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CGFD_GLOBALPORT 900 INC_SEC FORM 17-Q_06July2022

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FOR MC28, please email to:

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For your information and guidance.

Thank you and keep safe.

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 quarterly period ended September 30, 2021
2. Commission identification number PW-225 3. BIR Tax Identification No 000-477-902
3. Exact name of issuer as specified in its charter GLOBALPORT 900, INC.
4. Metro Manila, Philippines 5. _____ (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
6. Unit 2701 One Corporate Centre, Meralco Ave. cor.
Julia Vargas Ave., Ortigas Center, Pasig City 1605
Address of principal office Postal Code
7. (632) 86378851
Issuer's telephone number, including area code
8. N/A
Former name, former address and former fiscal year, if changed since last report
9. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stocks Outstanding</u>
Common Shares	2,334,798,500

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

Yes [x] No []

11. 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 or Sections 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 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 []

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Item 1. Financial Statements

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- Unaudited Consolidated Statement of Changes in Equity for the Third Quarter ended September 30, 2021 and 2020
- Unaudited Consolidated Statements of Cash Flows for the Third Quarter ended September 30, 2021 and 2020
- Notes to Interim Consolidated Financial Statements


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

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **GLOBALPORT 900, INC.**


SHEILA MARIE B. ROMERO
Chairman of the Board/ President



WALTER ENRIQUE R. RAMOS
Treasurer


AGNES H. MARANAN
Corporate Secretary

SUBSCRIBED AND SWORN to before this MAY 16 2022 in MAKATI CITY, affiant(s) exhibiting to me their valid identifications, as follows:

NAMES	IDENTIFICATION INFORMATION
Sheila Marie B. Romero	TIN 159-497-849
Walter Enrique R. Ramos	TIN 102-094-959
Agnes H. Maranan	UMID CRN-0111-7398389-1

Doc. No. 205 ;
Page No. 42 ;
Book No. III ;
Series of 2022.


MICHELLE A. VALE CRUZ
NOTARY PUBLIC FOR MAKATI CITY
Roll No. 71772 / Appointment No. M-241
Unit 12 GS Kl. Tower, 117 Gamboa Street
Legaspi Village, Makati City
IBP No. 1A3308/01-03-2022/Cavite
PTR No. 8668822/01-18-2022/Makati City
MCLE Compliance No. VI-027525/06-24-19
Commission extended until 30 June 2022

GLOBALPORT 900, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of September 30, 2021 and December 31, 2020
(In Philippine Peso)

ASSETS	Notes	Unaudited September 30, 2021	Audited December 31, 2020
Current Assets			
Cash	6	139,391,254	273,649
Trade and other receivables	7	20,086,646	
Prepayments and Other Current Assets	8	94,865,669	7,172,490
Advances to Related Parties	5	-	195,000,000
Total Current Assets		254,343,569	202,446,139
Non-Current Assets			
Prepayments - Net of Current Portion	5	19,636,627	19,636,627
Property and Equipment - Net	9	4,707,578	10,536
Ports Concession Rights Asset	10	1,335,008,598	
Investment in Stocks	11	6,249,900	6,249,900
Total Non-Current Assets		1,365,602,703	25,897,063
TOTAL ASSETS		1,619,946,273	228,343,202
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and Other Payables	12	12,008,457	8,767,106
Advances from Related Parties	5	245,005,324	75,769,251
Total Current Liabilities		257,013,781	84,536,357
Ports Concession Rights Liability		1,223,781,081	
Total Liabilities		1,480,794,862	84,536,357
Equity			
Share Capital	13	2,266,250,900	2,266,250,900
Additional Paid-in- Capital	13	268,309	268,309
Treasury Shares	13	(595,111)	(595,111)
Deficit		(2,145,372,702)	(2,122,117,253)
Equity Attributable to Controlling Interest		120,551,396	143,806,845
Non-Controlling Interests		18,600,015	-
Total Equity		139,151,411	143,806,845
TOTAL LIABILITIES AND EQUITY		1,619,946,273	228,343,202

GLOBALPORT 900, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
As of and for the period ended September 30, 2021 and 2020
(In Philippine Peso)

	Notes	September 30, 2021 Current Year (3 Months)	September 30, 2020 Current Year (3 Months)	September 30, 2021 Current Year to Date	For the period January 1 to September 30, 2020
Revenue	3, 14	74,599,343		74,599,343	
Cost of Services	3,15	(36,019,505)		(36,019,505)	
Gross Profit		38,579,838		38,579,838	
General and Administrative Expenses	16	(51,485,784)	(1,856,692)	(61,837,195)	(5,716,722)
Other Income		1,891	85	1,909	110
Loss for the Year		(12,904,056)	(1,856,607)	(23,255,449)	(5,716,612)
Income Tax Expense		-		-	
Net Income (loss) for the year		(12,904,056)	(1,856,607)	(23,255,449)	(5,716,612)
Other Comprehensive Income		-	-	-	-
TOTAL COMPREHENSIVE LOSS		(12,904,056)	(1,856,607)	(23,255,449)	(5,716,612)
Comprehensive income attributable to:					
Equity Holders of the Parent		(12,803,711)	(1,856,607)	(22,879,794)	(5,716,612)
Non-Controlling Interest		(100,345)	-	(375,655)	-

GLOBALPORT 900, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

As of and for the period ended September 30, 2021 and December 31, 2020
(In Philippine Peso)

	Attributable to Equity Holder of the Parent					Non-controlling Interests	Total
	Share Capital - Note 13	Additional Paid-In Capital - Note 13	Treasury Shares - Note 13	Deficit	Total		
Balances as of January 01, 2020	2,266,250,900	268,309	(595,111)	(2,116,698,776)	149,225,322	4,757,644	153,982,966
Reclassification of Minority Interest to Equity Holder				4,757,644	4,757,644	-	4,757,644
Retained Earnings Adjustment				-	30,884	(30,884)	(30,884)
Total Comprehensive Income (Loss) for the Period				(5,716,612)	(5,716,612)	(5,716,612)	(5,716,612)
Balance as of September 30, 2020	2,266,250,900	268,309	(595,111)	(2,117,688,628)	148,235,470	-	148,235,470
Total Comprehensive Income (Loss) for the Period				(4,428,625)	(4,428,625)	-	(4,428,625)
Balance as of December 31, 2020	2,266,250,900	268,309	(595,111)	(2,122,117,253)	143,806,845	-	143,806,845
Equity Attributable to Non-Controlling Interest						18,600,015	18,600,015
Total Comprehensive Income (Loss) for the Period				(23,255,449)	(23,255,449)	(23,255,449)	(23,255,449)
Balance as of September 30, 2021	2,266,250,900	268,309	(595,111)	(2,145,372,702)	120,551,396	18,600,015	139,151,411

GLOBALPORT 900, INC. AND SUBSIDIARIES**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

As of and for the period ended September 30, 2021 and 2020

(In Philippine Peso)

	September 2021	September 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Income (loss) Before Tax	(23,255,449)	(5,716,612)
Adjustment for:		
Advertising and Promotion	-	4,549,973
Depreciation	1,601,365	9,468
Interest Income	1,909	-
Retained Earnings Adjustment	-	(30,884)
Operating Loss before Working Capital Changes	(21,652,175)	(1,188,055)
Decrease (Increase) in Operating Assets:		
Trade and Other Receivables	(20,086,646)	-
Prepayment and Other Current Assets	(87,695,087)	4,448,058
Increase (Decrease) in Operating Liability:		
Trade and Other Payables	3,241,351	88,349
Other Current Liabilities	-	-
Cash Used in Operations	(126,192,558)	3,348,352
Interest Received	-	-
Net Cash Used in Operating Activities	(126,192,558)	3,348,352
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in Stocks	-	-
Property and Equipment	(6,298,407)	-
Concession asset	(111,227,517)	-
Net Cash Generated from Investing Activities	(117,525,924)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances to Related Party	195,000,000	-
Advances from Related Party	169,236,073	(3,527,981)
Proceeds from Non-Controlling Stockholders	18,600,015	-
Net Cash Generated from Financing Activities	382,836,088	(3,527,981)
NET INCREASE IN CASH	139,117,606	(179,629)
CASH AT THE BEGINNING OF THE YEAR	273,649	537,963
CASH AT THE END OF THE YEAR	139,391,254	358,334

1. CORPORATE INFORMATION

Group Profile

GLOBALPORT 900, INC. (herein referred to as the "Parent Company") was incorporated and registered with the Securities and Exchange Commission (SEC) on May 1, 1933, as Metropolitan Insurance Company. The Parent Company is a public company whose shares are listed in Philippine Stock Exchange (PSE) since September 9, 1948. On December 7, 2011, the SEC approved the change in corporate name of the Parent Company to Globalport 900, Inc. and the amendments to its primary purpose. Its primary purpose, as amended, is to own, invest, manage, operate, maintain and develop port facilities, including other maritime activities supportive of port operations and shipping, and to establish or acquire subsidiaries and affiliates within or outside the Philippines for the same purposes herein set forth including those incidentals thereto.

Sultan 900 Capital, Inc. (the "Ultimate Parent Company"), a domestic holding company with investments in ports and shipping industries and other infrastructure developments in the Philippines, owns about 90% of the Parent Company while the remaining shares are held by the public.

The Parent Company owns 100% of the outstanding capital stock of Globalport Terminals Inc. ("GTI"), formerly: Harbour Centre Port Holdings, Inc. (HCPHI), a domestic corporation registered with the SEC on September 12, 2007, as a holding company whose interests are in ports and logistics operations and management.

In 2021 and as of the reporting period, GTI incorporated the following subsidiaries, all with the primary purpose of engaging in the operation of cargo handlings, passenger, roll-on/roll-off, and other port terminal related services:

- a. Globalport Zamboanga Terminal Inc. ("GP Zamboanga") registered with the SEC on May 25, 2021. GTI owns 95% of the outstanding capital stock of GP Zamboanga;
- b. Globalport Ozamiz Terminal Inc. ("GP Ozamiz") registered with the SEC on May 25, 2021. GTI owns 98% of the outstanding capital stock of GP Ozamiz;
- c. Globalport Iligan Terminal Inc. ("GP Iligan") registered with the SEC on May 25, 2021. GTI owns 98% of the outstanding capital stock of GP Iligan; and
- d. Globalport Tacloban Terminal Inc. ("GP Tacloban") registered with the SEC on August 17, 2021. GTI owns 99% of the outstanding capital stock of GP Tacloban.

The Parent Company and its subsidiaries are herein collectively referred to as the "Group".

The Parent Company's registered office address is located at Unit 2701 One Corporate Centre, Julia Vargas St. cor. Meralco Ave., Ortigas Center, Pasig City.

Status of Operation

As of September 30, 2021, the Group has a deficit of P 2,145,372,702 as a result of losses incurred by the Group during the prior years, majority of which were due to the impairment of its subsidiary's investment. The management believes that the Group has the ability to continue as a going concern considering the activities undertaken to strengthen its financial position as it continues to participate into port operations and development projects throughout the country to attain financial sustainability. The Management believes that the operation and financial position will improve in the coming years.

The Management is of the opinion that it is appropriate to prepare the financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made on the financial statements to adjust the value of Group's assets to their

recoverable amounts, to provide for any further liabilities which might arise and reclassify non-current assets as current asset.

As at September 30, 2021, the Parent Company's market capitalization registered in the Philippine Stock Exchange is P17,044,033,430 (at P7.30 per share as of close of trading on May 16, 2014).

The trading of the Parent Company's securities was suspended by the PSE until further notice due to the on-going processing to update the structured reportorial requirements submission with the Stock Exchange.

2. BASIS FOR THE PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Statement of Compliance

The accompanying consolidated financial statements of the Group have been prepared in accordance with the Philippine Financial Reporting Standards (PFRSs). PFRSs include all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

Basis of Preparation

The consolidated financial statements are prepared on a going concern basis under the historical cost convention, except where a PFRSs requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

Presentation and Functional Currency

Items included in the consolidated financial statements of the Group are measured using Philippine Peso, the currency of the primary economic environment in which the Parent operates (the "functional currency"). All presented financial information has been rounded to the nearest peso, except when otherwise indicated.

Use of Judgments and Estimates

The accompanying consolidated financial statements are prepared in conformity with accounting principles generally accepted in the Philippines which require management to make judgments, estimates and assumptions that affect the amounts reported in the Group's financial statements and accompanying notes. The estimates and assumptions are reviewed on an on-going basis.

Judgments are made by management in the development, selection and disclosure of the Group's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Going Concern Assumption

The Group is not aware of any significant uncertainties that may cast doubts upon the Group's ability to continue as a going concern. The Parent Company has plans to expand its investment in other various businesses with end goal of being able to manage and/or operate subject to the approval of the Board.

3. BASIS OF CONSOLIDATION

The Group's consolidated financial statements comprise the separate financial statements of the Parent and its subsidiaries as of September 30, 2021 and December 31, 2020.

Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit and loss and each component of Other Comprehensive Income (OCI) are attributable to the equity holders of the Parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The reporting dates of the Parent and the subsidiary are identical and the latter's accounting policies conform to those used by the Parent like transactions and events in similar circumstances.

Non-controlling interests represent the portion of comprehensive income and net assets not held by the Parent and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to equity holders of the Parent.

The consolidated financial statements include the accounts of the Parent and its subsidiaries as follows:

Subsidiary	% of Shares Directly Held by the Parent Company	% of Shares Held by the Group
Globalport Terminals Inc.	100%	
Globalport Zamboanga Terminal Inc.		95%
Globalport Ozamiz Terminal Inc.		98%
Globalport Iligan Terminal Inc.		98%
Globalport Tacloban Terminal Inc.		99%

Financial Assets at Fair Value through OCI (Debt Instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

GLOBAL PORT 900, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2021, and December 31, 2020

(In Philippine Peso)

The Group has no debt instruments at fair value through OCI as of September 30, 2021 and December 31, 2020.

Financial Assets designated at Fair Value through OCI (Equity Instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group has no financial asset to be classified under this category.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for

trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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 repay.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

As of the period ended, the Group has no financial assets in its financial statements that is subject for impairment.

Advances to Related Parties

Advances to related parties are the aggregate amounts of receivables for offsetting with the Group's acquired services and for liquidation with the Group's general and administrative

expenses of the related parties where one party can exercise control or significant influence over another party; including affiliates, owners or officers and their immediate families, pension trusts, and so forth, at the financial statement date, which are usually due within one year (or one business cycle).

Advances to related parties are measured at the fair value of the consideration given to a related party. The transaction made is equivalent to an arm's length transaction.

Prepayments and Other Current Assets

Assets that are expected to be converted to cash within 12 months or to be realized, sold or consumed within the Group's normal operating cycle are classified as current assets in the consolidated statement of financial position. Otherwise, it is classified as non-current asset. Other current assets recognized by the Group include input tax.

Intangible Assets

Intangible assets include software licenses which are accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition. Capitalized costs are amortized on a straight-line basis over the estimated useful life of three years as these intangible assets are considered finite. Computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software licenses are expensed as incurred.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The Group measures goodwill at the acquisition date as: a) fair value of the consideration transferred; plus, b) the recognized amount of any non-controlling interest in the acquiree; plus, c) if the business combination is achieved in stages the fair value of the existing equity interest in the acquiree; less, d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Cost related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Goodwill in a Business Combination

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated a) represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and; b) is not larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill is related. Where the recoverable amount of the cash generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized.

Where the goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit 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. An impairment loss with respect to goodwill is not reversed.

Loss of Control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any noncontrolling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an AFS financial asset depending on the level of influence retained.

Impairment of Non-Financial Assets Excluding Inventories

At each reporting date, the Group assesses whether there is any indication that any non-financial assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of these assets is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The Group's corporate assets do not generate separate cash inflows. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

Impairment Losses are Recognized in Profit or Loss

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 any accumulated depreciation for property and equipment) had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation 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.

Financial Liabilities and Equity Instruments

A financial liability is any liability that is:

- a. a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- b. a contract that will or may be settled in the entity's own equity instruments and is
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Classification as Financial Liability or Equity Instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured.

Transaction costs that related to the issue of the compound instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method.

Financial Liabilities

Financial liabilities are recognized when the Group becomes a party to the contractual agreements of the instrument. Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. The Group has no financial liabilities at FVTPL as of September 30, 2021 and December 31, 2020.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value inclusive of directly attributable transaction costs.

After initial recognition, interest-bearing other financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization pertain partly payment to the principal and payment for interest. Interest expense is recognized in profit or loss.

Gains and losses are recognized in profit or loss when the liabilities are derecognized.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Included in this category is the Group's trade and other payables and advances from stockholders that meet the above definition (other than liabilities covered by other PFRSs, such as income tax payable), in the statement of financial position.

Derecognition of Financial Liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

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. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognized when the Group has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

In those cases, where the possible outflow of economic resource as a result of present obligation is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Contingent Liabilities and Assets

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are disclosed only when an inflow of economic benefits is probable.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Share Capital

Ordinary shares represent the nominal value of shares that have been issued are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The cost of acquiring the Group's own shares are shown as a deduction from equity until the shares are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, is included in the equity.

Additional Paid-in Capital

Additional paid-in capital pertains to any premium received by the Group on the issuance of capital stock. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax under reserves.

Deficit

The deficit represents net accumulated losses of the Group since its inception.

Treasury Shares

The cost of acquiring the Group's own shares were shown as deduction from equity as treasury shares until the shares are cancelled or reissued. Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. When such shares are subsequently sold or cancelled, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

Revenue Recognition

Revenue is recognized when the control of goods or services are transferred to customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To determine recognition of revenue, the Company follows a 5-step process:

- a. Identifying the contract with a customer
- b. Identifying the performance obligations
- c. Determining the transaction price
- d. Allocating the transaction price to the performance obligations
- e. Recognizing revenue when or as performance obligation(s) are satisfied.

Revenue is measured based on the consideration specified in Port Terminal Management Contract (PTMC) and Tariff regulations issued by the Philippine Ports Authority (PPA) such as *PPA Administrative Order No. 10-2019, Uniform Port Tariffs for Tier 3 Ports under Port Terminal Management Regulatory Framework*, which are all fixed amounts, for each type of services rendered net of variable consideration, if any.

The Group generates revenue from the activities in handling containerized and non-containerized cargoes, loaded or empty. Every activity movement is charged with various tariff such as stevedoring fees, lift-on and lift-off, handling fees, stand-by, extra-labor, shoring, shifting, hustling and lift-on/lift-off. These activities are completed based on required productivity period from ship arrival at port. Non-containerized revenue includes revenue other value-added services provided such as line-handling or mooring, stockpiling charges, battery charging, sweeping, checking, bagging, unbagging, storage, stripping/stuffing, activities at cold storage, RORO terminal fees, passenger terminal fees and other services.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be reliably measured and when the following specific criteria have been met:

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Interest Income

Revenue is recognized as interest accrues on a time proportion basis that reflects the effective yield on the assets. Interest income on bank deposits is recorded when earned and presented net of applicable final tax.

Other Income

Revenue is recognized when there is an incidental economic benefit, other than from the usual business operations that will flow to the Group and it can be measured reliably.

Cost and Expense Recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distribution to equity participants. Cost and expenses are generally recognized in profit or loss in the following manner:

- On the basis of a direct association between costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and association with income can only be broadly or indirectly determined; or
- Immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

General and Administrative Expense

General and administrative expenses are incurred in the direction and general administration of day-to-day operation of the Group. These are generally recognized when the services are rendered, or the expenses are incurred.

General and administrative expense comprise of advertising and promotion, transportation, professional fees, taxes and licenses, office supplies, membership and association dues and miscellaneous expenses.

Employee Benefits

Short-Term Benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Said benefits are measured at the undiscounted amount expected to be paid in exchange for services rendered. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, short-term compensated absences and bonuses, non-monetary benefits and other short-term benefits.

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the reporting date. They are included in "Trade and Other Payables" account in the statement of financial position.

Post-employment Benefits

The Group has a non-contributory defined benefit retirement plan covering all of its regular employees. Retirement expense is determined using the projected unit credit actuarial valuation method taking into account the factors of discount rates, the expected rates of return on plan assets, expected rates of salary increases, employee turnover, mortality, and medical cost trend rates.

In the absence of an actuarial valuation, the Group adopted the provision of RA 7641, otherwise known as the Retirement Pay Law in recognizing retirement cost. Under the said RA, an employee upon reaching sixty (60) years or more, but not beyond sixty-five (65) years, who has served at least five (5) years in the Group shall be entitled to retirement pay.

Retirement cost is computed based on $\frac{1}{2}$ month salary for every year of service, a fraction of six months being considered as one whole year. The term $\frac{1}{2}$ month salary shall mean 15 days plus $\frac{1}{12}$ of the 13th month pay and the cash equivalent of not more than five days' service incentive leaves. The recorded accrued retirement liability is the aggregate of the present value of the benefit obligation at the end of the reporting period.

Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37: "Provisions, Contingent Liabilities and Contingent Assets" and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Foreign Currency Transactions and Translation

Transactions in foreign currencies are initially recorded in the functional currency closing rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange prevailing at the reporting date. All differences are taken to the statement of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions. Exchange differences arising on the settlement of monetary items, and on revaluation of monetary items are included in the statements of comprehensive income.

Related Parties and Related Party Transactions

Related Party Relationship

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management personnel of an entity. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The key management personnel of the Group, post-employment benefit plans for the benefit of Group's employees, and close members of the family of any individuals owning directly or indirectly a significant voting power of the Group that gives them significant influence in the financial and operating policy decisions of the Group are also considered to be related parties.

Related Party Transaction

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is related to the Group when it directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Group. Transactions between related parties are accounted for at arm's length prices or on terms similarly offered to non-related entities in an economically comparable market.

Value-added Tax

Revenues, expenses and assets are recognized, net of the amount of value-added tax (VAT) except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT 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 the amount of VAT included.

Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

Current Income Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable nor deductible.

The Group's current income tax liability is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates position taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases of such assets and liabilities as at balance sheet date.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability that is not a business combination and, at the time of the transaction, affect neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are generally recognized for all deductible temporary differences, the carry-forward of unused tax losses and the carry-forward of unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carry-forward tax benefits can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be

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available to allow all or part of the asset to be recovered. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow such deferred tax assets to be recovered.

Deferred tax asset is also recognized for Net Operating Loss Carry Over (NOLCO).

Section 34 (D) (3) define Net Operating Loss Carry Over as the net operating loss of the enterprise for any taxable year immediately preceding the current year, which has not been previously offset as deduction from gross income shall be carried over as a deduction from gross income for the next five (5) consecutive taxable years, under Republic Act No. 11494 for taxable years 2020 and 2021, immediately following the year of loss.

Deferred income tax assets and liabilities are measured at the tax rates that are applicable to the year when the asset is expected to be realized or the liability is expected to be settled, based on tax laws that have been enacted or substantively enacted as at balance sheet date.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and 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 assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies

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

Events After the End of the Reporting Date

The Group identifies events after the reporting date as events that occurred after the reporting date but before the date of the financial statements were authorized for issue. Any event that provides additional information about the Group's financial position at the reporting date is reflected in the financial statements. Non-adjusting events are disclosed in the notes to the financial statements when material.

4. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS, AND JUDGMENTS USED

The preparation of the accompanying Group financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the Group financial statements. Actual results could differ from such estimates. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Estimates and judgments 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 to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The critical judgments made in the process of applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Critical Judgments in Applying Accounting Policies

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 financial statements:

Determining Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency has been determined to be the Philippine peso. The Philippine Peso is the currency of the Primary economic environment in which the Group operates. It is the currency that mainly influences the sales of services and the cost of providing these services.

Classification of Financial Instruments

The Group classifies a financial instrument, or its components parts, on initial recognition, as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the separate statements of financial position.

Distinction between Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. As of September 30, 2021, and December 31, 2020, the Group has determined that no contingencies will materially affect the Group's consolidated financial statement, hence no provisions are recognized.

Determination of Control Over Subsidiaries

In evaluating whether an entity has control over another entity it must first be ascertained whether the entity has the power to participate in the financial and operating policy decisions of the other entity.

Control is presumed to exist when the parent owns directly or indirectly, through subsidiaries, more than half of the voting power of an entity. In some instances, this will be clear-cut. However, in other circumstances, such ownership may not constitute control.

When control is not established through voting power, judgement may need to be applied to determine whether other factors result in control. Other factors to be considered include the ability to govern an entity's financial and operating policies and the existence of power to appoint or remove members of an entity's Board of Directors or equivalent governing body.

The existence of potential voting rights through options or convertible instruments may require further judgement.

Recognition of Deferred Income Tax

Management's judgment is required in determining the provision for income taxes, deferred tax assets and liabilities, and the extent to which deferred income tax assets can be recognized. A deferred tax asset is recognized if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognized in order to reflect changed circumstances as well as tax regulations.

As a result, due to their inherent nature, it is likely that deferred tax calculation relates to complex fact patterns for which assessments of likelihood are judgmental and not susceptible to precise determination.

Estimates and Assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at each reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Evaluating Allowance for Impairment on Advances to Related Parties

An impairment loss is recognized when there is objective evidence that a financial asset is impaired. Management specifically reviews its advances to affiliates and analyses historical bad debts, creditworthiness, of September 30, 2021 and December 31, 2020, respectively. No allowance for impairment was recognized in the same dates. Current economic trends and changes in the payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation. Such difference will impact the carrying amount of advances to affiliates.

The carrying amount of advances to related parties tested for impairment amounted to nil and P195,000,000, as of September 30, 2021 and December 31, 2020, respectively. No allowance for impairment was recognized in the same dates.

Estimating Allowance for Impairment Losses on Non-Financial Assets

The Group performs an impairment review when certain impairment indicators are present. Determining the fair value of property and equipment and intangible assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that property and equipment and intangible assets associated with an acquired business is impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations of the Group.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment.

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Estimating Realizability of Deferred Income Tax Assets

The Group reviews the carrying amounts at each reporting date and reduces deferred tax assets 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 assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

5. RELATED PARTY TRANSACTIONS

Related Party Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among the reporting entities, which are under common control or common significant influence with the reporting enterprise, or between, and/or among the reporting entities and its key management personnel, directors, or its shareholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties on this financial statement refer to Ultimate Parent and stockholders of the parent Group. They are as follows:

Related parties	Country of Incorporation	Relationship
Sultan 900 Capital, Inc.	Philippines	Ultimate Parent
Officers and stockholders		Key management personnel

Related Party Transactions and Balances

There are transactions and arrangements between the Group and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements.

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Trading Transactions

There were no trading transactions occurred between related parties as of September 30, 2021 and December 31, 2020.

The Company's transaction and balances with related parties as of September 30, 2021 and December 31, 2020 are as follows:

Entity	Year	Transaction				Balances		Terms and conditions
		Advertising and Promotion	Advances to	Advances from	Advances to	Advances from		
a) Sultan 900 Capital, Inc.	September 2021	3,033,318	(195,000,000)	-	-	1,064,180	no fixed term; non-interest bearing, unsecured	
	2020	6,066,636	(6,066,636)	1,064,180	195,000,000	1,064,180		
b) Stockholder	September 2021	-	-	282,297,720	-	357,002,791	non-interest bearing, unsecured, payable on demand	
	2020	-	-	774,502	-	74,705,071		
	September 2021	3,033,318	(195,000,000)	426,170,000	-	358,066,971		
	2020	6,066,636	(6,066,636)	1,838,682	195,000,000	75,769,251		

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- a) The Group has entered into an agreement to share in advertising and marketing with its Ultimate Parent and is charged at P 505,553 monthly.

Offsetting

The Group made cash advances to its parent for investment purposes in 2012. The Group and the Ultimate Parent, agreed to offset the recharges of marketing expenses by the latter to the Group.

The movement of the Group's advances to related parties are as follows:

	September 30, 2021	December 31, 2020
Balance, beginning of year	220,703,268	226,769,899
Offsetting	(3,033,318)	(6,066,631)
Receivable from Related Party	217,669,950	220,703,268
Advances reclassified as Prepayments (Note 7)	(22,669,950)	(25,703,268)
Payment made as of September 30, 2021	(195,000,000)	-
Balance, end of year	-	195,000,000

The amounts outstanding are non-interest bearing, unsecured, collectible in demand, as they have no specific maturity, and will be settled through offsetting of marketing expenses.

No guarantees have been received and no provisions have been made for any impaired amount owed by related parties.

Advances during 2020 amounting to P 1,064,180, represent acquisition of computer application paid by Sultan 900 Capital, Inc. on behalf of the Group used in the ordinary course of its business. The amounts outstanding are non-interest bearing, unsecured, payable in demand, as they have no specific maturity and will be settled in cash.

The movement of the Group's advances from its parent as of September 30, 2021 and December 31, 2020 are as follows:

	September 30, 2021	December 31, 2020
Balance, beginning of year	1,064,180	-
Advances made during the year	85,000,000	1,064,180
Payments made during the year	-	-
Balance, end of year	86,064,180	1,064,180

- b) Advances from stockholders represent Group expenses paid by a stockholder in behalf of the Group, including professional fees, penalties, membership and association dues and other general and administrative expenses.

The movement in the account is as follows:

	September 30, 2021	December 31, 2020
Balance, beginning of year	74,705,071	73,930,569
Advances made during the year	84,236,073	774,502
Payments made during the year	-	-
Balance, end of year	158,941,144	74,705,071

The amounts outstanding are non-interest bearing, unsecured, payable in demand, as they have no specific maturity, and will be settled in cash.

No guarantees have been given and no provisions have been made for any impaired amount owed by the Group.

The amounts outstanding are non-interest bearing, unsecured, collectible in demand, as they have no specific maturity, and will be settled through cash.

No guarantees have been received and no provisions have been made for any impaired amount owed by related parties.

Key Management Compensation

The Group considers as key management personnel directors and all employees holding managerial position up to the president having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

No member of the Board of Directors has received per diem or any compensation for any service provided as director for the year. The Group has no other arrangements in material terms, including consulting contracts, pursuant to which any director was compensated, or is to be compensated directly or indirectly for the year, for any service provided as director.

6. CASH

For the purpose of the statement of cash flows, cash include cash in banks.

Cash at the end of the reporting period as shown in the statement of cash flows can be reconciled to the cash in the statement of financial position.

Cash in banks pertain to savings account with local banks which amounts to P139,391,254 and P273,649 as at September 30, 2021 and December 31, 2020, respectively.

Cash in banks earn interest at the respective bank deposit rates.

There was no restriction imposed upon cash in bank and on hand by either management, stockholders or outside parties.

7. TRADE AND OTHER RECEIVABLES

The account at September 30 consists of:

	September 30, 2021	December 31, 2020
Trade Receivables	20,086,646	-
Allowance for credit losses	-	-
TOTAL	20,086,646	-

Trade and other receivables are non-interest bearing and generally have credit terms from 30 days. Management has reviewed the expected credit losses of receivables as of September 30, 2021, for impairment. Based in its evaluation, there were no indications that assets are impaired. Management believes these are collectible and neither of these were assigned nor used as collateral for any liabilities.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the Group's prepayments and other current assets are shown below:

	September 30, 2021	December 31, 2020
Project and Development Cost	77,158,362	
Input Vat	5,741,916	6,066,631
Advances to Employees	330,000	1,100,854
Other Current Assets	11,635,390	5,000
Total	94,865,668	7,172,485

Project development costs include performance security, prepaid concession fees, and other capitalizable costs directly attributable to the projects.

Input VAT pertains to value-added tax credits on purchases of goods and/or services incurred by the Group.

9. PROPERTY AND EQUIPMENT

	September 30, 2021	December 31, 2020
Cost:		
At beginning of the year	37,899	37,899
Additions	6,298,407	-
At end of the year	6,336,306	37,899
Accumulated Depreciation:		
At beginning of the year	27,363	14,739
Depreciation – Note 15	1,601,365	12,624
At end of the year	1,628,728	27,363
Carrying amount	4,707,578	10,536

As of September 30, 2021 and December 31, 2020, the Group has no contractual commitment to purchase or build property and equipment.

During the year, the Group reviewed the recoverable amounts of its property and equipment. The Group determined that there is no indication that an impairment loss has occurred on its property and equipment or useful life within 15 years, whichever is shorter.

10. PORT CONCESSION RIGHTS

The Group recognizes port concession rights as an asset arising from service concession arrangement in which the grantor, i.e. the Philippine Ports Authority (PPA), controls or regulates the services to be provided and the prices chargeable to customers, and also controls significant residual interests in the infrastructure at the end of the term of arrangement, such as property and equipment, if the infrastructure is the existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of the service concession arrangement.

Port concession rights consist of:

- a. Future fixed government share considerations in exchange for the 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 is recognized in profit or loss;
- b. Costs of port infrastructures constructed, and port equipment acquired, recognized as concession asset received as consideration for such cost; and
- c. Upfront fees payments on the concession contracts;

Port concession rights are determined as concession 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 method are reviewed annually. Changes in the expected useful

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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 concession asset. Gains or losses arising from derecognition of a concession asset are recognized in profit or loss and measured as the difference between the net disposal proceeds and the carrying amount of the asset.

11. INVESTMENT IN STOCKS

This represents Group's investment in shares of stocks in Globalcity Mandaue Corp. amounting to P6,249,900 which represents 5% ownership of the said company.

12. TRADE AND OTHER PAYABLES

This account consists of:

	September 30, 2021	December 31, 2020
Accrued Expenses	12,008,457	8,521,304
Outside Parties		238,302
Government Dues		7,500
TOTAL	12,008,457	6,587,915

Accrued expenses generally include professional fees, penalties and interest incurred for the current period.

13. SHARE CAPITAL

The share capital of the Group is as follows:

	September 30, 2021	December 31, 2020
Share capital	2,266,250,900	2,266,250,900
Additional paid-in-capital	268,309	268,309
	2,266,519,209	2,266,519,209

Components of share capital are as follows:

	September 30, 2021		2020	
	Shares	Amount	Shares	Amount
<i>Authorized share capital</i>				
Ordinary shares at P1 par	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
<i>Subscribed & paid-up</i>				
At the beginning of year	2,335,000,000	2,335,000,000	2,325,000,000	2,325,000,000
Add: subscription during the year	-	-	10,000,000	10,000,000
Total subscription	2,335,000,000	2,335,000,000	2,335,000,000	2,335,000,000
Less: subscription Receivable	(68,749,100)	(68,749,100)	(68,749,100)	(68,749,100)
Total subscribed and paid up at end of the year	2,266,250,900	2,266,250,900	2,266,250,900	2,266,250,900

On November 22, 2019, the Ultimate Parent and the Company entered into an agreement, as amended in July 2020 for the subscription of 10,000,000 common shares from the unissued portion of authorized capital stock of the Company, for a total subscription price of P100,000,000.00. Upon payment, the excess of subscription price over the par value in the amount of P90,000,000.00 shall be treated as additional paid in capital.

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Book Value Per Share

Book value per share amounted to P0.061 and P0.063 in September 30, 2021 and December 31 2020, respectively.

Treasury Shares

This consists of 201,500 common shares, stated at acquisition cost of P595,111 as of September 30, 2021 and December 31, 2020.

14. REVENUE

The Company derives revenue from cargo-handling activities, at point in time. The amount of revenue based on its activities are as follows:

	September 30, 2021 Current Year (3 Months)	September 30, 2020 Current Year (3 Months)	September 30, 2021 Current Year (9 Months)	September 30, 2020 Current Year (9 Months)
Containerized	33,351,134	-	33,351,134	-
Breakbulk	38,587,864	-	38,587,864	-
Bulk	2,949	-	2,949	-
Others	2,657,396	-	2,657,396	-
	74,599,343		74,599,343	

15. COST OF SERVICES

The analysis of the account is as follows:

	September 30, 2021 Current Year (3 Months)	September 30, 2020 Current Year (3 Months)	September 30, 2021 Current Year (9 months)	September 30, 2020 Current Year (9 months)
Concession Fee	24,180,000	-	24,180,000	-
Manpower Fees	6,270,833	-	6,270,833	-
Salaries, Wages and Benefits	2,204,906	-	2,204,906	-
Fuel, Oil and Lubricants	1,614,759	-	1,614,759	-
Rental	487,867	-	487,867	-
Repairs and Maintenance	470,157	-	470,157	-
Field Supplies	466,930	-	466,930	-
Light and Water	324,053	-	324,053	-
	36,019,505		36,019,505	

16. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of:

	September 30, 2021 Current Year (3 Months)	September 30, 2020 Current Year (3 Months)	September 30, 2021 Current Year (9 months)	September 30, 2020 Current Year (9 months)
Professional Fees	10,260,359	287,868	12,323,243	597,866
Registration Expenses	22,186,393		26,647,052	
Taxes and Licenses	3,610,675	20,000	4,325,805	258,274

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Advertising and Promotion	2,638,087	1,516,659	3,168,484	4,459,977
Representation Expense	1,363,000		1,637,036	6,000
Office Supplies	379,520		455,824	
Outside Services	1,108,240		1,331,056	
Meal Expenses	305,595		367,306	1,117
Transportation and Travel	1,152,155		1,383,800	380
Depreciation Expense	7,883	3,156	9,468	9,468
Personnel Costs	1,573,759		1,890,169	
Other Expenses	6,909,118	29,011	8,297,952	293,640
	51,485,784	1,856,692	61,837,195	5,716,722

Advertising and promotion pertain to the recharges of marketing expenses by Parent Group.

Registration Expense refers to the costs incurred in the incorporation of subsidiaries, participation in the bidding of ports conducted by PPA, business permits and other regulatory fees.

Other Expenses pertain to accrual of fees and charges of regulatory agencies such as PSE and SEC in relation to the Company's compliance reports.

Taxes and licences refer to expenses for documentary stamp tax, business permit, and other local taxes and fees.

17. FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

Financial Risk Management Objectives and Policies

Overview

The Group's financial instruments consist of cash, advances to related parties, trade and other payables and advances from related parties. The primary purpose of these financial instruments is to finance the Group's operations.

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk

Risk Management Framework

The Board has the overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

There were no changes in the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk from previous year.

Credit Risk

Credit risk is the risk of financial loss to the Group if a timeshare purchaser or any counterparty to a financial instrument fails to meet its contractual obligations. The management has established a policy for credit risk assessment and collection. The Group manages the level of credit risk it accepts by the following:

- Setting up the exposure limits of each counterparty;
- Determining right of offset, where counterparties are both creditor and debtor
- Monitoring compliance with credit risk policy as well as reviewing the existing risk policy for pertinence and changing environment

The Group did not have any significant concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date pertains only to cash in banks amounting to P139,391,254 and P273,649 as of September 30, 2021 and December 31, 2020, respectively.

The Group does not hold any collateral or other credit enhancements to cover this credit risk.

Risk Concentration of the Maximum Exposure to Credit Risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

Below are the credit qualities of the Group's financial assets as of September 30, 2021 and December 31, 2020:

September 30, 2021	Neither past due nor impaired					Total
	High Grade	Standard Grade	Substandard Grade	Past due but not impaired	Impaired	
Cash	139,391,254	-	-	-	-	139,391,254
Advances to related party	-	-	-	-	-	-
	139,391,254	-	-	-	-	139,391,254
2020	Neither past due nor impaired					Total
	High Grade	Standard Grade	Substandard Grade	Past due but not impaired	Impaired	
Cash	273,649	-	-	-	-	273,649
Advances to related party	195,000,000	-	-	-	-	195,000,000
	195,273,649	-	-	-	-	195,273,649

High grade accounts are accounts considered to be high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Financial assets are current and collectible.

Standard grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counter parties generally respond to credit actions and update their payments accordingly. These financial assets need to be followed up.

Substandard grade accounts are accounts which have a probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up and extended payment terms.

Impairment Assessment

The Group recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and the other factors constitute observable events and/or data that meet the definition of an objective evidence of impairment.

With regard to the collective assessment of impairment, allowances are assessed collectively for losses on receivables that are not individually significant and for individually significant receivables when there is no apparent or objective evidence of individual impairment. A particular portfolio is reviewed on a periodic basis, in order to determine its corresponding appropriate allowances. The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment on an individual assessment. Impairment

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losses are estimated by taking into consideration the following deterministic information: (a) historical losses/write offs; (b) losses which are likely to occur but has not yet occurred; and (c) the expected receipts and recoveries once impaired.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due at a reasonable cost. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligations; or inability to generate cash inflows as anticipated.

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations in accordance with internal policies. The Group also manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities:

September 30, 2021	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	Over 1 year
Trade and other payables	12,008,457	12,008,457	12,008,457	–	–
Advances from related parties	245,005,324	245,005,324	245,005,324	–	–
	257,013,781	257,013,781	257,013,781	–	–

2020	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	Over 1 year
Trade and other payables	8,767,106	8,767,106	8,767,106	–	–
Advances from related parties	75,769,251	75,769,251	75,769,251	–	–
	84,536,357	84,536,357	84,536,357	–	–

It is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

Fair Value of Financial Instruments

The Group measures financial instruments and non-financial assets at fair value at each reporting date. Due to short-term nature of the transactions, the fair value of cash, and other receivables and other payables reasonably approximate the amount of consideration at the time of initial recognition.

Fair Value Hierarchy

The Group uses the following hierarchy in determining the fair value of financial instruments by valuation technique:

- 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).

Capital Management

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The Group manages its capital to ensure that the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group sets strategies with the objective of establishing a sound capital structure. The Group defines capital as capital stock and deficit.

Management has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business, operation and industry.

The Group's debt to equity ratio at the reporting dates are as follows:

	September 30, 2021	December 31, 2020
Total liabilities	1,480,794,862	84,536,357
Total equity	139,151,411	143,806,845
Debt to equity ratio	10.6: 1	0.587: 1

The Group is not subject to externally imposed capital requirements.

Item 2. Management's Discussion and Analysis on the Results of Operation and Financial Condition

During the year, the Group expanded its business through investing in corporations engaged in ports and in different infrastructure projects particularly in Iligan, Ozamiz and Zamboanga.

In July 2021, the Group took over the operations of the Port of Zamboanga through its subsidiary Globalport Zamboanga Terminal Inc.

Analysis of Financial Condition and Results of Operations

As of September 30, 2021

The following table shows the consolidated financial highlights of the Corporation for the quarterly ending September 30, 2021 and September 30, 2020 for the Results of Operations and its Financial Condition as of September 30, 2021 and December 31, 2020:

	September 30, 2021	September 30, 2020
Income Statement Data		
Total Revenue	74,599,343	-
Cost of Services	(36,019,505)	-
Gross Profit	38,579,838	-
Earnings Before Interest and Tax (EBIT)	(23,255,449)	(3,860,005)
Net Income (Loss)	(23,255,449)	(3,860,005)
Depreciation	9,468	3,156
Taxes	-	-
Interest Expense	-	-
Balance Sheet Data		
Total Current Assets	254,343,569	202,446,139
Prepayments – Non-Current	112,636,627	19,636,627
Property and Equipment – net	4,707,578	10,536
Ports Concession Rights Asset	1,242,008,598	-
Investments in Stocks	6,249,900	6,249,900
Total Assets	1,619,946,273	228,343,202
Current Liabilities	257,013,781	84,536,357

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Ports Concession Rights Liabilities	1,223,781,081	
Total Liabilities	1,480,794,862	84,536,357
Stockholders' Equity	139,151,411	143,806,845
Total Liabilities & Stockholders' Equity	1,619,946,273	228,343,202
Current Ratio	0.99	2.395
Solvency Ratio	0.914	0.370
Debt to Equity Ratio	10.6	0.587
Interest rate coverage ratio	-	-
Gross Profit Margin	51%	0%
Net Profit Margin	(17%)	0%

Based on the above table the following are key performances indicators of the Corporation for September 30, 2021 and December 31, 2020:

- Working Capital Ratio or Current Ratio** – This will measure how liquid the corporation is and its ability to meet its current obligations. It is computed by dividing total current assets with the total current liabilities.
- Debt Management Ratio or Solvency Ratio** – This is computed by dividing the total liabilities by the total assets.
- Debt Equity Ratio** – This will explain the relationship between how the assets were financed by the Corporation's creditors and its stockholders. This is computed by dividing the total liabilities over the stockholder's equity.
- Interest Rate Coverage Ratio** – A ratio used to determine how easily a company can pay interest on outstanding debt. The interest rate coverage ratio is calculated by dividing the Company's earnings before interest and taxes (EBIT) of one period by the company's interest expense of the same period.
- Gross Profit Margin** – Gross profit margin (gross margin) is the ratio of gross profit (gross sales less cost of sales) to sales revenue. It is the percentage by which gross profit exceeds production costs. Gross margin reveals how much a company earns taking into consideration the costs that it incurs for producing its products or services.
- Net Profit Margin** – Net profit margin (or profit margin, net margin) is a ratio of profitability calculated as after-tax net income (net profits) divided by sales (revenue). Net profit margin is displayed as a percentage. It shows the amount of each sale left over after all expenses have been paid.

Results of Operations

Three months ended September 30, 2021 as compared to three months ended September 30, 2020

Revenue

Globalport Zamboanga Terminal Inc., one of the indirect subsidiaries of the Parent Company, started its commercial operations in July 2021. Accordingly, the Group recorded a consolidated revenue of P74,599,343, as compared to zero revenues reported for the same period in 2021. The revenues were earned from port terminal operations, such as breakbulk and bulk, containerized, other cargo handling services, RORO terminal and passenger fees, and ancillary services.

Cost of Services

The Group recorded a cost of services of P36,019,505 for the period, as compared to zero cost of services for the same period in 2020. The cost of services are all related to port operations of GP Zamboanga.

General and Administrative Expenses

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General and administrative expenses for the three months ended September 30, 2021 was P51,485,784, an increase from P1,856,692 recorded for the three months ended September 30, 2020. The increase was primarily due to expenses incurred by GP Zamboanga as it commenced commercial operations during this quarter.

Other Income

Other income increased to P1,1891 from P85 earned during the same period in 2020.

Net Loss

The Company recorded a net loss of P12,904,056 for the three months ended September 30, 2021 as compared to a net loss of P1,856,607 for the three months ended September 30, 2020. The increase in net loss was primarily due to pre-operating and incorporation expenses of the subsidiaries of GTI.

Financial Position

As at September 30, 2021 as compared to as at December 31, 2020

Assets

Cash on Hand and in Banks

Balance as of end September 2021 is P139,391,254 while the balance as of December 31, 2020 was P273,649. The change is due to the collections generated from the revenue of the subsidiary GP Zamboanga which commenced commercial operations during the quarter.

Trade and Other Receivables

Trade and other receivable balance of P20,086,646 as of September 30, 2021 represents the uncollected revenue as of end of the 3rd quarter.

Other Current Assets

The balance of P94,865,668 includes project and development costs of P77,158,362 that were incurred during the 3rd quarter.

Property and Equipment

The increase in property and equipment is due to the acquisition of certain equipment for GP Zamboanga.

Port Concession Rights Asset

The amount represents the recognition of an asset arising from port terminal management contract entered into by GP Zamboanga and the PPA.

Liabilities

Current Liabilities

The increase in current liabilities by P172,477,424 is caused by the advances from related parties amounting to P245,005,324.

Ports Concession Rights Liability

The amount represents the recognition of a liability arising from port terminal management contract entered into by GP Zamboanga and the PPA.