

SEC Number: 133653
File Number: _____

ASIAN TERMINALS, INC.
(Company's Full Name)

A. Bonifacio Drive, Port Area Manila, Philippines
(Company's Address)

(632) 528-6000
(Telephone Number)

December 31
Calendar Year Ending
(Month & Day)

SEC Form 17-Q
Form Type

Amendment Designation (if applicable)

September 30, 2024
Period Ended Date

(Secondary License Type and File Number)

cc: Philippine Stock Exchange

ASIAN TERMINALS, INCORPORATED
Securities and Exchange Commission

SEC FORM 17-Q

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

1. For the quarter ended : **September 30, 2024**
2. Commission identification Number : **133653**
3. BIR Tax Identification No. : **330-000-132-413-V**
4. Exact name of issuer as specified in its charter : **ASIAN TERMINALS, INC.**
5. Province, country or other jurisdiction of incorporation or organization: **Manila, Philippines**
6. Industry Classification Code : _____ (SEC Use Only)
7. Address of issuer's principal office : **A. Bonifacio Drive South
Harbor, Port Area, Manila**
8. Issuer's telephone number, including area code : **528-6000 (telephone number),
1018 (area code)**
9. Former name, former address and former fiscal year, if changed since last report: **A.
Bonifacio Drive, South Harbor Port Area, Manila**

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

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

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

Yes [X] No []

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

Philippine Stock Exchange Common Shares

12. Indicate by check mark whether the registrant:

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

Yes [X] No []

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

Yes [X] No []

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

With reference to the attached interim financial statements:

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

Amended Standards Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Group has not early adopted the following 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, 2024

- *Classification of Liabilities as Current or Noncurrent - 2020 amendments and Noncurrent Liabilities with Covenants - 2022 amendments (Amendments to PAS 1).* To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, 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 only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve

months; and

- clarified that settlement of a liability includes transferring an entity'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 noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

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

Consolidated Results of Operations for the nine months ended September 30, 2024

Revenues for the nine months of 2024 of P11,816.3 million increased by 3.4% from P11,426.5 million in the same period last year. Revenues from South Harbor (SH) international containerized cargo increased from last year by 11.0% on account of higher container volumes and 6% tariff increase effective August 6, 2024. However, revenues from Batangas Container Terminal (BCT) and ATI Batangas were lower than last year by 24.7% and 10.3%, respectively, on account of lower international container volumes and lower international Roro volumes, which were partly offset by a higher number of passengers and domestic Roro volume.

Government share in revenues for the nine months of 2024 of P2,131.9 million increased by 9.4% from P1,949.1 million last year as a result of higher revenues subject to port authorities' share.

Cost and expenses in the first nine months of 2024 amounted to P5,160.5 million, 5.7% higher than P4,880.6 million in the same period last year. Depreciation and amortization in 2024 increased by 5.1% to P1,523.1 million from P1,449.7 million in 2023. Labor costs of P1,479.8 million this year were up by 12.6% compared to P1,313.8 million last year due to salary rate increase and additional headcount. Equipment running costs went up by 2.9% to 622.3 million this year from 605.0 million last year due to higher fuel costs related to higher fuel price and higher electricity resulting from higher consumption and increase in rates. General transport of P261.2 million in 2024 rose by 72.1% from P151.8 million in 2023 on account of higher trucking costs with corresponding revenues. Security, health, environment and safety increased by 12.1% to P152.8 million in 2024 from P136.3 million in 2023 due to higher security costs related to higher passenger volume and rate increase. Facilities-related expenses in 2024 increased by 4.8% to P277.6m from P264.9m in 2023.

Meanwhile, taxes and licenses of P330.7 million in 2024 were down by 16.0% from P393.5 million in 2023. Insurance in 2024 of P199.0 million went down by 4.3% compared to P207.9 million in the same period last year due to lower premiums on renewal of dollar-denominated insurance such as material damage and business interruption premiums. Professional fees decreased by 32.7% to P10.9 million in 2024 from P16.2 million in 2023. Management fees of P186.6 million in 2024 were down by 0.4% than P187.3 million in 2023 following lower earnings before tax. Rentals of P6.6 million in 2024 decreased by 22.5% compared to P8.5 million in the same period last year due to lower equipment rental. Entertainment, amusement and recreation in 2024 of P4.3 million went down by 32.5% from P6.3 million last year. Other expenses in 2024 amounted to P105.7 million, 24.1% lower compared to P139.3 million last year due to lower travel and accommodation, lower office supplies and miscellaneous expenses.

Finance income in 2024 of P136.0 million was slightly higher by 0.6% than P135.2 million last year due to higher interest rates on money market placements. Finance costs in 2024 of P353.8 million were lower by 3.4% against P366.3 million last year. Others-net was at negative P85.9 million in 2024 from P113.0 million in 2023 mainly due to lower unrealized foreign exchange loss on the fair value of concession liability and accrued interest following the depreciation of the Philippine Peso against the US Dollar.

Income before income tax in the nine months of 2024 of P4,220.1 million decreased by 0.8% from P4,252.8 million in the same period last year. Provision for income tax increased by 1.1% to P1,051.9 million in 2024 from P1,040.5 million in the same period last year due to higher results.

Net income of P3,168.3 million for the nine months of 2024 was 1.4% lower than P3,212.3 million for the same period last year. Earnings per share this year was P1.58, last year was P1.61.

The Company's businesses are affected by the local and global trade environment. Factors that could cause actual results of the Company to differ materially include, but are not limited to:

- material adverse change in the Philippine and the global economic and industry conditions;
- natural events (earthquake, typhoons and other major calamities);
- material changes in foreign exchange rates

In the first nine months of 2024:

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

Consolidated Financial Condition

Total assets as of September 30, 2024 increased by 0.6% to P36,302.5 million from P36,072.9 million as of December 31, 2023. Current assets went down by 6.1% to P9,483.0 million as of September 30, 2024 from P10,098.6 million as of December 31, 2023. Cash and cash equivalents of P3,809.9 million as of September 30, 2024 decreased by 29.8% compared to P5,424.9 million as of December 31, 2023. Trade and other receivables-net of P1,400.3 million as of September 30, 2024 increased by 68.6% from P830.7 million as of December 31, 2023. Spare parts and supplies as of September 30, 2024, rose by 0.7% to P1,074.4 million from P1,066.5 million as of December 31, 2023. Prepaid expenses as of September 30, 2024 of P3,198.4 million were higher by 15.2% than P2,776.4 million as of December 31, 2023 on account of the unamortized portion of

prepaid real property, business taxes and higher input taxes on PPA fees and capital expenditures.

Total noncurrent assets of P26,819.4 million as of September 30, 2024 was higher by 3.3% compared to P25,974.4 million as of December 31, 2023. Investment in an associate increased by 49.9% to P98.1 million as of September 30, 2024 from P65.4 million as of December 31, 2023. Property and equipment - net amounted to P2,598.9 million, up by 3.5% from P2,511.7 million as of December 31, 2023. Intangible assets - net of P22,342.7 million was higher by 3.5% than P21,595.1 million as of December 31, 2023. The acquisitions of property and equipment and intangible assets, which amounted to P289.6 million and P1,927.6 million, respectively, were partially offset by the increase in depreciation and amortization. Right-of-use assets - net of P686.9 million as of September 30, 2024 was lower by 5.4% compared to P726.2 million as of December 31, 2023. Deferred tax assets – net amounted to P1,019.9 million as of September 30, 2024, was higher by 1.8% compared to P1,002.3 million as of December 31, 2023.

Total liabilities increased by 0.5% to P11,583.4 million as of September 30, 2024 from P11,521.5 million as of December 31, 2023. Trade and other payables increased by 5.9% to P3,107.3 million as of September 30, 2024 from P2,934.4 million as of December 31, 2023. Trade and other payables are covered by agreed payment schedules. Provisions for claims of P65.9 million as of September 30, 2024 increased by 12.0% from P58.9 million as of December 31, 2023. Concession rights payable (current and noncurrent) as of September 30, 2024 of P7,207.2 million decreased by 3.5% from P7,466.6 million as of December 31, 2023. Income and other taxes payable of P224.5 million as of September 30, 2024 was higher by 124.4% compared to P100.0 million as of December 31, 2023 due to income tax for the third quarter of 2024. Pension liability of P276.7 million was up by 16.8% as of September 30, 2024 from P236.8 million as of December 31, 2023. Lease liabilities (current and noncurrent) of P701.8 million as of September 30, 2024 decreased by 3.2% from P724.8 million as of December 31, 2023 due to amortization in the third quarter of 2024.

Consolidated Cash Flows

Net cash provided by operating activities in the first nine months of 2024 was P4,275.9 million, 10.4% lower than P4,770.1 million in the same period last year due to lower operating income and increase in trade receivables.

Net cash used in investing activities in the first nine of 2024 of P2,216.6 million was higher by 46.1% versus the P1,516.8 million in the same period last year due to higher acquisition of intangible assets and property and equipment.

Net cash used in financing activities in the first nine of 2024 was P3,700.5 million, 35.2% higher than P2,736.7 million in the same period last year due to higher payments of cash dividends.

Key Performance Indicators (KPI)

KPIs discussed below were based on consolidated amounts as portions pertaining to the Company's subsidiary ATI Batangas, Inc. (ATIB) were not material. As of end September 2024:

- ATIB's total assets were only 9.1% of the consolidated total assets
- Income before other income and expense for ATIB was only 3.6% of consolidated income before other income and expenses¹.

Consolidated KPI	Manner of Calculation	As of September 30		Discussion
		2024	2023	
Return on Capital Employed	Percentage of income before interest and tax over capital employed	19.5%	18.4%	Increased due to higher income before interest and taxes during the period.
Return on Equity attributable to equity holders of the parent	Percentage of annualized net income over equity attributable to equity holders of the parent	18.1%	18.8%	Decreased due to lower net income.
Current ratio	Ratio of current assets over current liabilities	2.41 : 1.00	2.48 : 1.00	Decreased due to lower current assets.
Asset to equity ratio	Ratio of total assets over equity attributable to equity holders of the parent	1.47 : 1.00	1.52 : 1.00	Decreased due to higher assets.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.47 : 1.00	0.51 : 1.00	Decreased due to lower liabilities
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	12 days	9 days	Increased due to higher accrued revenues.
Net Income Margin	Net income over revenues less government share in revenues	32.7%	33.9%	Decreased due to lower net income.
Reportable Injury Frequency Rate (RIFR) ²	Number of reportable injuries within a given accounting period relative to the total number of hours worked in the same accounting period.	0.32	0.83	Improved as a result of extensive safety campaign and strict implementation of HSES policies.

¹ Income before other income and expenses is defined as income before net financing costs, forex gains or losses and others.

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

PART II. OTHER INFORMATION

On April 25, 2024, the Board of Directors of ATI approved a cash dividend of P1.50 per share to stockholders on record as of May 23, 2024 payable on June 18, 2024. As of date of this report, the Company has ordinary shares only.

Submissions of SEC Form 17-C:

Date Filed	Reference	Particulars
January 5, 2024	SEC 17-C	Attendance of Directors in the 2023 Board Meetings
January 30, 2024	SEC 17-C	Certification on Compliance to the Corporate Governance Manual
February 16, 2024	SEC 17-C	Notice of Guidelines for Nomination
February 22, 2024	SEC 17-C	Setting of the date, time, agenda of the 2024 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 2024
April 25, 2024	SEC 17-C	Declaration of Cash Dividends, with record and payment dates; Results of the 2024 Annual Meeting and the organizational meeting
August 6, 2024	SEC 17-C	Audit Committee Self-Assessment Results

ASIAN TERMINALS, INCORPORATED
Securities and Exchange Commission Form 17-Q

SIGNATURES

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

ASIAN TERMINALS, INCORPORATED

by:



JOSE TRISTAN P. CARPIO

Vice President and Chief Financial Officer

Date: November 14, 2024

Principal Financial/Accounting Officer:



MARISSA R. PINCA

Assistant Vice President for Accounting and Financial Planning

Date: November 14, 2024

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P3,809,870	P5,424,938
Trade and other receivables - net	1,400,267	830,653
Spare parts and supplies	1,074,437	1,066,535
Prepaid expenses	3,198,448	2,776,433
Total Current Assets	9,483,022	10,098,559
Noncurrent Assets		
Investment in an associate	98,090	65,436
Property and equipment - net	2,598,880	2,511,749
Intangible assets - net	22,342,675	21,595,130
Right-of-use assets - net	686,907	726,211
Deferred tax assets - net	1,019,905	1,002,295
Other noncurrent assets	72,984	73,551
Total Noncurrent Assets	26,819,441	25,974,372
TOTAL ASSETS	P36,302,463	P36,072,931
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	P3,107,277	P2,934,416
Provisions for claims	65,918	58,873
Port concession rights payable - current portion	486,473	455,254
Income and other taxes payable	224,516	100,052
Lease liabilities - current portion	48,336	46,615
Total Current Liabilities	3,932,520	3,595,210
Noncurrent Liabilities		
Port concession rights payable - net of current portion	6,720,697	7,011,351
Pension liability - net	276,657	236,779
Lease liabilities - net of current portion	653,513	678,189
Total Noncurrent Liabilities	7,650,867	7,926,319
Total Liabilities	11,583,387	11,521,529
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock	2,000,000	2,000,000
Additional paid-in capital	264,300	264,300
Retained earnings	22,444,056	22,276,607
Fair value reserve	(5,820)	(5,820)
	24,702,536	24,535,087
Non-controlling Interest	16,540	16,315
Total Equity	24,719,076	24,551,402
TOTAL LIABILITIES AND EQUITY	P36,302,463	P36,072,931

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts In Thousands)

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TOTAL LIABILITIES AND EQUITY	P36,302,463	P36,072,931

ASIAN TERMINALS, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Data)

	For the third quarter ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
REVENUES FROM OPERATIONS	P4,353,558	P3,979,193	P11,816,252	P11,426,543
GOVERNMENT SHARE IN REVENUES	(817,960)	(666,317)	(2,131,885)	(1,949,112)
	3,535,598	3,312,876	9,684,367	9,477,431
COSTS AND EXPENSES EXCLUDING GOVERNMENT SHARE IN REVENUES	(1,833,112)	(1,671,000)	(5,160,535)	(4,880,622)
OTHER INCOME AND EXPENSES				
Finance income	29,730	41,766	136,022	135,238
Finance cost	(116,257)	(122,627)	(353,774)	(366,327)
Others - net	263,537	(156,577)	(85,948)	(112,954)
	177,010	(237,438)	(303,700)	(344,043)
CONSTRUCTION REVENUES	681,971	435,691	1,927,593	1,449,124
CONSTRUCTION COSTS	(681,971)	(435,691)	(1,927,593)	(1,449,124)
	-	-	-	-
INCOME BEFORE INCOME TAX	1,879,496	1,404,438	4,220,132	4,252,766
INCOME TAX EXPENSE				
Current	415,276	396,615	1,069,489	1,123,563
Deferred	57,756	(49,842)	(17,612)	(83,108)
	473,032	346,773	1,051,877	1,040,455
NET INCOME	P1,406,465	P1,057,665	P3,168,255	P3,212,311
Income Attributable to				
Equity Holders of the Parent Company	P1,406,315	P1,057,261	P3,167,451	P3,210,858
Non - controlling interest	150	404	804	1,453
	P1,406,465	P1,057,665	P3,168,255	P3,212,311
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company	P0.70	P0.53	P1.58	P1.61

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						Non-controlling Interest	Total Equity
	Common Stock	Additional Paid-in Capital	Retained Earnings		Fair Value Reserves	Total		
Appropriated for Port Development			Unappropriated					
Balance at January 1, 2024	P2,000,000	P264,300	P18,500,000	P3,776,607	(P 5,820)	P24,535,087	P16,315	P24,551,402
Cash dividends - P1.50 a share for ATI	-	-	-	(3,000,000)	-	(3,000,000)	(580)	(3,000,580)
Net income for the period	-	-	-	3,167,451	-	3,167,451	804	3,168,255
Balance at September 30, 2024	P2,000,000	P264,300	P18,500,000	P3,944,058	(P 5,820)	P24,702,538	P16,539	P24,719,077
Balance at January 1, 2023	P2,000,000	P264,300	P16,400,000	P3,487,618	(P 5,820)	P22,146,098	P15,078	P22,161,176
Cash dividends - P1.00 a share for ATI	-	-	-	(2,000,000)	-	(2,000,000)	(580)	(2,000,580)
Net income for the period	-	-	-	3,210,858	-	3,210,858	1,453	3,212,311
Balance at September 30, 2023	P2,000,000	P264,300	P16,400,000	P4,698,476	(P 5,820)	P23,356,956	P15,951	P23,372,907

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

	For the third quarter ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	P 1,879,496	P1,404,438	P4,220,132	P4,252,766
Adjustments for:				
Depreciation and amortization	507,067	509,030	1,523,053	1,425,230
Finance cost	125,238	122,627	380,595	366,327
Finance income	-	(41,766)	(189,142)	(135,238)
Net unrealized foreign exchange (losses)	(310,796)	128,311	(374,351)	40,338
Equity in net earnings of an associate	(12,795)	(9,022)	(32,653)	(26,971)
Gain on disposals of:				
Property and equipment	-	286	-	2,277
Intangible assets	-	-	371	-
Provisions for inventory obsolescence	-	10,000	-	10,000
Operating income before working capital changes	2,188,210	2,123,904	5,528,005	5,934,729
Decrease (increase) in:				
Trade and other receivables	32,323	(6,105)	(569,614)	105,850
Spare parts and supplies	6,332	17,365	(7,902)	2,221
Prepaid expenses	(79,470)	152,137	(422,015)	(61,107)
Increase (decrease) in:				
Trade and other payables	(45,515)	41,996	519,885	(200,947)
Provisions for claims	6,585	(234)	7,045	(1,118)
Income and other taxes payable	(585,258)	(497,562)	(344,583)	(1,127,186)
Cash generated from operations	1,523,207	1,831,501	4,710,821	4,652,442
Finance income received	-	40,704	189,142	139,173
Finance cost paid	(18,098)	(9,218)	(54,186)	(21,515)
Net cash provided by operating activities	1,512,424	1,862,987	4,275,906	4,770,100
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and Equipment	(44,268)	(61,228)	(289,602)	(108,107)
Intangible assets	(681,970)	(435,691)	(1,927,593)	(1,449,124)
Proceeds from disposals of:				
Property and Equipment	-	420	-	(954)
Decrease (increase) in:				
Other noncurrent assets	-	29	-	(1,245)
Deposits	(71)	-	567	13,967
Net cash used in investing activities	(726,309)	(496,470)	(2,216,628)	(1,516,805)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	-	-	(3,000,000)	(2,000,000)
Cash dividend to non-controlling interest	-	-	(580)	(580)
Lease liabilities	(51,539)	(59,271)	(124,555)	(141,232)
Port concession rights payable	(188,532)	(200,745)	(575,384)	(594,851)
Net cash used in financing activities	(240,071)	(260,016)	(3,700,519)	(2,736,663)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	546,044	1,106,501	(1,641,241)	516,632
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(29,926)	25,707	26,173	10,254
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	3,293,752	3,994,945	5,424,938	4,600,267
CASH & CASH EQUIVALENTS AT END OF YEAR	P3,809,870	P 5,127,153	P3,809,870	P5,127,153

**SELECTED
EXPLANATORY NOTES
September 30, 2024
(Amounts in Thousands)**

1. Segment Information

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

	For the nine months ended September 30	
	2024	2023
Revenue	P11,816,252	P11,426,543
Intangible Assets (excluding goodwill)	22,342,675	21,447,163
Property and equipment - net	2,598,880	2,408,631
Total assets	36,302,463	35,391,959
Total liabilities	11,583,387	12,019,052
Capital expenditures		
Intangible Assets	1,927,593	1,449,124
Property and equipment	289,602	108,107
Depreciation and amortization	1,523,053	1,425,230
Noncash expenses (income) other than depreciation and amortization	-	10,000

2. Trade and Other Receivables

	As of September 30, 2024	As of December 31, 2023 (Audited)
Trade receivables	P805,655	P609,257
Due from related parties	461,298	107,024
Advances to officers and employees	45,048	22,786
Receivable from insurance	29,718	52,757
Interest receivable	7,353	11,131
Other receivables	55,390	31,893
	1,404,462	834,848
Allowance for impairment losses	(4,195)	(4,195)
	P1,400,267	P830,653

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

3. Property and Equipment

A summary of property and equipment follows:

	Port		Furniture and Transportation		Construction	September 30,	December 31,
	Facilities and Equipment	Leasehold improvements	Furnitures and Equipment	and other Equipment	In-progress	2024	2023 (Audited)
Cost							
Balance at beginning of year	P226,611	P2,482,747	P1,005,392	P418,839	P184,881	P4,318,470	P4,158,863
Additions	34,272	201,677	31,025	29,164	(6,537)	289,601	278,746
Disposals	-	-	(8,736)	(19,283)	-	(28,019)	(119,140)
Reclassifications	(64,384)	111,819	(8,759)	70,576	(109,252)	-	-
Balance at end of year	196,499	2,796,243	1,018,922	499,296	69,092	4,580,052	4,318,469
Accumulated depreciation							
Balance at beginning of year	144,577	619,630	794,883	247,632	-	1,806,722	1,592,652
Depreciation	9,642	103,071	52,128	39,810	-	204,651	240,632
Disposals	-	-	(8,736)	(19,283)	-	(28,019)	(26,564)
Reclassification	(59,690)	206	(7,045)	64,347	-	(2,182)	-
Balance at end of year	94,529	722,907	831,230	332,506	-	1,981,172	1,806,720
Carrying Amount	P101,970	P2,073,336	P187,692	P166,790	P69,092	P2,598,880	P2,511,749

4. Intangible Assets

As of September 30, 2024

	Port Concession Rights					
	Upfront Fees	Fixed Fees	Port Infrastructure	SubTotal	Goodwill	Total
Cost						
Balance at beginning of year	P882,000	P9,279,694	P27,554,562	P37,716,256	P42,060	P37,758,316
Additions	-	-	1,927,593	P1,927,593	-	1,927,593
Disposals	-	-	(2,195)	(2,195)	-	(2,195)
Balance at end of year	882,000	9,279,694	29,479,961	39,641,655	42,060	39,683,715
Accumulated amortization						
Balance at beginning of year	119,774	5,107,234	10,936,179	16,163,187	-	16,163,187
Amortization	8,460	298,407	870,628	P1,177,495	-	1,177,495
Disposals	-	-	(1,824)	(1,824)	-	(1,824)
Reclassifications	-	-	2,182	2,182	-	2,182
Balance at end of year	128,234	5,405,641	11,807,165	17,341,040	-	17,341,040
Carrying Amount	P753,766	P3,874,053	P17,672,796	P22,300,615	P42,060	P22,342,675

As of December 31, 2023 (Audited)

	Port Concession Rights					
	Upfront Fees	Fixed Fees	Port Infrastructure	SubTotal	Goodwill	Total
Cost						
Balance at beginning of year	P882,000	P9,279,694	P25,508,613	P35,670,307	P42,060	P35,712,367
Additions	-	-	2,061,603	2,061,603	-	2,061,603
Disposals	-	-	(15,653)	(15,653)	-	(15,653)
Balance at end of year	882,000	9,279,694	27,554,563	37,716,257	42,060	37,758,317
Accumulated amortization						
Balance at beginning of year	108,494	4,628,828	9,894,121	14,631,443	-	14,631,443
Additions	11,280	478,406	1,057,711	1,547,397	-	1,547,397
Disposals	-	-	(15,653)	(15,653)	-	(15,653)
Balance at end of year	119,774	5,107,234	10,936,179	16,163,187	-	16,163,187
Carrying Amount	P 762,226	P 4,172,460	P 16,618,384	P 21,553,070	P 42,060	P21,595,130

5. Trade and Other Payables

	September 30, 2024	December 31, 2023 (Audited)
Accrued expenses:		
Marketing, commercial, promotion and business development	P525,177	P529,847
Personnel costs	184,897	85,815
Finance costs	124,942	129,096
Repairs and maintenance	103,505	86,296
Professional fees	49,808	49,405
Security expenses	41,624	38,677
Trucking Expenses	37,192	24,600
Corporate social responsibility	22,673	14,156
Utilities	22,459	14,090
Rental	20,024	21,651
Insurance	3,960	58,460
Safety and environment	2,498	3,799
Miscellaneous accrued expenses	157,506	120,681
Due to government agencies	1,130,186	967,569
Equipment acquisitions	153,127	255,405
Trade	171,433	244,925
Shippers' and brokers' deposits	189,224	141,377
Management fee payable	24,869	17,266
Other Payables	142,173	131,301
	P3,107,277	P2,934,416

6. Other Income and Expenses

Finance cost is broken down as follows:

	For the nine months ended September 30	
	2024	2023
Interest on port concession rights payable	P317,102	P336,184
Interest on lease liability	27,093	18,851
Interest component of pension expense	9,307	8,627
Interest on bank loans/credit facilities	272	2,665
	P353,774	P366,327

Finance income is broken down as follows:

	For the nine months ended September 30	
	2024	2023
Interest on cash in banks and short-term investment:	P136,022	P135,238
	P136,022	P135,238

Others consisted of the following:

	For the nine months ended September 30	
	2024	2023
Equity in net earnings of an associate	P32,653	P26,971
Lease and other income - net	26,668	20,669
Foreign exchange gains - others	19,544	14,701
Management income	6,364	5,681
Gain on disposals of property and equipment and intangible assets	4,457	2,277
Foreign exchange (losses) - port concession rights payable	(175,634)	(183,253)
	(P 85,948)	(P 112,954)

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

7. Financial Risk and Capital Management Objectives and Policies

The Company has various financial assets and liabilities such as cash and cash equivalents, trade and other receivables, deposits, equity securities, trade and other payables, 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.

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

	September 30, 2024	December 31, 2023 (Audited)
Fixed Rate Instruments		
Cash and cash equivalents	P3,771,856	P5,422,997

* Excluding cash on hand amounting to P38.0 million and P7.2 million as at September 30, 2024 and 2023, respectively.

Fair Value Sensitivity Analysis for Fixed Rate Instruments

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

Liquidity Risk

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

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

As of September 30, 2024	Carrying Amount	Contractual Cash Flows					Total
		On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	
Trade and other payables*	P1,977,091	P103,838	P482,323	P1,244,023	P146,907	P -	P1,977,091
Port concession rights payable	7,207,170	-	140,864	422,593	2,114,275	6,046,111	8,723,843
Lease liabilities	701,849	-	22,409	40,872	165,988	472,580	701,849
Total	P 9,886,110	P 103,838	P 645,596	P 1,707,488	P 2,427,170	P 6,518,691	P 11,402,783

* excluding due to government agencies amounting to P1,130.2 million

As of December 31, 2023 (Audited)	Carrying Amount	Contractual Cash Flows					Total
		On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	
Trade and other payables*	P1,966,847	P274,952	P366,187	P1,325,708	P -	P -	P 1,966,847
Port concession rights payable	7,466,605	-	200,127	600,380	2,783,366	6,258,786	9,842,659
Lease liabilities	724,804	-	27,841	46,197	256,610	901,973	1,232,621
Total	P 10,158,256	P 274,952	P 594,155	P 1,972,285	P 3,039,976	P 7,160,759	P 13,042,127

* excluding due to government agencies amounting to P967.6 million

Credit Risk

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

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

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

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

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

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

	As of September 30, 2024	As of December 31, 2023 (Audited)
Cash and cash equivalents*	P3,771,856	P5,422,997
Trade and other receivables - net	1,400,267	830,653
Deposits	70,332	70,899
Equity securities	2,652	2,652
	P5,245,107	P6,327,201

* Excluding cash on hand amounting to P38.0 million and P7.2 million as at September 30, 2024 and 2023, respectively.

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

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

	As at September 30, 2024			
	Grade A	Grade B	Grade C	Total
Cash in banks and cash equivalents	P3,771,856	P -	P -	P3,771,856
Trade and other receivables - net	1,005,926	374,341	-	1,400,267
Deposits	70,332	-	-	70,332
Equity securities	2,652	-	-	2,652
	P4,850,766	P374,341	P -	P5,245,107

	As at December 31, 2023			
	Grade A	Grade B	Grade C	Total
Cash in banks and cash equivalents	P5,422,997	P -	P -	P5,422,997
Trade and other receivables - net	514,775	315,878	-	830,653
Deposits	70,899	-	-	70,899
Equity securities	2,652	-	-	2,652
	P6,011,323	P315,878	P -	P6,327,201

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

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

Expected Credit Loss Assessment as at September 30, 2024

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

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

The following table provides information about the exposure to credit risk for trade and other receivables as at September 30, 2024:

	Gross Carrying Amount	Impairment Loss Allowance	Credit- impaired
Current (not past due)	P1,123,170	P -	No
1 - 30 days past due	138,761	-	No
31 - 60 days past due	70,662	-	No
61- 90 days past due	56,104	-	No
More than 90 days past due	15,765	4,195	Yes
Balance at September 30, 2024	P1,404,462	P4,195	

Loss rates are based on actual credit loss experience over three years considering circumstances at the reporting date. Any adjustment to the loss rates for forecasts of future economic conditions are not expected to be material. The Company applies the simplified approach in providing for expected credit losses prescribed by PFRS 9, which permits the use of the lifetime expected loss provision and applies a provision matrix. The application of the expected loss rates to the receivables of the Company does not have a material impact on the financial statements.

The maturity of the Company's trade and other receivables is less than one year so the lifetime expected credit losses and the 12-month expected credit losses are similar.

Cash in Banks and Cash Equivalents

The Company held cash in banks and cash equivalents of P3.8 billion and P5.4 billion as at September 30, 2024 and December 31, 2023, respectively. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Grade A.

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

Foreign Currency Risk

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

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

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

	As of September 30, 2024	As of December 31, 2023
Assets		
Cash and cash equivalents	USD9,656	USD19,007
Liabilities		
Trade and other payables	648	2,378
Port concession rights payable	116,466	120,527
	117,114	122,905
Net foreign currency-denominated liabilities	(USD107,458)	(USD103,898)
Peso equivalent	(P6,020,872)	(P5,755,949)

The exchange rates applicable for US dollar as at September 30, 2024 and December 31, 2023 are P56.03 and P55.4, respectively.

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

Increase (Decrease) in USD Exchange Rate	Effect on Income Before Income Tax	Effect on Equity
September 30, 2024		
5%	(P301,044)	(P225,783)
-5%	301,044	225,783
December 31, 2023		
5%	(P287,797)	(P215,848)
-5%	287,797	215,848

Capital Management

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

The Company considers capital to include capital stock, additional paid-in capital, retained earnings and fair value reserve. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period ended September 30, 2024.

The Company is not subject to externally imposed capital requirements.

The table below shows the capital structure of the Company.

	September 30, 2024	December 31, 2023 (Audited)
Capital Stock	P2,000,000	P2,000,000
Additional paid-in capital	264,300	264,300
Retained Earnings	22,444,056	22,276,607
Fair value reserve	(5,820)	(5,820)
Total	P24,702,536	P24,535,087

8. Financial Instruments

	As of September 30, 2024		As of December 31, 2023 (Audited)	
	Carrying Amount	Fair Values	Carrying Amount	Fair Values
Financial Assets				
Cash and cash equivalents	P3,809,870	P3,809,870	P5,424,938	P5,424,938
Trade and other receivables - net	1,400,267	1,400,267	830,653	830,653
Deposits	70,332	74,068	70,899	77,068
	5,280,469	5,284,205	6,326,490	6,332,659
Equity securities	2,652	2,652	2,652	2,652
	P5,283,121	P5,286,857	P6,329,142	P6,335,311
Financial Liabilities				
Other financial liabilities:				
Trade and other payables*	P1,977,091	P1,977,091	P1,966,847	P1,966,847
Port concession rights payable	7,207,170	7,894,363	7,466,605	8,187,761
	P9,184,261	P9,871,454	P9,433,452	P10,154,608

* excluding due to government agencies amounting to P1,130.2 million and P975.1 million as at September 30, 2024 and 2023, respectively.

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

Fair Value of Financial Instruments

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

Nonderivative Financial Instruments

Quoted market prices have been used to determine the fair values of listed equity securities. The fair values of unquoted equity securities are not reliably determinable.

For noninterest-bearing deposits, the fair value is estimated as the present value of all future cash discounted using the prevailing market rate on interest for a similar instrument. The discount rates used are 6.2% in 2024 and 5.8% in 2023.

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 6.32% to 7.16% in 2024 and 5.97% to 6.01% in 2023.

Fair Value Hierarchy

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

As of September 30, 2024	Level 1		Level 2	Level 3
Equity securities	P933	P	-	P 1,719
Port concession rights payable	-		7,894,363	-
	P933		P7,894,363	P1,719

As of December 31, 2023 (Audited)	Level 1		Level 2	Level 3
Equity securities	P933	P	-	P 1,719
Port concession rights payable	-		8,187,761	-
	P933		P8,187,761	P1,719

There have been no transfers from one level to another in 2024 and 2023.