized in Statements of Cash Flows

	2021	2020
Payments of lease liabilities	**P204,810**	P140,550
Interest paid	**7,530**	25,540
Cash outflow relating to short-term and/or low value leases	**13,960**	21,130
Total cash outflow for leases	**P226,300**	P187,220

e. The Group has contingent liabilities for lawsuits and various other matters occurring in the ordinary course of business. On the basis of information furnished by its legal counsel, management believes that none of these contingencies will materially affect the Group's financial position and financial performance.

24. Financial Risk and Capital Management Objectives and Policies

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

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

As at December 31, 2021 and 2020, the interest rate profile of the Group's interest- bearing financial instrument is as follows:

	2021	2020
Fixed Rate Instruments		
Cash and cash equivalents*	**P3,952,059**	P4,436,490

**Excluding cash on hand amounting to P2.1 million and P1.4 million as at December 31, 2021 and 2020, respectively.*

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Group 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 Group monitors its risk of shortage of funds using a liquidity planning tool. This tool considers the maturity of both the Group's financial investments and financial assets and projected cash flows from operations, among others. The Group'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 Group's financial liabilities based on contractual undiscounted payments:

		Contractual Cash Flows					
As at December 31, 2021	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
	P9,866,644	P210,966	P595,828	P1,909,827	P4,000,264	P6,830,519	P13,547,404

**excluding due to government agencies amounting to P0.7 million and P0.6 million as at December 31, 2021 and 2020, respectively.*

As at December 31, 2020	Carrying Amount	Contractual Cash Flows On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
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	-	61,121	218,983	453,256	471,070	1,204,430
	P9,739,720	P227,771	P657,662	P1,691,649	P4,312,298	P7,398,947	P14,288,327

**excluding due to government agencies amounting to P0.6 million and P0.7 million as at December 31, 2020 and 2019, respectively.*

Credit Risk

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

The Group trades only with recognized and creditworthy third parties. It is the Group'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 Group'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 Group does not require collateral in respect of trade and other receivables. The Group 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 Group, which comprise cash in bank and cash equivalents, deposits and FVOCI - equity, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group 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 Group's maximum exposure to credit risk as at December 31, 2021 and 2020, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	Note	**2021**	2020
Cash and cash equivalents*	*6*	**P3,952,060**	P4,436,490
Trade and other receivables - net	*7*	**809,229**	624,516
Deposits	*12*	**73,302**	131,953
Equity securities	*12*	**2,652**	2,652
		P4,837,243	P5,195,611

**excluding cash on hand amounting to P2.1 million and P1.4 million as at December 31, 2021 and 2020, respectively.*

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

	As at December 31, 2021			
	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**

	As at December 31, 2020			
	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 Group. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Group are included under Grade C.

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

<u>Trade and Other Receivables</u>
The exposure to credit risk for trade and other receivables by industry is as follows:

	Note	**2021**	2020
Shipping lines		**P310,164**	P372,605
Others		**499,065**	251,911
	7	**P809,229**	P624,516

Expected Credit Loss Assessment
The Group 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 December 31, 2021 and 2020:

	Gross Carrying Amount	**Impairment Loss Allowance**	**Credit-Impaired**
Current (not past due)	**P686,002**	**P -**	**No**
1 - 30 days past due	**49,444**	**-**	**No**
31 - 60 days past due	**25,692**	**-**	**No**
61 - 90 days past due	**26,140**	**-**	**No**
More than 90 days past due	**26,146**	**4,195**	**Yes**
Balance at December 31, 2021	**P813,424**	**P4,195**	

	Gross Carrying Amount	Impairment Loss Allowance	Credit-Impaired
Current (not past due)	P464,823	P -	No
1 - 30 days past due	62,650	-	No
31 - 60 days past due	76,671	-	No
61 - 90 days past due	13,271	-	No
More than 90 days past due	11,296	4,195	Yes
Balance at December 31, 2020	P628,711	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 Group 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 Group does not have a material impact on the consolidated financial statements.

The maturity of the Group'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.

There are no significant concentrations of credit risk within the Group. Of the total trade and other receivables which are neither past due nor impaired, 100% are of high-grade quality instruments because there was no history of default on the agreed terms of the contract.

Movement in the Allowance for Impairment in Respect of Trade and Other Receivables

There was no movement in the allowance for impairment on trade and other receivables from 2020 as no reversals and write-offs were made in 2021. The allowance for impairment as at December 31, 2021 is P4.2 million with individually and collectively impaired receivables amounting to P1.1 million and P3.1 million, respectively.

	2020	Individually Impaired	Collectively Impaired
Balance at January 1	P6,979	P1,173	P5,806
Reversals during the year	(2,700)	-	(2,700)
Write-offs	(84)	(84)	-
Balance at December 31	P4,195	P1,089	P3,106

Cash in Banks and Cash Equivalents

The Group held cash in banks and cash equivalents of P4.0 billion and P4.4 billion as at December 31, 2021 and 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 Group 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 Group has foreign currency financial assets and liabilities arising from USD denominated revenues, government share, and other foreign currency-denominated purchases by operating units.

The Group's foreign currency-denominated accounts as at December 31 are as follows:

	2021	2020
Assets		
Cash and cash equivalents	**USD38,634**	USD53,141
Liabilities		
Trade and other payables	**4,030**	1,040
Port concession rights payable	**130,327**	134,718
	134,357	135,758
Net foreign currency-denominated liabilities	**(USD95,723)**	(USD82,617)
Peso equivalent	**(P4,881,777)**	(P3,967,516)

The exchange rates applicable for USD as at December 31, 2021 and 2020 are P51.0 and P48.03, respectively.

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

	Increase (Decrease) in USD Exchange Rate	Effect on Income Before Income Tax	Effect on Equity
2021			
	+5%	**(P244,089)**	**(P183,067)**
	-5%	**244,089**	**183,067**
2020			
	+5%	(P198,376)	(P138,863)
	-5%	198,376	138,863

Capital Management

The primary objective of the Group'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 Group considers capital to include capital stock, additional paid-in capital, retained earnings, fair value reserve and hedging reserve. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group 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 from prior year.

The Group is not subject to externally imposed capital requirements, except for the investment it has committed in accordance with the investment plan discussed in Note 23.

The table below shows the capital structure of the Group as at December 31:

	Note	**2021**	2020
Capital stock		**P2,000,000**	P2,000,000
Additional paid-in capital		**264,300**	264,300
Retained earnings		**18,467,868**	17,642,548
Fair value reserve		**(5,820)**	(5,820)
Total	*16*	**P20,726,348**	P19,901,028

25. Financial Instruments

The table below presents a comparison by category of carrying amounts and estimated fair values of all the Group's financial instruments as at December 31, 2021 and 2020.

		2021		2020	
	Note	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents	*6*	**P3,954,166**	**P3,954,166**	P4,437,874	P4,437,874
Trade and other receivables - net	*7*	**809,229**	**809,229**	624,516	624,516
Deposits	*12*	**73,302**	**79,743**	131,953	138,262
		4,836,697	**4,843,138**	5,194,343	5,200,652
Equity securities	*12*	**2,652**	**2,652**	2,652	2,652
		P4,839,349	**P4,845,790**	P5,196,995	P5,203,304
Financial Liabilities					
Other financial liabilities:					
Trade and other payables*	*14*	**P1,711,836**	**P1,711,836**	P1,500,176	P1,500,176
Port concession rights payable		**7,702,171**	**8,695,787**	7,639,769	9,817,086
Lease liabilities	*23*	**452,637**	**452,637**	599,775	599,775
		P9,866,644	**P10,860,260**	P9,739,720	P11,917,037

**excluding due to government agencies amounting to P0.7 million and P0.6 million as at December 31, 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 flows discounted using the prevailing market rate on interest for a similar instrument. The discount rates used are 3.1% 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 4.42% to 5.10% in 2021 and 2.65% to 3.97% in 2020.

Fair Value Hierarchy

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

As at December 31, 2021	***Note***	**Level 1**	**Level 2**	**Level 3**
Equity securities	*12*	**P933**	**P -**	**P1,719**
Port concession rights payable		**-**	**8,695,787**	**-**
Lease liabilities		**-**	**452,637**	**-**
		P933	**P9,148,424**	**P1,719**

As at December 31, 2020	*Note*	Level 1	Level 2	Level 3
Equity securities	*12*	P933	P -	P1,719
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.

26. Revenues from Operations

The Group derives revenue from the transfer of services in the following major service lines:

	2021	2020	2019
Revenues from Operations			
Stevedoring	**P4,775,548**	P4,580,562	P6,027,019
Arrastre	**4,587,974**	3,637,336	4,666,414
Logistics	**106,907**	117,159	91,289
Special and other services	**1,692,315**	2,625,902	2,544,719
	P11,162,744	P10,960,959	P13,329,441

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Stockholders and Board of Directors
Asian Terminals, Inc.
A. Bonifacio Drive
Port Area, Manila

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of Asian Terminals, Inc. (the "Company"), as at December 31, 2021 and 2020 and for the years then ended, and have issued our report thereon dated March 11, 2022.

Our audits were made for the purpose of forming an opinion on the basic separate financial statements of the Company taken as a whole. The supplementary information included in Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management.

KPMG

This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code (SRC) Rule 68, and is not a required part of the basic separate financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the basic separate financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic separate financial statements taken as a whole.

R.G. MANABAT & CO.

ALICIA S. COLUMBRES
Partner
CPA License No.
SEC Accreditation No. 1590-AR-1, Group A, valid until August 7, 2022
Tax Identification No. 1
BIR Accreditation No.
  Issued July 20, 2020; valid until July 19, 2023
PTR No. MKT
  Issued January 3, 2022 at Makati City

March 11, 2022
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Stockholders and Board of Directors
Asian Terminals, Inc. and its Subsidiaries
A. Bonifacio Drive
Port Area, Manila

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Asian Terminals Inc. (the "Company") and its Subsidiaries (collectively known as the "Group") as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, included in this Form 17-A, and have issued our report thereon dated March 11, 2022.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management.

- Map of the Conglomerate
- Supplementary Schedules of Annex 68-J
- Reconciliation of Retained Earnings Available for Dividend Declaration

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code (SRC) Rule 68, and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

BRES
Partner
CPA License No.
SEC Accreditation No. 1590-AR-1, Group A, valid until August 7, 2022
Tax Identification No. 1
BIR Accreditation No.
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March 11, 2022
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KPMG

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REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and Board of Directors
Asian Terminals, Inc.
A. Bonifacio Drive
Port Area, Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Asian Terminals, Inc. (the "Company") and its Subsidiaries (collectively known as the "Group") as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 11, 2022.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

KPMG

This schedule is presented for the purpose of complying with the Revised Securities Regulation Code (SRC) Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

R.G. MANABAT & CO.

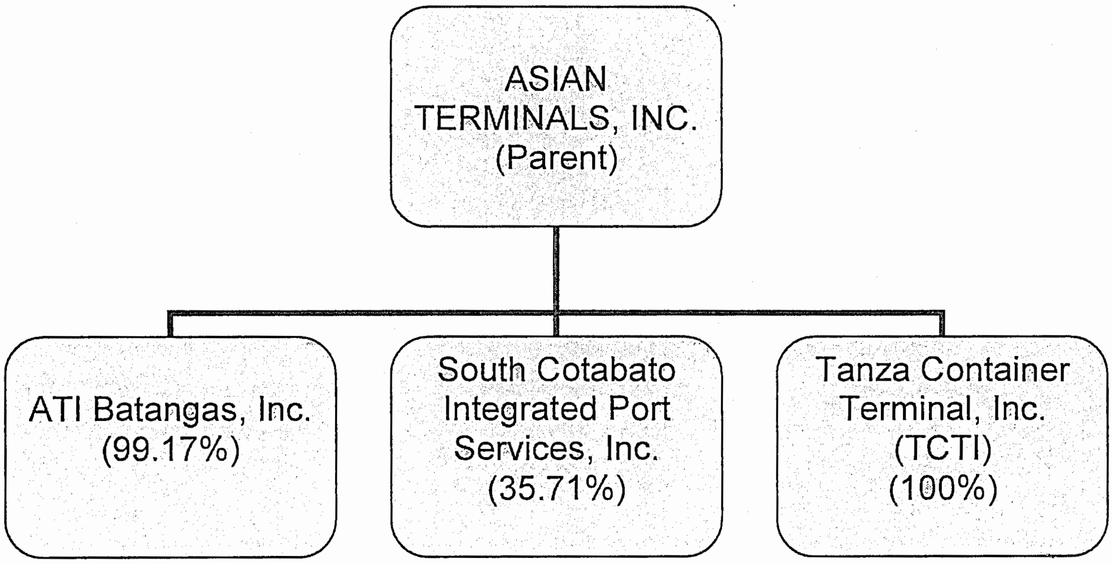
ALICIA S. COLUMBRES
Partner
CPA License No.
SEC Accreditation No. 1590-AR-1, Group A, valid until August 7, 2022
Tax Identification No. 1
BIR Accreditation No. 0 0
Issued July 20, 2020; valid until July 19, 2023
PTR No. MKT 8
Issued January 3, 2022 at Makati City

March 11, 2022
Makati City, Metro Manila

ASIAN TERMINALS, INC.
SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
AS AT DECEMBER 31, 2021

Unappropriated Retained Earnings, beginning		**P1,903,586**
Adjustments:		
Deferred tax benefit		**(827,225)**
Unrealized actuarial gain		**(14,110)**
Unrealized foreign exchange loss - net		**913,621**
Unappropriated Retained Earnings, as adjusted, beginning		**1,975,872**
Net Income based on the face of AFS	P2,169,726	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustments (M2M gains)	-	
Fair value adjustment of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Subtotal	2,169,726	
Add: Non-actual losses		
Deferred tax expense	73,584	
Depreciation on revaluation increment (after tax)	-	
Unrealized foreign exchange loss - net (except those attributable to Cash and Cash Equivalents)	255,570	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually incurred during the period		**2,498,880**
Add (Less):		
Dividend declarations during the period		**(1,406,000)**
Appropriations of Retained Earnings during the period		**(3,600,000)**
Reversals of appropriations		**2,500,000**
Effects of prior period adjustments		**-**
Treasury shares		**-**
Unappropriated Retained Earnings, as adjusted, ending		**P1,968,752**

Asian Terminals, Inc.
Subsidiaries and an Associate
December 31, 2021



Asian Terminals Inc. and its Subsidiaries
Schedule of Financial Soundness Indicators
For the Years Ended December 31, 2021, 2020 and 2019

Consolidated KPI	Manner of Calculation	2021	2020	2019	Discussion
Return on Capital Employed*	Percentage of income before interest and tax over capital employed	13.2%	16.0%	20.1%	Decreased due to lower income before interest and taxes during the period and higher capital employed.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of the parent	11.0%	15.5%	21.7%	Decreased due to lower net income.
Current ratio	Ratio of current assets over current liabilities	2.59 : 1.00	2.61 : 1.00	1.98 : 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	1.53 : 1.00	1.55 : 1.00	1.71 : 1.00	Decreased due to higher equity.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.53 : 1.00	0.55 : 1.00	0.71 : 1.00	Improved due to higher equity.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	9 days	6 days	11 days	Increased due to higher trade receivables.
Net Income Margin	Net income over revenues less government share in revenues	24.3%	32.3%	33.8%	Decreased due to lower net income
Reportable Injury Frequency Rate (RIFR)[1]	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	0.56	0.59	0.82	Decreased due to lower number of injuries.

*Income before interest and tax excludes also net unrealized foreign exchange losses and others.

[1] 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.

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

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FORM 17-A, Item 7

December 31, 2021

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Report of Independent Public Accountants on Schedule of Financial Soundness Indicators

Schedule of Financial Soundness Indicators

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
Financial Assets
December 31, 2021
(in thousands)

Financial Assets	Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued
Cash and cash equivalents	N/A	N/A	P3,954,166	P3,954,166	P6,117
Trade and other receivables - net	N/A	N/A	809,229	809,229	-
Deposits	N/A	N/A	73,302	79,743	-
Equity Securities:					
Quoted Equity Shares		N/A	933	933	-
Unquoted Equity Shares		N/A	1,719	1,719	-
			P4,839,349	P4,845,790	P6,117

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

December 31, 2021

(in thousands)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written-off	Current	Non-current	Balance at End of Period
Officers	P25,597	P19,112	(P24,472)	P -	P -	P -	P20,237
Related Parties	19,952	12,088	(31,237)	-	-	-	803
	P45,549	P31,200	(P55,709)	P -	P -	P -	P21,040

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

Amounts Receivable from (Payable to) Related Parties which are Eliminated during the Consolidation of Financial Statements

December 31, 2021

(in thousands)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Paid	Amounts Written-off	Current	Non-current	Balance at End of Period
ATI Batangas, Inc.	(P12,300)	(P275,906)	(P70,659)	P -	P -	P -	(P358,865)
Tanza Container Terminal, Inc.	372,888	846,606	-	-	-	-	1,219,494
	P360,588	P570,700	(P70,659)	P -	P -	P -	P860,629

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
Long-term Debt
December 31, 2021
(in thousands)

Title of Issue and type of obligation	Amount Authorized by Indenture	Amount Shown under Caption "Current Portion of Long-term Debt" in Related Balance Sheet	Amount Shown under caption "Long-Term Debt" in Related Balance Sheet
	Not Applicable		

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
Indebtedness to Related Parties
December 31, 2021
(in thousands)

Name of Issuing Entity and Association of Each Issue	Amount Shown in the Balance Sheet	Valued Based on Market Quotation at End of Reporting Period
P&O Management Services Phils., Inc.	P12,434	P12,434
DP World Asia Holdings Limited-Regional Operating Headquarters	58	58
	P12,492	P12,492

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

Guarantees of Securities of Other Issuers
December 31, 2021
(in thousands)

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
		Not Applicable		

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
Capital Stock
December 31, 2021
(in thousands)

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by Related Parties	Number of Shares Held by Directors, Officers, and Employees	Number of Shares Held by Others
Common shares	4,000,000	2,000,000	None	637,838	1,002,284	359,878

COVER SHEET
For
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	3	3	6	5	3

COMPANY NAME

ASIAN TERMINALS, INC.

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

A. Bonifacio Drive
Port Area, Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAPCFS		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
asianterminals.com.ph	528-6000	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
822	4th Thursday of April	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Jose Tristan P. Carpio	JoseC@asianterminals.com.ph	528-6000	

CONTACT PERSON's ADDRESS

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

ASIAN TERMINALS, INC.

SEPARATE FINANCIAL STATEMENTS
December 31, 2021 and 2020

With Independent Auditors' Report

ASIAN
TERMINALS
INCORPORATED

www.asianterminals.com.ph

Asian Terminals, Inc. (ATI) Head Office Bldg.
A. Bonifacio Drive, Port Area, 1018 Manila, Philippines
(L) +632 85286000 | (F) +632 85272467

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of **Asian Terminals, Inc.** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for the years ended December 31, 2021 and 2020 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the separate financial statements including the schedules attached therein, and submits the same to the stockholders.

R.G. Manabat & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

GLEN CHRISTOPHER HILTON
Chairman of the Board

EUSEBIO H. TANCO
President

JOSE TRISTAN P. CARPIO
Chief Financial Officer

Signed this 1st of March, 2022

SUBSCRIBED AND SWORN TO before me this ____ day of MAR 2 9 2022, the signatories exhibiting to me their respective Passports/Driver's License Nos., as follows:

Name	Passport Nos.	Date/Place Issued
1. Glen Christopher Hilton		
2. Eusebio H. Tanco		
3. Jose Tristan P. Carpio		

Notary Public

ATTY. CHARMAINE P. DATOC
Notary Public for Manila
Until June 30, 2022
Notarial Commission No. 2
PTR No. / 01-07-2022 / Manila
IBP No. / 01-05-2022 / Manila
Roll No.

Doc. No. 41;
Page No. 21;
Book No. XIV;
Series of 2022.

tro

KPMG

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Asian Terminals, Inc.
A. Bonifacio Drive
Port Area Manila

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Asian Terminals, Inc. (the "Company"), which comprise the separate statements of financial position as at December 31, 2021 and 2020, and the separate statements of income, separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2021 and 2020, and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

KPMG

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 26 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the information is fairly stated in all material respects, in relation to the basic separate financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Alicia S. Columbres.

R.G. MANABAT & CO.

ALICIA S. COLUMBRES
Partner
CPA License No.
SEC Accreditation No. 1590-AR-1, Group A, valid until August 7, 2022
Tax Identification No
BIR Accreditation No.
Issued July 20, 2020; valid until July 19, 2023
PTR No. MKT
Issued January 3, 2022 at Makati City

March 11, 2022
Makati City, Metro Manila

Alas Oplas & Co., CPAs

Alas Oplas & Co., CPAs
Makati Head Office
10/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7759-5090 / 92
Email: aocheadoffice@alasoplascpas.com
www.alasoplascpas.com

Independent Member of
BKR International

CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

We have compiled the accompanying separate financial statements of **ASIAN TERMINALS, INC.** based on information you have provided. These separate financial statements comprise the separate statements of financial position of **ASIAN TERMINALS, INC.** as at December 31, 2021, separate statements of income, separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with Philippine Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these separate financial statements in accordance with Philippine Financial Reporting Standards (PFRSs). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These separate financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these separate financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these separate financial statements are prepared in accordance with (PFRSs).

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from September 4, 2019 to October 30, 2022
BIR A.N. 08-001026-000-2021, issued on January 11, 2021; effective until January 10, 2024
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period
TIN 002-013-406-000

By:

MA. CRISELDA S. OPLAS
Partner
CPA License No.
BIR A.N. issued on January 11, 2021; effective until January 10, 2024
SEC A.N. (Individual) :EC, Group A, issued on November 17, 2020; valid for 2020 to 2024 audit period
TIN
PTR No. issued on January 4, 2022, Makati City

March 11, 2022
Makati City, Philippines

APR 1 2 2022
RECEIVED

ASIAN TERMINALS, INC.

SEPARATE STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	Note	December 31 2021	2020
ASSETS			
Current Assets			
Cash and cash equivalents	*6, 23, 24*	**P3,929,769**	P4,385,369
Trade and other receivables - net	*7, 20, 23, 24*	**2,285,354**	900,039
Spare parts and supplies	*18*	**934,731**	888,745
Prepaid expenses	*8*	**2,060,161**	1,669,498
Total Current Assets		**9,210,015**	7,843,651
Noncurrent Assets			
Investments in subsidiaries and an associate	*9*	**165,064**	165,064
Property and equipment - net	*10*	**529,613**	636,271
Intangible assets - net	*11*	**17,922,518**	17,957,210
Right-of-use assets - net	*22*	**180,608**	313,455
Deferred tax assets - net	*13*	**757,639**	827,224
Other noncurrent assets	*12*	**100,232**	172,068
Total Noncurrent Assets		**19,655,674**	20,071,292
		P28,865,689	P27,914,943
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*14, 20, 23, 24*	**P2,150,047**	P1,863,438
Provisions for claims	*15*	**47,814**	43,587
Port concession rights payable - current portion	*22, 23, 24*	**262,247**	225,756
Income and other taxes payable		**122,527**	291,377
Lease liabilities - current portion	*20, 22, 23, 24*	**65,040**	121,009
Total Current Liabilities		**2,647,675**	2,545,167
Noncurrent Liabilities			
Port concession rights payable - net of current portion	*22, 23, 24*	**6,958,553**	6,838,328
Pension liability	*21*	**220,644**	165,333
Lease liabilities - net of current portion	*20, 22, 23, 24*	**125,024**	204,049
Total Noncurrent Liabilities		**7,304,221**	7,207,710
		9,951,896	9,752,877
Equity			
Capital stock		**2,000,000**	2,000,000
Additional paid-in capital		**264,300**	264,300
Retained earnings		**16,655,313**	15,903,586
Fair value reserve		**(5,820)**	(5,820)
Total Equity	*16, 23*	**18,913,793**	18,162,066
		P28,854,889	P27,914,943

See Notes to the Separate Financial Statements.

ASIAN TERMINALS, INC.

SEPARATE STATEMENTS OF INCOME

(Amounts in Thousands)

		Years Ended December 31	
	Note	**2021**	2020
REVENUES FROM OPERATIONS	*2, 25*	**P10,368,595**	P10,205,805
GOVERNMENT SHARE IN REVENUES	*17*	**(1,922,182)**	(1,788,620)
		8,446,413	8,417,185
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	*18, 20, 21*	**(4,869,350)**	(4,539,337)
OTHER INCOME AND EXPENSES			
Finance income		**5,713**	27,966
Finance cost		**(469,989)**	(503,312)
Others - net		**(187,180)**	662,272
	19	**(651,456)**	186,926
CONSTRUCTION REVENUES	*11*	**60,705**	1,474,693
CONSTRUCTION COSTS	*11*	**(60,705)**	(1,474,693)
		-	-
INCOME BEFORE INCOME TAX		**2,925,607**	4,064,774
INCOME TAX EXPENSE	*13*	**755,882**	1,175,207
NET INCOME		**P2,169,725**	P2,889,567

See Notes to the Separate Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
APR 1 2 2022
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MILLE D. ROMERO
NO 1 TAX ASSISTANCE

ASIAN TERMINALS, INC.
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

		Years Ended December 31	
	Note	**2021**	2020
NET INCOME FOR THE YEAR		**P2,169,725**	P2,889,567
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will never be reclassified to profit or loss			
Actuarial gains (losses) on pension liability	*21*	**(15,998)**	51,650
Tax on item taken directly to equity	*13*	**4,000**	(15,495)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - Net of tax		**(11,998)**	36,155
TOTAL COMPREHENSIVE INCOME		**P2,157,727**	P2,925,722

See Notes to the Separate Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
APR 12 2022
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ASIAN TERMINALS, INC.

SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Amounts in Thousands, Except Per Share Data)

				Retained Earnings			
	Note	Capital Stock	Additional Paid-in Capital	Appropriated for Port Development	Unappropriated	Fair value Reserve	Total
Balance at January 1, 2021		**P2,000,000**	**P264,300**	**P14,000,000**	**P1,903,586**	**(P5,820)**	**P18,162,066**
Cash dividends - P0.70 a share	*16*	-	-	-	(1,406,000)	-	(1,406,000)
Reversal of appropriation of retained earnings	*16*	-	-	(2,500,000)	2,500,000	-	-
Appropriations during the year	*16*	-	-	3,600,000	(3,600,000)	-	-
Net income for the year		-	-	-	2,169,725	-	2,169,725
Other comprehensive income:							
Actuarial losses - net of tax		-	-	-	(11,998)	-	(11,998)
Balance at December 31, 2021		**P2,000,000**	**P264,300**	**P15,100,000**	**P1,555,313**	**(P5,820)**	**P18,913,793**
Balance at January 1, 2020		P2,000,000	P264,300	P12,900,000	P1,483,864	(P5,820)	P16,642,344
Cash dividends - P0.70 a share	*16*	-	-	-	(1,406,000)	-	(1,406,000)
Reversal of appropriation of retained earnings	*16*	-	-	(2,200,000)	2,200,000	-	-
Appropriations during the year	*16*	-	-	3,300,000	(3,300,000)	-	-
Net income for the year		-	-	-	2,889,567	-	2,889,567
Other comprehensive income:							
Actuarial gains - net of tax		-	-	-	36,155	-	36,155
Balance at December 31, 2020		P2,000,000	P264,300	P14,000,000	P1,903,586	(P5,820)	P18,162,066

See Notes to the Separate Financial Statements.

ASIAN TERMINALS, INC.

SEPARATE STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

		Years Ended December 31	
	Note	**2021**	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P2,925,607**	P4,064,774
Adjustments for:			
Depreciation and amortization	*10, 11, 18, 22*	**1,616,587**	1,511,720
Finance cost	*19*	**469,989**	503,312
Net unrealized foreign exchange (gains) losses		**255,570**	(237,509)
Current service cost		**34,334**	39,747
Provision (reversal of provision) for claims - net		**6,203**	(128,062)
Dividend income from a subsidiary and an associate	*9, 19, 20*	**(100,944)**	(123,154)
Finance income	*19*	**(5,713)**	(27,965)
Provisions (reversal of provision) for spare parts and supplies obsolescence	*18*	**(5,035)**	7,000
Gain on disposals of:			
Intangible assets	*19*	**(930)**	(10,861)
Property and equipment	*19*	**(163)**	(4,769)
Reversal of allowance for doubtful accounts	*7*	**-**	(2,700)
Operating income before working capital changes		**5,195,505**	5,591,533
Decrease (increase) in:			
Trade and other receivables		**(1,384,850)**	132,207
Spare parts and supplies		**(40,951)**	(148,252)
Prepaid expenses		**(390,663)**	(373,172)
Increase (decrease) in:			
Trade and other payables		**262,264**	(1,238,604)
Provisions for claims		**(1,976)**	(73,618)
Income and other taxes payable		**(27,565)**	(21,842)
Cash generated from operations		**3,611,764**	3,868,252
Finance income received		**5,699**	31,314
Finance cost paid		**(5,543)**	(22,045)
Income tax paid		**(823,582)**	(998,350)
Net cash provided by operating activities		**2,788,338**	2,879,171

Forward

	Note	Years Ended December 31 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received	*9, 19, 20*	**P100,944**	P123,154
Proceeds from disposals of:			
Intangible assets	*11*	**930**	13,883
Property and equipment	*10*	**163**	4,771
Acquisitions of:			
Property and equipment	*10*	**(57,299)**	(111,443)
Intangible assets	*11*	**(1,217,029)**	(1,406,939)
Decrease (increase) in:			
Other noncurrent assets		**13,187**	8,526
Deposits		**58,649**	(74,718)
Net cash used in investing activities		**(1,100,455)**	(1,442,766)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Cash dividends	*16*	**(1,406,000)**	(1,406,000)
Port concession rights payable	*22*	**(668,203)**	(655,033)
Lease Liabilities		**(183,452)**	(116,821)
Net cash used in financing activities		**(2,257,655)**	(2,177,854)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(569,772)**	(741,449)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**114,172**	(155,588)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*6*	**4,385,369**	5,282,406
CASH AND CASH EQUIVALENTS AT END OF YEAR	*6*	**P3,929,769**	P4,385,369

See Notes to the Separate Financial Statements.

ASIAN TERMINALS, INC.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

(Amounts in Thousands, Except Per Share Data)

1. Reporting Entity

Asian Terminals, Inc. (ATI or the "Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 9, 1986. The Company is a public company under Section 17.2 of the Securities Regulation Code and its shares are listed on the Philippine Stock Exchange, Inc. (PSE). DP World Australia (POAL) Pty. Ltd. directly owns 17.32% of the total outstanding capital stock of ATI.

The Company operates and manages the South Harbor Port of Manila and Container Terminal "A-1," Phase II of the Port of Batangas in Batangas City. The registered office address of the Company is A. Bonifacio Drive, Port Area, Manila.

2. Operating Contracts

Following are the Company's operating contracts:

a. South Harbor, Port of Manila

   ATI's exclusive right to manage, operate and develop South Harbor was renewed for a period of 25 years from May 19, 2013 to May 18, 2038 pursuant to the Third Supplement to the Contract for Cargo Handling and Related Services with the Philippine Ports Authority (PPA) dated October 19, 2007 (see Note 22).

b. Port of Batangas

   On January 18, 2010, the PPA issued to ATI the Notice to Award the Contract for the Management, Operation, Maintenance, Development and Promotion of the Container Terminal "A-1," Phase II of the Port of Batangas for a period of 25 years. The Contract was signed on March 25, 2010. The Notice to Proceed dated June 16, 2010 allowed ATI to start and commence operations at the Terminal on July 1, 2010 (see Note 22).

3. Basis of Preparation

<u>Statement of Compliance</u>

The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRSs which are issued by the Financial Reporting Standards Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

The accompanying separate financial statements were authorized for issue by the Board of Directors (BOD) on March 1, 2022.

The Company also prepares and issues consolidated financial statements for the same period as the separate financial statements prepared and presented in compliance with PFRSs. Said consolidated financial statements may be obtained from the SEC.

Basis of Measurement
The separate financial statements of the Company have been prepared on a historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

Items	Measurement Bases
Equity investments at fair value through other comprehensive income (FVOCI)	Fair value
Pension liability	The present value of the defined benefit obligation less the fair value of plan assets

Functional and Presentation Currency
The separate financial statements are presented in Philippine peso, which is the Company's functional currency. All amounts have been rounded off to the nearest thousand pesos (P000), except when otherwise indicated.

4. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these separate financial statements, except if mentioned otherwise.

The Company has adopted amendments to standards, including any consequential amendments to other standards, with date of initial application of January 1, 2021.

Adoption of Amendments to Standards
The Company has adopted the following amendments to standards starting January 1, 2021 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Company's separate financial statements.

- *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 adoption of the amendment did not have an effect to the separate financial statements.

Standards Issued but Not Yet Adopted
A number of amendments to standards are effective for annual periods beginning after January 1, 2021. However, the Company has not early adopted the following amended standards in preparing these separate financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's separate 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 include 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 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.

<u>Financial Instruments</u>
Non-derivative Financial Instruments. Non-derivative financial instruments consist of cash and cash equivalents, trade and other receivables, deposits, equity securities, trade and other payables (except for statutory payables), port concession rights payable, and lease liabilities.

Recognition and Initial Measurement. Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets
Classification and Subsequent Measurement. On initial recognition, the Company classifies its financial assets in the following measurement categories: amortized cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company has no financial assets classified as measured at: FVOCI - debt investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost using the effective interest method if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Included in this category are the Company's cash and cash equivalents, trade and other receivables, and deposits.

Cash includes cash on hand and in banks which are stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and are subject to an insignificant risk of changes in value.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. The accumulated fair value reserves are never reclassified to profit or loss. Dividends are recognized as income in profit or loss unless it clearly represents a recovery of the cost of investment.

Included in this category is the Company's equity instruments (included under other noncurrent assets).

Business Model Assessment. The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

a. the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
b. how the performance of the portfolio is evaluated and reported to the Company's management;
c. the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
d. how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
e. the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Solely Payments of Principal and Interest Assessment. Principal is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial Liabilities
Classification, Subsequent Measurement and Gains and Losses. Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Included under other financial liabilities are the Company's trade and other payables (except for due to government agencies) port concession rights payable and lease liabilities.

Impairment of Financial Assets
The 'expected credit loss' (ECL) impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

ECL is the probability-weighted estimate of credit losses over the expected life of the financial instrument, representing the present value of expected cash shortfalls. The Company applies either a 12-month ECL or a lifetime ECL. Lifetime ECL applies to the financial assets that have experienced a significant increase in credit risk or are already credit-impaired. The Company's approach to ECL measurement is described in Note 23.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating;
- External credit rating (as far as available);

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor and changes in the operating results of the debtor.

Regardless of the analysis above, a significant risk in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 75 days of when they fall due. A financial asset is credit-impaired when an event that has a detrimental impact on the estimated future cash flows have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as default or being more than 75 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or either financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Financial assets are written off when there is no reasonable expectation of recovery. The Company categorizes a loan or receivable for write off when a debtor fails to make payments or when it is no longer probable that the receivable will be collected. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the separate statements of financial position.

Derecognition of Financial Instruments
Financial Assets. A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;

- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Company has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and nonfinancial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes, when necessary, based on the market values, being the estimated amount for which assets could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The different levels of fair value of financial instruments carried at fair value, by valuation method have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input that is significant to the entire measurement.

Fair values of the financial instruments are discussed in Note 24 to the separate financial statements.

'Day 1' Profit. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in profit or loss. In cases where no observable data are used, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit amount.

Spare Parts and Supplies
Spare parts and supplies are stated at the lower of cost and current replacement cost. Cost is determined using the weighted average method and includes all expenditures incurred in acquiring and bringing them to their existing location and condition.

Investments in Subsidiaries and an Associate
The Company's investments in subsidiaries and an associate are accounted for under the cost method. A subsidiary is an entity in which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The investments in subsidiaries are recognized in the separate financial statements from the date on which control commences until the date on which control ceases. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture of the Company. The investments in subsidiaries and an associate are carried in the separate statements of financial position at cost less allowance for impairment losses, if any.

The Company has the following investments as at December 31, 2021 and 2020:

	Percentage of Ownership	
	2021	2020
Subsidiaries:		
ATI Batangas, Inc. (ATIB)	**99.17%**	99.17%
Tanza Container Terminal, Inc. (TCTI)	**100.00%**	100.00%
Associate:		
South Cotabato Integrated Ports Services, Inc. (SCIPSI)	**35.71%**	35.71%

ATIB, TCTI and SCIPSI are incorporated in the Philippines.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment. Such cost includes the cost of replacing part of such property and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes interest incurred during the construction period on funds borrowed to finance the construction of the projects. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Port facilities and equipment include spare parts that the Company expects to use for more than one year. These are not depreciated until ready for its intended use. However, these are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the spare parts may not be recoverable.

Construction in progress represents structures under construction and is stated at cost. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are substantially completed and ready for its intended use. Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Port facilities and equipment	2 - 25 or life of the operating contract, whichever is shorter
Leasehold improvements	2 - 40 or term of the lease, whichever is shorter
Furniture, fixtures and equipment	2 - 5 years
Transportation and other equipment	2 - 5 years

The remaining useful lives, residual values, depreciation and amortization method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are recognized in profit or loss.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized using the straight-line method over the period covered by the contract or useful life, whichever is shorter. The amortization period and the amortization method are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are treated as changes in accounting estimates. The amortization expense is recognized in profit or loss in the expense category consistent with the function of the intangible asset. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss and measured as the difference between the net disposal proceeds and the carrying amount of the asset.

Port Concession Rights
The Company recognizes port concession rights as intangible assets arising from a service concession arrangement in which the grantor controls or regulates the services provided and the prices charged, and also controls any significant residual interests in the infrastructure at the end of the term of the arrangement, such as property and equipment, if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Company as part of the service concession arrangements.

Port concession rights consist of:

a. Upfront fees payments on the concession contracts;

b. The cost of port infrastructure constructed and port equipment purchased, which are not recognized as property and equipment of the Company but as intangible asset received as consideration for such cost; and

c. Future fixed government share considerations in exchange for license or right. Fixed government share is recognized at present value using the discount rate at the inception date with a corresponding liability recognized. Interest on the unwinding of discount of the liability and foreign exchange differences arising from translations are recognized in profit or loss.

Port concession rights are determined as intangible assets with finite useful lives and are amortized using the straight-line method over the concession period or useful life, whichever is shorter. The amortization period and the amortization method are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are treated as changes in accounting estimates. The amortization expense is recognized in profit or loss in the expense category consistent with the function of the intangible asset. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss and measured as the difference between the net disposal proceeds and the carrying amount of the asset.

Port concession rights are amortized using the straight-line method over the term of service concession arrangements or useful life ranging from 2 to 25 years whichever is shorter.

Impairment of Non-financial Assets

The carrying amounts of investments in subsidiaries and an associate, property and equipment, intangible assets and right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions

Provisions are recognized when the Company has: (a) a present obligation (legal or constructive) as a result of past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and those risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Share Capital

Capital Stock

Capital stock is classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Additional Paid-in Capital
The amount of contribution in excess of par value is accounted for as "Additional paid-in capital." Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefit.

Retained Earnings and Dividend Distribution
Retained earnings include current and prior years' results, net of dividends declared, if any.

Dividend distribution to the Company's shareholders is recognized as a liability, and deducted from equity in the Company's separate statements of financial position in the period in which the dividends are approved and declared by the Company's BOD.

Retained earnings may also include prior year adjustments and the effect of changes in accounting policies as may be required by the standards' transitional provisions.

Revenue, Cost and Expense Recognition
Revenue from Contracts with Customers
The Company recognizes revenue when it transfers control over a service to a customer. Revenue is measured based on the consideration specified in a contract and PPA Tariff regulations, which are all fixed amounts, for each type of services rendered net of variable consideration, if any. The PPA established all relevant port regulations, basic port services and service level requirements, liability on cargo, security, and safety. The Company's revenue is well defined in PPA Operations Memorandum Circular No. 02-2018 and revised schedule of Cargo Handling Tariff implemented on June 5, 2018.

The following is a description of principal activities from which the Company generates its revenue. Revenue is disaggregated by the following service lines:

- *Stevedoring*
  The Company generates stevedoring revenue from all works performed on board vessel. The activity includes movement of cargoes from ship-to-shore, shore-to-ship lifting for inbound and outbound and transshipment including the related stevedoring transportation and liftings from shore to yard and yard to shore. The activity generally finishes in short period of time (i.e. 24 to 48 hours from the time ship arrive at the port). The Company recognizes revenue at a point in time upon completion of service and the average credit terms is 15 to 30 days.

- *Arrastre*
  The Company generates arrastre revenue from portside cargo handling operations. The activity includes receiving, handling, custody, security and delivery of cargo passing over piers, quays, warehouses and open storages within the jurisdictional area of responsibility of the Company. The Company recognizes revenue upon completion of service (i.e at a point in time). The customer pays arrastre charges before the release or cargoes.

- *Logistics*
  Logistics operation includes trucking and handlings services. The Company recognizes revenue upon completion of service (i.e at a point in time) and the average credit term is 15 to 30 days.

- *Special and Other Services*
  Special and other services include storage, reefer monitoring, container freight servicing, and equipment or manpower rental. Majority of these service lines pertains to storage revenues. Storage revenues are charges from the use of warehouses and/or open storages within the jurisdictional area of responsibility of the Company beyond the free storage period. Customers are billed upon withdrawal of cargoes from the terminal (for import) or upon loading of cargoes to vessel (for export). The Company recognizes revenues over a period of time (number of days the container stayed in the jurisdictional area) and the average credit term is 15 to 30 days.

Other Income
Other income is recognized at the point in time when the service has been rendered.

Finance Income
Finance income is recognized on a time proportion basis that reflects the effective yield on the investment.

Construction Revenues and Costs
The Company recognizes revenue related to construction and upgrade of services under service concession arrangement in accordance with PFRS 15. When the construction or upgrade services are provided or delivered under concession arrangement accounted within the scope of Philippine Interpretation IFRIC 12, *Service Concession Arrangements* the consideration is measured at the estimated selling price of the construction services provided. No margin has been recognized since the estimated selling price of the consideration services provided approximates the construction cost. The nature of the consideration determines the subsequent accounting. The consideration is classified as a contract asset under Intangible assets during the construction or upgrade period in accordance with PFRS 15.

Cost and Expense Recognition
Costs and expenses are recognized upon receipt of goods, utilization of services or at the date they are incurred.

<u>Borrowing Costs</u>
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. The capitalization of borrowing costs: (a) commences when the activities to prepare the assets are in progress and expenditures and borrowing costs are being incurred; (b) is suspended during extended periods in which active development, improvement and construction of the assets are interrupted; and (c) ceases when substantially all the activities necessary to prepare the assets are complete. These costs are amortized using the straight-line method over the estimated useful lives of the related property, plant and equipment to which it is capitalized.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss in the period in which these are incurred using the effective interest method.

Leases
At the inception of the contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in PFRS 16.

Company as Lessee
At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset. which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financial sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company's changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Employee Benefits

a. *Short-term Employee Benefits*

   Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present, legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. *Pension*

   The Company has a funded, defined benefit pension plan, administered by a common pension trustee, covering their permanent employees. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

   The defined benefit pension asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligation is to be settled directly. The value of any plan asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

   Remeasurements of the net defined benefit pension liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined pension benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit pension liability (asset), taking into account any changes in the net defined pension liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan are recognized in profit or loss.

   When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Foreign Currency Transactions
The separate financial statements are presented in Philippine peso, which is the Company's functional currency. Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. All differences are taken to profit or loss. Foreign currency gains and losses are reported on a net basis.

Taxes
Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates (tax laws) enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and an associate.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (tax laws) that have been enacted or substantively enacted by the end of the reporting period.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sale tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the separate statements of financial position.

<u>Operating Segments</u>
The Company's operating businesses are organized and managed separately according to the lines of business: port and non-port, with each segment representing a strategic business unit that serves different markets. Management reviews segment reports on a regular basis.

The Company has a single reportable operating segment, as its business has been mainly on port operations and the non-port operation is insignificant to the Company's total business.

The Company operates only in the Philippines which is treated as a single geographical segment.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment and intangible assets.

<u>Contingencies</u>
Contingent liabilities are not recognized in the separate financial statements. They are disclosed in the notes to the separate financial statements unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are not recognized in the separate financial statements but disclosed when an inflow of economic benefits is probable.

<u>Events After the Reporting Date</u>
Post year-end events that provide additional information about the Company's separate financial position at the reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's separate financial statements in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and amounts of assets, liabilities, income and expenses reported in the separate financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future periods affected.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the separate financial statements:

Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine peso. It is the currency that mainly influences the price and cost of providing services.

Service Concession Arrangements. The Company has determined that the operating contracts are within the scope of IFRIC 12, accounted for under the intangible asset model.

The intangible assets pertaining to concession rights as at December 31, 2021 and 2020 are presented in Note 11 to the separate financial statements.

Port Concession Rights and Port Concession Rights Payable. Estimates and assumptions are required on the determination of the cost of port concession rights on service concession arrangements to determine the extent to which the Company receives a right or license to charge users of public service. Port concession rights includes future fixed government share considerations in exchange for license or right. Fixed government share is recognized at present value using the discount rate at the inception date with a corresponding liability (port concession rights payable) recognized. In making those estimates, the management is required to determine a suitable discount rate to calculate the present value of port concessions rights and port concession rights payable. The Company believes that, while the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the separate financial statements.

Estimates and Assumptions

The key estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the separate financial statements. Actual results could differ from such estimates.

Provisions for Claims. The Company records provisions for claims for property and equipment, cargo damage, and for pending civil and labor cases when it is determined that an unfavorable outcome is probable and the amount of the claim can be reasonably estimated. The determination of the amount of reserves required, if any, is based on management's analysis of each individual issue, often with assistance of outside legal counsel.

The carrying amounts of provision for claims amounted to P47.8 million and P43.6 million as at December 31, 2021 and 2020, respectively (see Note 15).

Lease Extension Option. Some property leases contain extension options exercisable by the Company before the end of the non-cancellable contract period. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Lease liabilities on property leases on which extension options were exercised amounted to P47.5 million and P74.7 million as at December 31, 2021 and 2020.

6. Cash and Cash Equivalents

	Note	**2021**	2020
Cash on hand and in banks		**P1,294,314**	P1,296,438
Short-term investments		**2,635,455**	3,088,931
	23, 24	**P3,929,769**	P4,385,369

Cash in banks earn interest at floating rates based on daily bank deposit rates. Majority of short-term investments are on 90-day term subject to roll-over requirements of the Company and earn interest at the prevailing short-term deposit rates amounting to P5.7 million and P28.0 million in 2021 and 2020, respectively (see Note 19).

7. Trade and Other Receivables - net

	Note	**2021**	2020
Due from related parties	*20*	**P1,621,338**	P444,397
Trade receivables		**444,997**	340,948
Receivable from insurance		**21,583**	72,609
Advances to officers and employees		**19,680**	24,843
Receivable from escrow fund		**13,635**	13,635
Interest receivable		**371**	357
Other receivables		**167,945**	7,445
		2,289,549	904,234
Allowance for impairment losses		**(4,195)**	(4,195)
	23, 24	**P2,285,354**	P900,039

Other receivables include refund for the down payment to a third-party for a contract cancelled in 2021 amounting to P165.0 million.

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

Movements in the allowance for impairment losses on trade and other receivables are as follows:

	Individually Impaired	Collectively Impaired	Total
Balance at January 1, 2020	P1,913	P5,057	P6,970
Reversals during the year	-	(2,700)	(2,700)
Write-offs	(75)	-	(75)
Balance at December 31, 2020 and 2021	**P1,838**	**P2,357**	**P4,195**

8. Prepaid Expenses

	Note	2021	2020
Taxes		**P2,035,677**	P1,634,687
Insurance	22	**7,309**	2,298
Rental		**2,327**	2,327
Others		**14,848**	30,186
		P2,060,161	P1,669,498

Taxes pertain to the Company's input VAT credits, net of output VAT.

Rental pertains to prepayments on short-term leases entered during the period. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

9. Investments in Subsidiaries and an Associate

	Note	2021	2020
At cost:			
Subsidiary - ATIB	*9a*	**P150,717**	P150,717
Subsidiary - TCTI	*9b*	**3,125**	3,125
Associate - SCIPSI	*9c*	**11,222**	11,222
		P165,064	P165,064

a. The following table shows the summarized financial information of ATIB:

	2021	2020
Current assets	**P221,730**	P234,000
Noncurrent assets	**2,886,542**	2,568,044
Total assets	**P3,108,272**	P2,802,044
Current liabilities	**P742,416**	P395,104
Noncurrent liabilities	**413,093**	541,545
Total liabilities	**P1,155,509**	P936,649
Revenues	**P800,758**	P785,779
Expenses	**(650,043)**	(622,135)
Net income	**P150,715**	P163,644

ATIB's exclusive right to manage and render arrastre, stevedoring, storage and related cargo handling services at the Port of Batangas for Phase I was renewed on October 20, 2005 for a period of 10 years until 2015, renewable for another 10 years upon mutual agreement of PPA and ATIB. The contract with the PPA includes cargo handling and operation and management of the passenger terminals.

On October 2, 2015, ATIB signed a Contract for the Management, Operation, Maintenance and Development of Phase I, Port of Batangas with a term of October 1, 2015 until September 30, 2025. In December 2019, ATI and ATIB signed a Contract with PPA for the extension of the term from 2025 to 2035 (see Note 22).

b. The following table shows the summarized financial information of TCTI:

	2021	2020
Current assets	**P5,893**	P126
Noncurrent assets	**1,573,178**	580,914
Total assets	**P1,579,071**	P581,040
Current liabilities	**P1,320,113**	P385,592
Noncurrent liabilities	**316,383**	232,791
Total liabilities	**P1,636,496**	P618,383
Expenses	**(P19,471)**	(P23,362)
Net loss	**(P19,471)**	(P23,362)

The Company intends to develop, operate and manage a barge terminal in Tanza, Cavite to cater to Philippine Economic Zone Authority cargoes. In preparation for this project, TCTI was incorporated on January 18, 2018. TCTI has not started its commercial operations since its establishment. Currently, there are lease improvements and ongoing construction of port facilities. Also, equipment has been acquired and recognized under TCTI. Due to the COVID-19 pandemic, the start of commercial operations has been delayed and is expected to begin in 2022.

c. The following table shows the summarized financial information of SCIPSI:

	2021	2020
Current assets	**P156,497**	P140,916
Noncurrent assets	**37,787**	64,471
Total assets	**194,284**	P205,387
Current liabilities	**P50,733**	P50,907
Noncurrent liabilities	**2,155**	47,105
Total liabilities	**P52,888**	P98,012
Revenues	**P322,685**	P345,105
Expenses	**(197,281)**	(206,937)
Net income	**P125,404**	P138,168

Based on unaudited financial statements.

The Company has a 35.71% interest in SCIPSI, which is engaged in arrastre, stevedoring and other related cargo handling services, except porterage, in Makar Wharf, General Santos City, Philippines.

ATIB, TCTI and SCIPSI are not listed in any public exchange.

Dividend income of P100.9 million and P123.2 million was received from ATIB and SCIPSI in 2021 and 2020, respectively (see Notes 19 and 20).

10. Property and Equipment - net

The movements in this account are as follows:

2021

	Port Facilities and Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction In-progress	Total
Cost						
Balance at beginning of year	P119,384	P518,672	P691,274	P251,855	P102,954	P1,684,139
Additions	-	363	46,545	8,201	7,901	63,010
Disposals	(2,117)	-	(1,678)	(1,966)	-	(5,761)
Reclassifications	(18,900)	231	8,738	2,459	(8,027)	(15,499)
Balance at end of year	98,367	519,266	744,879	260,549	102,828	1,725,889
Accumulated Depreciation						
Balance at beginning of year	57,345	380,760	481,526	128,237	-	1,047,868
Depreciation	6,113	10,477	76,820	33,939	-	127,349
Disposals	(2,117)	-	(1,678)	(1,966)	-	(5,761)
Reclassifications	-	-	26,820	-		26,820
Balance at end of year	61,341	391,237	583,488	160,210	-	1,196,276
Carrying Amount	P37,026	P128,029	P161,391	P100,339	P102,828	P529,613

2020

	Port Facilities and Equipment	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction in-progress	Total
Cost						
Balance at beginning of year	P139,188	P517,593	P646,257	P210,890	P108,681	P1,622,609
Additions	19,792	-	45,092	53,521	901	119,306
Disposals	(39,596)	-	(3,021)	(16,238)	-	(58,855)
Reclassifications	-	1,079	2,946	3,682	(6,628)	1,079
Balance at end of year	119,384	518,672	691,274	251,855	102,954	1,684,139
Accumulated Depreciation						
Balance at beginning of year	92,248	370,566	395,918	114,671	-	973,403
Depreciation	4,693	10,194	88,627	29,804	-	133,318
Disposals	(39,596)	-	(3,019)	(16,238)	-	(58,853)
Balance at end of year	57,345	380,760	481,526	128,237	-	1,047,868
Carrying Amount	P62,039	P137,912	P209,748	P123,618	P102,954	P636,271

No borrowing costs were capitalized in 2021 and 2020.

The Company has non-cash additions as at December 31, 2021 and 2020 which amounted to P5.7 million and P7.9 million, respectively.

Cost of fully depreciated property and equipment which are still being used by the Company amounted to P458.9 million and P430.2 million as at December 31, 2021 and 2020, respectively.

11. Intangible Assets - net

The movements in this account are as follows:

2021

	Port Concession Rights			
	Upfront Fees (Note 22)	**Fixed Government Share**	**Port Infrastructure**	**Total**
Cost				
Balance at beginning of year	**P482,000**	**P8,342,270**	**P20,688,738**	**P29,513,008**
Additions	**-**	**-**	**1,231,373**	**1,231,373**
Reclassification	**-**	**-**	**15,499**	**15,499**
Disposals	**-**	**-**	**(43,106)**	**(43,106)**
Balance at end of year	**482,000**	**8,342,270**	**21,892,504**	**30,716,774**
Accumulated Amortization				
Balance at beginning of year	**85,934**	**3,453,815**	**8,016,049**	**11,555,798**
Amortization	**11,280**	**292,853**	**1,004,251**	**1,308,384**
Reclassifications			**(26,820)**	**(26,820)**
Disposals	**-**	**-**	**(43,106)**	**(43,106)**
Balance at end of year	**97,214**	**3,746,668**	**8,950,374**	**12,794,256**
Carrying Amount	**P384,786**	**P4,595,602**	**P12,942,130**	**P17,922,518**

2020

	Port Concession Rights			
	Upfront Fees (Note 22)	Fixed Government Share	Port Infrastructure	Total
Cost				
Balance at beginning of year	P482,000	P8,342,270	P19,336,358	P28,160,628
Additions	-	-	1,474,693	1,474,693
Reclassification	-	-	(1,079)	(1,079)
Disposals	-	-	(121,234)	(121,234)
Balance at end of year	482,000	8,342,270	20,688,738	29,513,008
Accumulated Amortization				
Balance at beginning of year	74,654	3,160,962	7,189,035	10,424,651
Amortization	11,280	292,853	945,226	1,249,359
Disposals	-	-	(118,212)	(118,212)
Balance at end of year	85,934	3,453,815	8,016,049	11,555,798
Carrying Amount	P396,066	P4,888,455	P12,672,689	P17,957,210

The unamortized capitalized borrowing costs as at December 31, 2021 and 2020 amounted to P59.4 million and P64.1 million, respectively. No borrowing costs were capitalized in 2021 and 2020.

The Company has non-cash additions as at December 31, 2021 and 2020 which amounted to P14.3 million and P66.7 million, respectively.

Contract asset under Port Infrastructure represents ongoing construction of port facilities and eventual putting into service in accordance with the Investment Plan. The movements in contract asset are as follows:

	2021	2020
Balance at beginning of year	**P2,721,258**	P2,143,561
Additions during the year	**60,705**	1,474,693
Reclassification during the year	**(1,548,412)**	(896,996)
Balance at end of year	**P1,233,551**	P2,721,258

12. Other Noncurrent Assets

	Note	**2021**	2020
Deposits	*23, 24*	**P71,498**	P130,146
Taxes		**26,082**	39,270
Equity securities	*23, 24*	**2,652**	2,652
		P100,232	P172,068

Deposits mainly represent payments related to refundable security deposits on property leases and utilities. This account includes noninterest-bearing refundable security deposits on a lease agreement that was carried at fair value as of initial recognition determined based on the present value of future cash flows discounted using effective interest rate of 15.6%. The carrying amounts of these refundable security deposits at amortized cost amounted to P14.8 million as at December 31, 2021 and 2020.

Taxes pertain to noncurrent portion of the value-added input tax on capital goods exceeding P1.0 million.

Equity securities consist of investments in quoted and unquoted shares.

13. Income Tax

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Effective July 1, 2020, the Company, being qualified as large corporation, has its corporate income tax lowered from 30% to 25%.

The components of taxes are as follows:

	2021	2020
Current tax	**P770,025**	P1,052,734
Deferred tax	**(60,586)**	122,473
Changes in tax rate:		
Current tax	**(87,728)**	-
Deferred tax	**134,171**	-
	P755,882	P1,175,207

A reconciliation between the statutory tax rate and the effective tax rate on income before income tax follows:

	2021	2020
Statutory income tax rate	**25.00%**	30.00%
Changes in income tax rate resulting from:		
Change in income tax rate	**1.59**	-
Income subjected to final tax	**(0.05)**	(0.48)
Dividend income from a subsidiary and an associate	**(0.70)**	(0.61)
Effective income tax rate	**25.84%**	28.91%

The movements in deferred tax balances are as follows:

2021	Note	Net Balance at January 1	Recognized In Profit or Loss	Recognized In OCI	December 31 Deferred Tax Assets	Deferred Tax Liabilities	Net
Port concession rights payable related to fixed government share		P461,500	(P56,109)	P -	P405,391	P -	P405,391
Unrealized foreign exchange loss - net		274,087	(20,685)	-	253,402	-	253,402
Pension liability	*21*	56,633	(400)	4,000	60,233	-	60,233
Excess of cost over current replacement cost of spare parts and supplies		27,229	(5,797)	-	21,432	-	21,432
Accrued expenses		12,000	6,984	-	18,984	-	18,984
Provisions for claims		13,076	(1,124)	-	11,952	-	11,952
Impairment losses on receivables		2,704	(451)	-	2,253	-	2,253
Rental deposit		1,243	(207)	-	1,036		1,036
Right-of-use assets and lease liabilities		(1,087)	(468)	-	-	(1,555)	(1,555)
Unamortized capitalized borrowing costs and custom duties		(20,161)	4,672	-	-	(15,489)	(15,489)
Net tax assets (liabilities)		P827,224	(P73,585)	P4,000	P774,683	(P17,044)	P757,639

2020	Note	Net Balance at January 1	Recognized In Profit or Loss	Recognized In OCI	December 31 Deferred Tax Assets	Deferred Tax Liabilities	Net
Port concession rights payable related to fixed government share		P432,182	P29,318	P -	P461,500	P -	P461,500
Unrealized foreign exchange loss - net		376,514	(102,427)	-	274,087	-	274,087
Pension liability	*21*	58,961	13,167	(15,495)	56,633	-	56,633
Excess of cost over current replacement cost of spare parts and supplies		26,235	994	-	27,229	-	27,229
Accrued expenses		16,845	(4,845)	-	12,000	-	12,000
Provisions for claims		73,580	(60,504)	-	13,076	-	13,076
Impairment losses on receivables		2,727	(23)	-	2,704	-	2,704
Rental deposit		1,243	-	-	1,243		1,243
Right-of-use assets and lease liabilities		(1,359)	272	-	-	(1,087)	(1,087)
Unamortized capitalized borrowing costs and custom duties		(21,736)	1,575	-	-	(20,161)	(20,161)
Net tax assets (liabilities)		P965,192	(P122,473)	(P15,495)	P848,472	(P21,248)	P827,224

Net deferred tax assets have been recognized because management believes that the Company will earn sufficient future taxable profits against which it can utilize the benefits therefrom.

14. Trade and Other Payables

	Note	2021	2020
Accrued expenses:			
Marketing, commercial and promotion		**P229,259**	P123,745
Finance costs		**124,512**	121,108
Personnel costs		**89,571**	98,828
Repairs and maintenance		**47,330**	29,925
Professional fees		**38,897**	40,861
Corporate social responsibility		**21,134**	12,715
Security expenses		**20,523**	15,521
Utilities		**4,713**	6,911
Trucking expense		**3,726**	11,109
Rental	*22*	**2,408**	2,725
Safety and environment		**1,609**	3,228
Miscellaneous		**102,457**	97,881
Due to government agencies	*22*	**651,910**	598,122
Trade		**304,578**	242,404
Equipment acquisitions		**281,640**	200,104
Shippers' and brokers' deposits		**117,181**	114,493
Due to related parties	*20*	**12,492**	21,565
Other payables		**96,107**	122,193
	23, 24	**P2,150,047**	P1,863,438

Following are the terms and conditions of the liabilities:

- Trade payables are noninterest-bearing and are normally settled on 30 to 60-day terms.
- Accrued finance costs are normally settled quarterly and semi-annually throughout the financial year.
- Other payables are noninterest-bearing and are normally settled within twelve months from inception date. This account includes dividends and other non-trade payables.

Rental pertains to short-term leases entered during the period.

15. Provisions for Claims

	Note	2021	2020
Balance at beginning of year		**P43,587**	P245,267
Provisions (reversals) during the year	*18*	**6,203**	(128,062)
Payments during the year		**(1,976)**	(73,618)
Balance at end of year		**P47,814**	P43,587

Provisions relate to property and equipment, and cargo damage and other claims. It is expected that most of these provisions will be settled within the next financial year or on demand.

16. Equity

Pursuant to the registration statement rendered effective by the SEC and permit to sell issued by the SEC both dated April 7, 1995, 1.0 billion common shares of the Company were registered and may be offered for sale at an offer price of P5.10 per common share. On March 26, 1999, another registration statement was rendered effective by the SEC and permit to sell issued by the SEC for 1.0 billion common shares of the Company and may be offered for sale at an offer price of P1.00 per common share. As at December 31, 2021, the Company has a total of 2.0 billion issued and outstanding common shares and 822 stockholders.

Capital Stock - P1 Par Value

The Company has 2.0 billion issued and fully paid capital stock, from its 4.0 billion authorized common shares, as at December 31, 2021 and 2020.

Retained Earnings

Cash Dividends

On April 22, 2021, the BOD approved the declaration of cash dividends amounting to P1,406.0 million or P0.703 per share payable on May 17, 2021 to common shareholders of record as at May 17, 2021.

On March 30, 2020, the BOD approved the declaration of cash dividends amounting to P1,406.0 million or P0.703 per share payable on May 26, 2020 to common shareholders of record as at April 29, 2020.

Appropriation and Reversal of Appropriation of Retained Earnings

On December 20, 2021, the Company's BOD approved the reversal to the unappropriated retained earnings of the amount of P2.5 billion out of the already approved appropriation of P14.0 billion, for capital expenditures for 2020 and 2021. Furthermore, the Company's BOD approved an appropriation of the retained earnings amounting to P3.6 billion for capital expenditures for the next 5 years. The Company's BOD also approved on the same date a budget amounting to P17.5 billion for capital expenditures which include yard and berth development as well as construction of new facilities and equipment acquisition for 2022 to 2026. The capital expenditures will strengthen the Company's operations and capability to handle growth.

On December 20, 2020, the Company's BOD approved the reversal to the unappropriated retained earnings of the amount of P2.2 billion out of the already approved appropriation of P12.9 billion, for capital expenditures for 2019 and 2020. Furthermore, the Company's BOD approved an appropriation of the retained earnings amounting to P3.3 billion for capital expenditures for the next 2 years. The Company's BOD also approved on the same date a budget amounting to P11.8 billion for capital expenditures which include yard and berth development as well as construction of new facilities and equipment acquisition for 2021 to 2022. The capital expenditures will strengthen the Company's operations and capability to handle growth.

Fair Value Reserve

Fair value reserve amounting to P5.8 million as at December 31, 2021 and 2020 represents unrealized loss on equity securities.

17. Government Share in Revenues

This account consists of the PPA's share in revenues of the Company as stipulated in the agreements discussed in Notes 2 and 22. The PPA's share in gross revenues includes variable government share amounting to P1.9 billion and P1.8 billion in 2021 and 2020 respectively (see Note 22).

18. Costs and Expenses Excluding Government Share in Revenues

	Note	**2021**	2020
Depreciation and amortization	*10, 11, 22*	**P1,616,587**	P1,511,720
Labor costs	*21*	**1,356,998**	1,320,343
Equipment running		**653,138**	537,310
Taxes and licenses		**370,912**	360,322
Insurance	*20*	**188,602**	133,255
Facilities-related expenses		**178,784**	134,976
Management fees		**133,598**	184,380
General transport		**116,549**	109,249
Security, health, environment and safety		**100,835**	108,292
Professional fees		**11,206**	14,201
Marketing, commercial and promotion		**6,949**	10,401
Provisions for claims	*22*	**6,203**	5,440
Entertainment, amusement and recreation		**3,300**	2,262
Rentals	*15*	**1,733**	1,938
Others		**123,956**	105,248
		P4,869,350	P4,539,337

Labor costs include salaries, benefits and pension expense.

Spare parts and supplies used and included under equipment running amounted to P248.1 million and P182.0 million in 2021 and 2020, respectively.

Provision for spare parts and supplies obsolescence included under other costs and expenses amounted to nil and P7.0 million in 2021 and 2020, respectively.

Rental pertains to short-term leases incurred during the period.

19. Other Income and Expenses

Finance income pertaining to interest income derived from cash in banks and short-term investments amounted to P5.7 million and P28.0 million for the years ended December 31, 2021 and 2020, respectively (see Note 6).

Finance cost is broken down as follows:

	Note	**2021**	2020
Interest on port concession rights payable		**P459,467**	P473,963
Interest on lease liabilities	*22*	**5,257**	21,848
Interest component of pension expense - net	*21*	**4,979**	7,304
Interest on bank loans/credit facilities		**286**	197
		P469,989	P503,312

Interest on port concession rights payable pertains to the interest on the unwinding of discount of said liability (see related policy on port concession rights in Note 4).

Others consist of the following:

	Note	2021	2020
Foreign exchange gains (losses) - others		**P135,737**	(P146,161)
Dividend income from subsidiaries and an associate	*9, 20*	**100,944**	123,154
Lease and other income - net	*20*	**34,494**	42,251
Gain on disposal of equipment and intangible assets		**1,093**	15,630
Foreign exchange gains (losses)- port concession rights payable		**(459,448)**	291,455
Reversal of prior year provisions		**-**	255,503
Income from insurance claims		**-**	80,440
		(P187,180)	P662,272

Foreign exchange gains - port concession rights payable resulted from revaluation of foreign currency denominated port concession rights payable.

Reversal pertains to prior year provision for claims and accruals of professional fees and advertising expenses in excess of settlement paid which resulted to abnormal balances of the related expense accounts and were reclassified to other income.

Income from insurance claims includes amounts received in excess of the amount of liquidated damages to the properties of the Company caused by fire, earthquake and typhoon.

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

The Company, in the normal course of business, has the following transactions with its related parties:

				Outstanding Balance				
Category/Transaction	Ref	Year	Amount of the Transaction	Due from Related Parties	Due to Related Parties	Lease Liability	Terms	Conditions
Subsidiaries								
ATIB								
▪ Management income	A	**2021**	**P25,794**	**P -**	**P -**	**P -**	**Payable on demand**	**Unsecured; no impairment**
		2020	27,919	-	-	-	Payable on demand	Unsecured; no impairment
▪ Dividend income	A	**2021**	**69,420**	-	-	-	**Payable on demand**	**Unsecured no impairment**
		2020	69,420	-	-	-	Payable on demand	Unsecured; no impairment
▪ Rental income	A	**2021**	**1,106**	-	-	-	**Payable on demand**	**Unsecured; no impairment**
		2020	1,106	-	-	-	Payable on demand	Unsecured; no impairment
▪ Advances	A	**2021**	**346,565**	**358,865**	-	-	**Payable on demand**	**Unsecured; no impairment**
		2020	368,094	12,300	-	-	Payable on demand	Unsecured; no impairment
TCTI								
▪ Advances	E	**2021**	**846,606**	**1,219,494**	-	-	**Payable on demand**	**Unsecured; no impairment**
		2020	293,035	372,888	-	-	Payable on demand	Unsecured; no impairment
Associate								
▪ Management income	B	**2021**	**8,588**	**861**	-	-	**Payable on demand**	**Unsecured; no impairment**
		2020	9,226	1,696	-	-	Payable on demand	Unsecured; no impairment
▪ Dividend income	B	**2021**	**31,524**	-	-	-	**Payable on demand**	**Unsecured; no impairment**
		2020	53,734	17,911	-	-	Payable on demand	Unsecured; no impairment
Post-employment Benefit Plan								
▪ Retirement fund	C	**2021**	**54,982**	**42,118**	-	-	**Payable on demand**	**Unsecured; no impairment**
		2020	68,385	39,257	-	-	Payable on demand	Unsecured; no impairment
Others								
▪ Management fees	D	**2021**	**133,598**	-	**12,434**	-	**Payable within ten (10) days of the following month**	**Unsecured**
		2020	184,380	-	20,104	-	Payable within ten (10) days of the following month	Unsecured
▪ Advances	F	**2021**	**3,019**	-	**58**	-	**Payable on demand**	**Unsecured; no impairment**
		2020	2,105	345	-	-	Payable on demand	Unsecured; no impairment
▪ Lease	I	**2021**	**21,158**	-	-	**50,098**	**Payable within five (5) days of the following month**	**Unsecured**
		2020	25,008	-	-	81,172	Payable within five (5) days of the following month	Unsecured
TOTAL		**2021**		**P1,621,338**	**P12,492**	**P50,098**		
TOTAL		2020		P444,397	P20,104	P81,172		

a. The Company has a management agreement with ATIB for a period of five years until August 31, 2022. The terms of the agreement provide for a monthly management fee calculated using a pre-agreed rate applied to ATIB's income before income tax. Management fees earned are included under lease and other income (see Note 19).

The Company rents out cargo handling equipment to ATIB on an annual basis. Total rent income is included under lease and other income (see Note 19).

The Company received dividend income from ATIB in 2021 and 2020 (see Notes 9 and 19).

The Company collects certain receivables and pays certain expenses on behalf of ATIB.

b. Amount owed by SCIPSI pertains to management fees equivalent of 6% of gross revenue of SCIPSI. Management fees earned are included under lease and other income (see Note 19).

   The Company also received dividend income from SCIPSI (see Notes 9 and 19).

c. The Company has a noncontributory, defined benefit retirement plan covering all its regular employees, in the form of a trust being maintained by a trustee bank. The benefits are based on the employee's years of service and final plan salary. Certain payments to retired employees were paid directly by the Company to be subsequently reimbursed by the retirement fund.

d. P & O Management Services Phils., Inc. (POMS), a related party which is 40.00% owned by POAL, manages the Company by virtue of a management agreement. The Company's management agreement with POMS was further renewed on August 27, 2020 for another five years until August 31, 2025. The terms of the agreement provide for the payment of a monthly management fee equivalent to 5% of ATI's consolidated income before income tax of the immediately preceding month (see Note 18).

e. The Company pays expenses on behalf of TCTI for the latter's pre-operating working capital requirements, particularly its rental.

f. Amount owed by DP World Asia Holdings Limited-Regional Operating Headquarters pertains to reimbursements for expenses paid by the Company.

g. The Company has entered a 5-year lease contract with a company controlled by the Company's director commencing on May 1, 2019 for a parcel of land located at Barangay Lawa, Calamba, Laguna, with a monthly lease rental of P40 per square meter, subject to an escalation of 8% beginning May 1, 2021 and every 2 years thereafter. The contract terms are based on market rates for this type of arrangement and amounts are payable on a monthly basis for the duration of the contract. The leased premises shall be used for its off-dock container yard and cargo support requirements, including but not limited to warehousing and logistics (see Note 22).

The short-term compensation and benefits of key management personnel are as follows:

	2021	2020
Short-term employee benefits	**P200,486**	P188,722
Post-employment benefits	**10,485**	12,741
	P210,971	P201,463

The outstanding related party balances are expected to be settled in cash.

21. Pension

The Company's latest actuarial valuation report is dated December 31, 2021. Valuations are obtained on a periodic basis. The following tables summarize the components of pension expense recognized in the separate statements of income and the funded status and amounts recognized in the separate statements of financial position.

Pension Expense

	Note	**2021**	2020
Current service cost		**P34,334**	P39,747
Interest cost on defined benefit obligation	*19*	**19,473**	28,014
Interest income on plan assets	*19*	**(14,494)**	(20,710)
Net pension expense		**P39,313**	P47,051

Current service cost is charged under "Labor costs" account included in "Costs and expenses excluding government share in revenues" in the separate statements of income (see Note 18). Interest cost on defined benefit obligation and interest income on plan asset are included in "Finance cost" account in the separate statements of income (see Note 19).

Pension Liability as at December 31

	2021	2020
Present value of pension obligations	**(P605,375)**	(P568,643)
Fair value of plan assets	**384,731**	403,310
Pension liability	**(P220,644)**	(P165,333)

Changes in the Present Value of Pension Obligations

	Note	**2021**	2020
Present value of pension obligations at beginning of year		**(P568,643)**	(P602,339)
Current service cost		**(34,334)**	(39,747)
Interest cost	*19*	**(19,473)**	(28,014)
Benefits paid		**26,707**	50,488
Actuarial gains (losses)		**(9,632)**	50,969
Present value of pension obligations at end of year		**(P605,375)**	(P568,643)

Changes in the Fair Value of Plan Assets

	2021	2020
Fair value of plan assets at beginning of year	**P403,310**	P432,407
Actual return on plan assets:		
Interest income	**14,494**	20,710
Remeasurement gain on plan assets	**(6,366)**	681
Benefits paid	**(26,707)**	(50,488)
Fair value of plan assets at end of year	**P384,731**	P403,310

Benefits paid include certain payments to retired employees paid directly by the Company to be subsequently reimbursed by the retirement fund. Any amount paid by the Company not reimbursed by the retirement fund within the year is recorded under "Due from related parties" account included in "Trade and other receivables - net" in the separate statements of financial position. As at December 31, 2021 and 2020, the balance due from the retirement fund amounted to P42.1 million and P39.3 million, respectively (see Note 20).

The components of retirement benefits recognized in other comprehensive income are as follows:

	2021	2020
Actuarial gains (losses) due to:		
Changes in financial assumptions	**(P24,381)**	(P32,713)
Changes in demographic assumptions	**(28,543)**	47,365
Experience adjustment	**43,292**	36,317
Remeasurement gain (losses) on plan assets	**(6,366)**	681
	(P15,998)	P51,650

The cumulative amount of actuarial gains (losses) recognized in the separate statements of changes in equity included in the "Retained earnings" account is (P1.9) million actuarial losses as at December 31, 2021 and P14.1 million actuarial gains as at December 31, 2020.

Plan Assets
The plan entitles a retired regular or full-time employee to receive a lump sum amount equivalent to one (1) month salary for every year of credited service. Period of service shall be reckoned from date hired to date of retirement, death, permanent disability, or severance.

This defined benefit pension plan exposes the Company to actuarial risks, such as interest rate risk and market (investment) risk.

Contributions will be made at the start of each year based on the funding requirements and recommendations indicated in the latest actuarial valuation report.

The Company's plan assets consist of the following:

	2021	2020
Investment in government securities	**P274,852**	P301,283
Equity instruments	**62,055**	55,544
Cash and cash equivalents	**9,744**	2
Debt instruments	**27,350**	28,563
Investment in UITF	**5,077**	14,994
Other receivables	**5,653**	2,924
	P384,731	P403,310

All equity instruments and government securities have quoted price in active markets.

All government securities are issued by the Philippine government and are rated Baa3 by Moody's or BBB by Standard & Poor's.

The principal assumptions used in determining pension benefit obligations for the Company's plan are shown below:

	2021	2020
Discount rate at end of year	**5.10%**	3.8%
Salary increase rate	**3.5%-6.0%**	3.0%-6.0%

Assumptions for mortality rate are based on the 2017 Philippine Intercompany Mortality Table.

The weighted average duration of defined benefit obligation is as follows:

	2021	2020
Average expected future service years	**14**	13

Maturity analysis of the benefit payments:

	2021 Expected Benefit Payments
Within 1 Year	**P55,011**
Within 1 - 5 Years	**211,887**
More than 5 Years	**2,677,966**

	2020 Expected Benefit Payments
Within 1 Year	P76,841
Within 1 - 5 Years	204,227
More than 5 Years	1,494,904

Sensitivity Analysis

As at December 31, 2021 and 2020, the reasonably possible changes to the relevant actuarial assumptions holding other assumptions constant, would have affected the defined benefit obligation by the amounts below:

2021

	1% Increase	**1% Decrease**
Discount rate	**(P49,679)**	**P58,604**
Salary increase rate	**60,424**	**(52,185)**

2020

	1% Increase	1% Decrease
Discount rate	(P42,064)	P48,957
Salary increase rate	50,911	(44,529)

The Company expects to pay P67.0 million in contributions to defined benefit pension plans in 2022.

22. Commitments and Contingencies

<u>Agreements within the Scope of Philippine Interpretation IFRIC 12, *Service Concession Arrangements*</u>

a. The Company is authorized by the PPA to render cargo handling services at the South Harbor until May 2013. On October 19, 2007, the cargo handling services contract was extended until May 2038 under the terms mutually agreed upon with the PPA (see Note 2).

   i. In accordance with the Investment Plan which was revised in December 2014 pursuant to the Third Supplement to the Cargo Handling Contract, the Company has committed to invest USD385.7 million from 2010 to 2028, for the rehabilitation, development and expansion of the South Harbor facilities. The commitment is dependent on container volume. The Investment Plan is subject to joint review every two (2) years, or as often as necessary as mutually agreed, to ensure that the same conforms to actual growth levels, taking into account introduction of new technologies and allowing the Company the opportunity of a fair return on investment.

      In 2020, the reclamation of the Engineering Island Basin, which is part of the South Harbor, was subject to jurisdictional dispute between the PPA and the Philippine Reclamation Authority. As of date of this report, the opinion of the Department of Justice (DOJ) on the matter is still pending. It is the opinion of the Company that any opinion rendered by the DOJ will not have any material impact on the Company's ability to use the subject reclaimed land.

      Some of the Company's budgeted expansions which were delayed in 2020 due to the impact of COVID-19, amounting to approximately USD90.0 million, were continued in 2021. The revenues for the year ended December 31, 2021 increased by 2% compared to last year but have not reached yet the pre-pandemic levels. Expenses amounting to around P27.8 million and P82.2 million in 2021 and 2020, respectively were incurred relative to addressing the COVID-19 situation in the workplace and providing support to the nearby communities and employees. These expenses include food assistance to nearby communities as part of corporate social responsibility of the Company; medical expenses, financial assistance, and quarantine meals for employees; vehicle rentals for transport of employees; and expenses incurred for the disinfection of the Company's offices. Capital expenditures will proceed as planned, but timelines are adjusted.

   ii. Government Share

      - For storage operations, the Company shall pay an annual fixed government share of P55.0 million payable quarterly and a government share of 30% of its annual gross storage revenue in excess of P273.0 million.

      - For international containerized cargo operations, the Company shall pay quarterly fixed government share of USD2.3 million plus a variable government share amounting to 20% of its total gross revenues.

      - For general cargo operations, the Company shall remit government share amounting to 20% of its total gross revenues collected from arrastre services and 14% of its total gross revenues collected from stevedoring services for general cargoes.

- For domestic terminal operations, the Company shall remit government share amounting to 10% of its total gross revenues derived from its domestic cargo handling and passenger terminal operations.

b. The Company is authorized by the PPA to render cargo handling services at the Container Terminal "A-1," Phase II at the Port of Batangas for 25 years starting July 1, 2010. For arrastre operations, the Company shall pay an annual fixed government share of USD2.3 million for the first 2 years, USD4.7 million for the 3rd year, USD5.1 million for the 4th-7th year, and USD5.3 million for the 8th-25th year. The Company shall also remit annual variable government share based on committed yearly percentage share multiplied by whichever is higher of the projected gross income in the bid proposal or actual gross income.

c. A lump-sum fee of P400.0 million was paid to the PPA in December 2019 as advance consideration in the event of renewal of the contracts for Port of Batangas Phase I and Container Terminal "A-1," Phase II beyond year 2035. P200 million was paid by ATIB for Phase I and the remaining P200 million was paid by the Company for Phase II.

Upon recognition of the fair value of the fixed fees representing the government share under the concession agreements as discussed above, the Company also recognized the corresponding port concession rights payable (see Note 2). The movements in the port concession rights payable are as follows:

	Note	**2021**	2020
Balance as at January 1		**P7,064,084**	P7,642,002
Accretion of port concession rights payable		**455,176**	470,212
Payments during the year		**(668,203)**	(655,033)
Effects of exchange rate changes	*19*	**369,743**	(393,097)
Balance as at December 31	*24*	**P7,220,800**	P7,064,084

<u>Agreements outside the Scope of Philippine Interpretation IFRIC 12, *Service Concession Arrangements*</u>

a. The Company has a 5-year lease agreement with PPA effective April 3, 2017 covering a land adjacent to the Container Freight Station area of the Container Terminal "A-1" with a monthly lease rental of P1.7 million, subject to a yearly escalation of 5%.

b. The Company has a 25-year lease agreement until April 2021 covering the land in Calamba, Laguna to be used exclusively as an Inland Container Depot for which the Company pays an annual rental of P0.1 million, subject to an escalation of 7% once every two years.

   The contract was revised in 2004, changing the monthly rate to P0.5 million in January 1, 2002 to December 31, 2003 and P0.7 million in January 1, 2004 to December 31, 2005, subject to an escalation of 8% every 2 years starting January 1, 2006. The monthly rate amounted to P1.3 million in both 2021 and 2020.

c. The Company has entered a 25-year lease contract commencing on February 15, 2018 for a parcel of land located at barangay Calibuyo, Tanza, Cavite, with a monthly lease rental of P35 per square meter, subject to an escalation of 5% beginning February 15, 2020 and every 2 years thereafter. The lease premises shall be used exclusively as a port terminal, inland clearance depot, warehouse, and for other activities related or ancillary thereto.

d. The Company has entered a 25-year lease contract commencing on February 15, 2018 for a parcel of land located at barangay Calibuyo, Tanza, Cavite, with a monthly lease rental of P35 per square meter, subject to an escalation of 5% beginning February 15, 2020 and every 2 years thereafter. The lease premises shall be used exclusively as a port terminal, inland clearance depot, warehouse, and for other activities related or ancillary thereto.

Majority of the Company's leased properties pertain to land. The leases typically run for a period of 1-25 years, with an option to renew the lease after that date. Information about leases for which the Company is a lessee is presented below.

i. Right-of-Use Assets

Right-of-use assets related to leased properties whose lease terms are more than 12 months.

	Note	**2021**	2020
Balance at January 1		**P313,455**	P347,107
Additions to right-of-use assets		**48,458**	95,391
Depreciation during the year	*18*	**(180,854)**	(129,043)
Derecognition during the year		**(451)**	-
Balance at December 31		**P180,608**	P313,455

ii. Lease Liabilities

	Note	**2021**	2020
Balance at January 1		**P325,058**	P346,488
Additions to lease liabilities		**48,458**	95,391
Interest expense during the year	*19*	**(188,709)**	21,848
Payments made		**5,257**	(138,669)
Balance at December 31		**P190,064**	P325,058

As at December 31, 2021 and 2020, the Company has current and noncurrent lease liabilities included in the separate statements of financial position as follows:

	2021	2020
Current	**P65,040**	P121,009
Noncurrent	**125,024**	204,049
	P190,064	P325,058

The maturity analysis of undiscounted lease payments as of December 31, 2021 and 2020 is as follows:

	2021	2020
Within one year	**P169,660**	P253,467
More than one year to five years	**134,865**	304,525
More than five years	**-**	-
	P304,525	P557,992

iii. Amounts to be Recognized in the Separate Statements of Income

	Note	**2021**	2020
Depreciation expense	*18*	**P180,854**	P129,043
Interest on lease liabilities	*19*	**5,257**	21,848
Expenses relating to short-term and/or low value leases	*18*	**1,733**	5,440
		P187,844	P156,331

iv. Amounts Recognized in the Separate Statements of Cash Flows

	2021	2020
Payments of lease liabilities	**P183,452**	P116,821
Interest paid	**5,257**	21,848
Cash outflow relating to short-term and/or low value leases	**1,733**	5,440
Total cash outflow for leases	**P190,442**	P144,109

e. The Company has contingent liabilities for lawsuits and various other matters occurring in the ordinary course of business. On the basis of information furnished by its legal counsel, management believes that none of these contingencies will materially affect the Company's financial position and financial performance.

23. 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, port concession rights payable and lease liabilities 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.

As at December 31, 2021 and 2020, the interest rate profile of the Company's interest-bearing financial instruments is as follows:

	2021	2020
Fixed Rate Instruments		
Cash and cash equivalents*	**P3,927,840**	P4,384,182

**Excluding cash on hand amounting to P1.9 million and P1.2 million as at December 31, 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:

		Contractual Cash Flows					
As at December 31, 2021	**Carrying Amount**	**On Demand**	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**> 5 Years**	**Total**
Trade and other payables*	**P1,498,137**	**P221,766**	**P336,941**	**P939,430**	**P -**	**P -**	**P1,498,137**
Port concession rights payable	**7,220,800**	**-**	**167,273**	**501,818**	**3,345,455**	**6,380,656**	**10,395,202**
Lease liabilities	**190,064**	**-**	**50,074**	**119,586**	**134,865**	**-**	**304,525**
Total	**P8,909,001**	**P221,766**	**P554,288**	**P1,560,834**	**P3,480,320**	**P6,380,656**	**P12,197,864**

**Excluding due to government agencies amounting to P651.9 million.*

		Contractual Cash Flows					
As at December 31, 2020	Carrying Amount	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Trade and other payables*	P1,265,316	P163,310	P379,383	P722,623	P -	P -	P1,265,316
Port concession rights payable	7,064,084	-	167,273	501,818	3,345,455	6,927,877	10,942,423
Lease liabilities	325,058	10,618	21,235	95,559	109,822	-	237,234
Total	P8,654,458	P173,928	P567,891	P1,320,000	P3,455,277	P6,927,877	P12,444,973

**Excluding due to government agencies amounting to P598.1 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 as at December 31, 2021 and 2020, without considering the effects of other risk mitigation techniques, is presented below.

	Note	**2021**	2020
Cash and cash equivalents*	*6*	**P3,927,840**	P4,384,182
Trade and other receivables - net	*7*	**2,285,354**	900,039
Deposits	*12*	**71,498**	130,146
Equity securities	*12*	**2,652**	2,652
		P6,287,344	P5,417,019

**Excluding cash on hand amounting to P1.9 million and P1.2 million as at December 31, 2021 and 2020, respectively.*

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

	As at December 31, 2021			
	Grade A	**Grade B**	**Grade C**	**Total**
Cash in banks and cash equivalents*	**P3,927,840**	**P -**	**P -**	**P3,927,840**
Trade and other receivables - net	**1,970,082**	**315,272**	**-**	**2,285,354**
Deposits	**71,498**	**-**	**-**	**71,498**
Equity securities	**2,652**	**-**	**-**	**2,652**
	P5,972,072	**P315,272**	**P -**	**P6,287,344**

**Excluding cash on hand amounting to P1.9 million as at December 31, 2021.*

	As at December 31, 2020			
	Grade A	Grade B	Grade C	Total
Cash in banks and cash equivalents*	P4,384,182	P -	P -	P4,384,182
Trade and other receivables - net	707,944	192,095	-	900,039
Deposits	130,146	-	-	130,146
Equity securities	2,652	-	-	2,652
	P5,224,924	P192,095	P -	P5,417,019

**Excluding cash on hand amounting to P1.2 million as at December 31, 2020.*

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.

Trade and Other Receivables

The exposure to credit risk for trade and other receivables by industry is as follows:

	Note	**2021**	2020
Shipping lines		**P762,683**	P301,801
Others		**1,522,671**	598,238
	7	**P2,285,354**	P900,039

Expected Credit Loss Assessment

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 December 31, 2021 and 2020:

	Gross Carrying Amount	**Impairment Loss Allowance**	**Credit-impaired**
Current (not past due)	**P2,127,739**	**P -**	**No**
1 - 30 days past due	**83,370**	**-**	**No**
31 - 60 days past due	**4,131**	**-**	**No**
61- 90 days past due	**25,617**	**-**	**No**
More than 90 days past due	**48,692**	**4,195**	**Yes**
Balance at December 31, 2021	**P2,289,549**	**P4,195**	
Current (not past due)	P802,551	P -	No
1 - 30 days past due	48,819	-	No
31 - 60 days past due	32,765	-	No
61- 90 days past due	13,027	-	No
More than 90 days past due	7,072	4,195	Yes
Balance at December 31, 2020	P904,234	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 separate 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.

There are no significant concentrations of credit risk within the Company. Of the total trade and other receivables which are neither past due nor impaired, 100% are of high-grade quality instruments because there was no history of default on the agreed terms of the contract.

Movement in the Allowance for Impairment in Respect of Trade and Other Receivables

There was no movement in the allowance for impairment on trade and other receivables from 2020 as no reversals and write-offs were made in 2021. The allowance for impairment as at December 31, 2021 is P4.2 million with individually and collectively impaired receivables amounting to P1.8 million and P2.4 million, respectively.

		Individually Impaired	Collectively Impaired
Balance at January 1, 2020	P6,970	P1,913	P5,057
Reversals during the year	(2,700)	-	(2,700)
Write-offs	(75)	(75)	-
Balance at December 31, 2021 and 2020	**P4,195**	**P1,838**	**P2,357**

The significant change in the gross carrying amount of trade receivables that contributed also to the change in the impairment loss allowance during 2020 refers to the reversals in allowance for impairment. The reversals resulted from review of credit risks profiling of customers and upon identification of receivables with specific doubtful accounts.

<u>Cash in Banks and Cash Equivalents</u>

The Company held cash in banks and cash equivalents of P3.9 billion and P4.4 billion as at December 31, 2021 and 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.

<u>Foreign Currency Risk</u>

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

The Company's foreign currency-denominated accounts as of December 31 are as follows:

	2021	2020
Assets		
Cash and cash equivalents	**USD38,634**	USD53,141
Liabilities		
Trade and other payables	**4,030**	1,040
Port concession rights payable	**130,327**	134,718
	134,357	135,758
Net foreign currency-denominated liabilities	**(USD95,723)**	(USD82,617)
Peso equivalent	**(P4,881,777)**	(P3,967,516)

The exchange rates applicable for USD as at December 31, 2021 and 2020 are P51.0 and P48.03, 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 U. S. dollar Exchange Rate	**Effect on Income Before Income Tax**	**Effect on Equity**
2021			
	+5%	**(P244,089)**	**(P183,067)**
	-5%	**244,089**	**183,067**
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, fair value reserve and hedging 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 from prior year.

The Company is not subject to externally imposed capital requirements, except for the investment it has committed in accordance with the investment plan discussed in Note 22.

The table below shows the capital structure of the Company as at December 31:

	Note	2021	2020
Capital stock		**P2,000,000**	P2,000,000
Additional paid-in capital		**264,300**	264,300
Retained earnings		**16,655,313**	15,903,586
Fair value reserve		**(5,820)**	(5,820)
Total	16	**P18,913,793**	P18,162,066

24. 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 at December 31, 2021 and 2020.

		2021		2020	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
Cash and cash equivalents	6	**P3,929,769**	**P3,929,769**	P4,385,369	P4,385,369
Trade and other receivables - net	7	**2,285,354**	**2,285,354**	900,039	900,039
Deposits	12	**71,498**	**77,938**	130,146	136,456
		6,286,621	**6,293,061**	5,415,554	5,421,864
Equity securities	12	**2,652**	**2,652**	2,652	2,652
		P6,289,273	**P6,295,713**	P5,418,206	P5,424,516
Financial Liabilities					
Other financial liabilities:					
Trade and other payables*	14	**P1,498,137**	**P1,498,137**	P1,265,316	P1,265,316
Port concession rights payable	22	**7,220,800**	**8,150,685**	7,064,084	9,176,518
Lease liabilities	22	**190,064**	**190,064**	325,058	325,058
		P8,909,001	**P9,838,886**	P8,654,458	P10,766,892

**Excluding due to government agencies amounting to P651.9 million and P598.1 million in 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.

Non-derivative 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 flows discounted using the prevailing market rate on interest for a similar instrument. The discount rates used are 3.1% 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 4.42% to 5.10% in 2021 and 2.65% to 3.97% in 2020.

The fair value of lease liabilities was estimated at the present value of all future cash flows discounted using the prevailing market rate on interest for a similar instrument.

Fair Value Hierarchy

The following table shows the levels in the fair value hierarchy of the Company's financial instruments:

As at December 31, 2021	***Note***	**Level 1**	**Level 2**	**Level 3**
Equity securities	12	**P933**	**P -**	**P1,719**
Port concession rights payable		**-**	**8,150,685**	**-**
Lease liabilities		**-**	**190,064**	**-**
		P933	**P8,340,749**	**P1,719**

As at December 31, 2020	*Note*	Level 1	Level 2	Level 3
Equity securities	12	P933	P -	P1,719
Port concession rights payable		-	9,176,518	-
Lease liabilities		-	325,058	-
		P933	P9,501,576	P1,719

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

25. Revenue

The Company derives revenue from the transfer of services over time and at a point in time in the following major service lines:

	2021	2020
Revenues from Operations		
Stevedoring	**P4,598,916**	P4,434,254
Arrastre	**4,154,469**	3,279,347
Logistics	**106,907**	117,159
Special and other services	**1,508,303**	2,375,045
Total	**P10,368,595**	P10,205,805

26. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the separate financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the separate financial statements which were prepared in accordance with PFRSs. The following are the tax information/disclosures required by Revenue Regulations No. 15-2010 for the taxable year ended December 31, 2021:

A. Value Added Tax (VAT)

1. Output VAT	**P425,830**
Basis of the Output VAT*:	
Vatable sales	**3,548,587**
Sales to government	**1,281**
Zero rated sales	**7,115,960**
	P10,665,828
2. Input VAT	
Beginning of the year	**P1,286,755**
Current year's domestic purchases:	
a. Goods other than for resale or manufacture	**61,481**
b. Capital goods subject to amortization	**27,584**
c. Services lodged under cost of goods sold	**664,490**
d. Services lodged under other accounts	**3,579**
Claims for tax credit/refund and other adjustments	**-**
Balance at the end of the year	**P2,043,889**
3. Customs Duties and Tariff Fees:	
Landed cost of imports	**P59,375**
Customs duties paid or accrued	**6,310**
	P65,685

** The base amounts are gross of PPA fees.*

B. Documentary Stamp Tax

Others (insurance policies)	**P21,488**

C. Withholding Taxes

Tax on compensation and benefits	**P140,937**
Creditable withholding taxes	**145,350**
Final withholding taxes	**67,707**
	P353,994

D. All Other Taxes (Local and National)

Other taxes paid during the year recognized under "Taxes and licenses" account under Costs and Expenses	
Real estate taxes	**P272,543**
Mayor's permit	**61,914**
Others	**14,967**
	P349,424

E. Deficiency Tax Assessments

In 2021, the Company received letter of authority (LOA) involving the examination of book of accounts and other accounting records for the taxable year ended December 31, 2020.

As of December 31, 2021, the audit for the 2020 LOA is still on-going.

F. Tax Cases

The Company has a Civil case under investigation of the Court of Tax Appeals involving deficiency local business tax payable to the City of Manila for taxable years 2013 and 2014 amounting to P33.4 million.

Information on the excise taxes is not applicable since there are no transactions that the Company would be subject to this type of tax.