ASIAN
TERMINALS
INC. ISO 14001 & OHSAS 18001 certified
Delivering reliable and consistent services.

Asian Terminals Incorporated Head Office,
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April 15, 2011

PHILIPPINE STOCK EXCHANGE, INC.
Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue,
Makati City

Attention : **MS. JANET A. ENCARNACION**
Head,Disclosure Department

RE : SEC Form 17-A

Gentlemen,

In compliance with the requirements of the Securities and Regulation Code and the Revised Disclosure Rules of the Philippine Stock Exchange, we are submitting a copy of the SEC Form 17-A , a copy of which has been filed with the Securities and Exchange Commission.

Thank you.

Truly yours,

Atty. Rodolfo G. Corvite, Jr.
Corporate Secretary/ CIO

SEC Number: 133653
File Number:_______

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

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

528-6000
(Telephone Number)

December 31
Calendar Year Ending
(Month & Day)

SEC Form 17-A
Form Type

N/A
Amendment Designation (if applicable)

December 31, 2010
Period Ended Date

N/A
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC Form 17-A

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

1. For the fiscal year ended	:	December 31, 2010
2. SEC Identification Number	:	133653
3. BIR Tax Identification Code	:	033-000-132-413-V
4. Name of Issuer as Specified in its Charter	:	ASIAN TERMINALS, INC.
5. Province, Country or other jurisdiction of Incorporation or organization	:	Manila, Philippines
6. Industry Classification Code (SEC use only)	:	______________
7. Address of Principal Office	:	A. Bonifacio Drive Port Area, Manila 1018
8. Registrant's telephone number	:	(632) 528-6000
9. Former name, address and fiscal year, if changed since last report	:	N/A

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	2,000,000,000 shares

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

Yes [X]   No [ ]

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

12. Check whether the issuer

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

Yes [X]   No [ ]

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

Yes [X]   No [ ]

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

Number of non-affiliate shares as of March 31, 2011	1,346,152,763
Closing price per share as of March 31, 2011	P7.20
Market value as of March 31, 2011	P9.69B

PART I- BUSINESS AND GENERAL INFORMATION

Item 1. Business

Corporate Background

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

South Harbor

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

The Container Terminal Division (CTD) handles stevedoring, arrastre, warehousing, storage, cranage, container freight station (CFS) and other port-related services for international shipping lines.

The General Stevedoring Division (GSD) provides arrastre, stevedoring and storage services to international shipping lines.

The Domestic Terminal Division (DTD) offers domestic cargo-handling and passenger terminal services and includes stevedoring, arrastre, and storage services. There is an existing memorandum of agreement with Aboitiz Transport Shipping Corporation to render stevedoring, arrastre, storage, passenger terminal and other related terminal services. The Contract was initially for a period of five (5) years until January 2008 and extended for another five (5) years until January 14, 2013.

The ATI South Harbor facility has been certified compliant with the International Ship and Port Facility Security (ISPS) Code issued by the Office for Transportation Security, DOTC (OTS-DOTC) valid until December 2011. The ATI South Harbor facility is certified for ISO 14001:2004 (Environmental Management System), OSHAS 18001:2007 (Occupational Health and Safety Management System) and ISO 28001:2007 (Supply Chain Security Management System).

Inland Clearance Depot

The Inland Clearance Depot (ICD) was established pursuant to Customs Memorandum Order No. 11-97 which designated ICD as an extension of the Port of Manila and as a customs bonded facility. This permits the immediate transfer of cargoes to the facility while still being cleared by customs in Manila and provides savings in storage charges and efficient just in time delivery for clients in the CALABARZON area.

The ICD also serves as an empty container depot for shipping lines. This provides greater operational efficiency and minimizes locators' costs.

ICD is certified ISO 14001:2004 compliant.

Port of Batangas (Phase I)

ATI Batangas, Inc. (ATIB), a 98.8%-owned subsidiary of ATI, is the sole cargo handling contractor operating at the Port of Batangas. ATI provides management services relating to operations, marketing, training and administration.

ATIB has an existing ten-year Cargo Handling Contract in Phase 1 of the Port of Batangas effective until October 2015, under which it provides arrastre, stevedoring, domestic cargo handling, and equipment services. By virtue of the same contract, ATIB was also given the right to manage and operate the Fastcraft Passenger Terminal and to provide specific services and amenities to all passengers, both for fastcraft and roll-on, roll-off (RO-RO) vessels.

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

On February 13, 2007, ATIB entered into a contract whereby it leases the Main Passenger Terminal Building for the purpose of operating a supply base for companies engaged in oil and gas exploration. The contract is effective for five (5) years.

ATIB is certified ISO 14001:2004, OHSAS 18001:2007 and ISO 9001:2008 (Quality Management System) compliant. It is also compliant with the ISPS Code issued by the OTS-DOTC valid until December 2011.

Batangas Container Terminal (Container Terminal "A-1", Phase II of the Port of Batangas)

On January 18, 2010, ATI was awarded the contract for the management, operation, maintenance, development and promotion of the Container Terminal "A-1", Phase II of the Port of Batangas. The contract was signed on March 25, 2010 and is effective for a term of 25 years. The Notice to Proceed dated 16 June 2010 allowed ATI to start and commence operations at the Terminal on 1 July 2010.

Batangas Supply Base

ATI operates and manages the Batangas Supply Base (BSB) within the Port of Batangas under a contract with Shell Philippines Exploration B.V. (SPEX). The Supply Base provides logistics support to the Malampaya Gas-to-Power-Project which includes cargo-handling, crane and equipment hire, transport, labor, vessel agency and waste management. The contract with SPEX has been extended to June 2011. The life of the Malampaya Gas field is approximately 20 years. Its other major client is GALOC Production Company.

The BSB is certified ISO 14001:2004, OHSAS 18001:2007 and ISO 9001:2008 compliant.

South Cotabato Integrated Port Services, Inc.

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

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

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

SCIPSI is ISO 14001:2004, OHSAS 18001:1999 and ISO 9001:2001 certified since 2003. It is certified complaint with the ISPS Code issued by the OTS-DOTC valid until December 2011.

Bulk Grains Terminal

ATI had the right to develop and operate a bulk grain terminal in Mariveles, Bataan or Mariveles Grains Terminal (MGT) for a period of 20 years until 2013. A 20-year lease agreement with the Province of Bataan covering the land occupied by MGT for a similar period was contracted in 1993, and the lease was renewable for another 20 years under terms and conditions mutually acceptable to the parties.

On October 4, 2007, the Company, through a Deed of Assignment, assigned its property and equipment in MGT amounting to Php1.5 billion as payment for its subscription to shares of stock of Mariveles Grain Corporation (MGC). On November 27, 2007, the SEC approved the increase in the authorized capital stock of MGC to 1,500,000,000 shares. On December 4, 2007, a tax-free exchange ruling was obtained from the BIR for the exchange of property and equipment of the ATI with shares of stock of MGC.

A special Stockholders' Meeting was held on July 30, 2010 whereby 1,793,430,023 shares (89.67%) or more than 2/3 of the outstanding capital stock resolved to offer and sell all the shares of ATI in MGC to Philippine Grain International Corporation (Purchaser). Closing of the transaction was on August 9, 2010 with the submission of the closing deliverables to the Purchaser. Control of the MGT facility was transferred to the Purchaser and ATI received the proceeds of the transaction (net of the amount in escrow) on the same day.

Breakdown of Consolidated Revenues

Based on accounting records, the following is the breakdown of consolidated revenues (in '000 PHP) by service type for the year ended December 31, 2010:

Service	Amount	% to Total
Stevedoring	1,934,937	43%
Arrastre	1,774,499	39%
Logistics	154,980	3%
Special/Others Services	661,866	15%
TOTAL	4,526,282	100%

Competition

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

At the Port of Batangas, ATIB competes with two (2) major private commercial ports --- Philippine National Oil Corporation Energy Base and Bauan International Port Inc.

The ICD has no direct competitor insofar as offering the value proposition of being an extension of the Port of Manila and Port of Batangas.

Employees

ATI has a total manpower complement of 1,546 as of December 31, 2010. Of the total, 1,254 are in Operations, 151 are in Maintenance and 141 are in Management and Administration.

About 81% of the existing manpower is covered by collective bargaining agreements as follows:

TYPE OF WORKER	UNION	FROM	TO
Equipment operators and dockworkers	Associated Workers Union (AWU)	12/01/08	11/30/13
Stevedores	Katipunan ng mga Mangagawa sa Daungan	12/01/08	11/30/13
Field Supervisors	Associated Skilled and Technical Employees Union	08/16/06	08/15/11
Checkers	South Harbor Independent Port Checkers Union	09/07/06	09/07/11
Stevedores and dockworkers	Batangas Pier Stevedores and Labor Union (ATIB, formerly Aries Arrastre Services, Inc.)	11/06/07	11/06/12

There were no labor strikes for the past fifteen (15) years.

Costs and Effects of Compliance with Environmental Laws

In 2010 ATI incurred approximately Php3.82 million for various environmental activities and other environment related projects. The Company also participated in Corporate Social Responsibility activities benefiting nearby communities.

ATI business units maintain its current certifications to ISO 14001:2004 and OHSAS 18001:2007

Business Risks

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

Adequate insurance coverage with business interruption clauses, structural testing and improvement of facilities and equipment, business continuity plans and emergency response procedures are in place to meet such contingencies. Terrorist acts are likewise identified as a risk. In order to address this risk, additional security measures were implemented by the Company, such as baggage screening machines and, in coordination with various local law enforcement agencies, the deployment of uniformed and plainclothes personnel for deterrence. ATI sites are ISPS compliant.

Item 2. Properties

The Company has outstanding leases and subleases covering land, buildings, and offshore area in Metro Manila, Calamba, Laguna and Sta. Clara, Batangas. Rental expenses on these properties in 2010 totaled P25.8 million. The current lease agreements have various expiration dates with the longest term expiring in April 2021. The leases are renewable upon mutual agreement with the lessor. There is no intention to purchase any of the real property currently being leased.

Main Facilities

South Harbor

The Container Terminal operates a facility with 4 container berths. It has 975 meters of quay line equipped with 6 high-capacity ship-to-shore gantry cranes. Two (2) additional units of quay crane worth USD16.15M are currently being installed. The Container Terminal has a container yard space with total capacity of 950,000 Twenty Equivalent Units (TEUs). It provides optimal service through modern equipment comprising of Rubber Tyred Gantries (RTG), Container Stackers, Empty handlers, and Internal Transfer Vehicles. Its Truck Holding Area can accommodate up to 150 trucks. It has a CFS and a Designated Examination Area with 5 x-ray machines. All activity is driven by Navis SPARCS (Synchronous Planning and Real Time Control System), a graphical planning software that guides proper segregation and stacking of containers, vessels berthing, loading and unloading, and equipment control.

The GSD occupies two piers at the Manila South Harbor's with a total of 7 berths and a beaching area for landing craft. It has two covered warehouses and a UV net stacking area designed for completely built units. GSD also provides offshore conventional cargo handling at 18 anchorage berths inside the Manila Bay breakwater.

The Domestic Terminal or Eva Macapagal Super Terminal has five berths suited for containerized RORO and load-on, load-off operations. The container yard has an annual capacity of 300,000 TEUs. The world-class passenger terminal can handle 1.5M passengers annually.

Inland Clearance Depot

ICD is an all weather 4.2 hectare container yard facility. It has a maximum capacity of 2,600 TEUs. It is equipped with two (2) units of RTG and one (1) unit of 3-tonner forklift to service the logistics requirement of clients.

Port of Batangas (Phase 1)

The domestic terminal has 230-meter and 185-meter berths and three general cargo berths with lengths ranging from 130 meters to 180 meters. It also has a storage area totaling 62,500 square meters (sqm) and a transit shed measuring 3,000 square meters. The international terminal, meanwhile, has a 450 meter berth and a container yard with a capacity of 400,000 TEUs annually. It also has a 480-TEU capacity reefer area.

ATIB operates a modern passenger terminal for high-speed inter-island ferries and roll-on/roll-off vessels. It has seven fast craft berths with a total length of 540 meters and a draft of five meters. It has a ferry berth 124 meters long with five meters draft and six RORO berths with a total length of 680 meters. The passenger terminal facility includes a 25,000 sqm. marshalling area for RORO vehicles. It can handle approximately 2M embarking passengers annually.

Batangas Container Terminal (Container Terminal "A-1", Phase II of the Port of Batangas)

The Batangas Container Terminal ("A-1", Phase 2) has an existing berth length of 450 meters with a draft of 13 meters. The approximate total area of the entire facility of 162,500 sqm. includes the container yard, working apron, maintenance and control buildings, gates and roadways. The container yard has a total of 1,900 twenty-foot ground slots and equipped with 4 units of RTGs. Ship-to-shore operations are equipped with 2 Quay Cranes. The terminal is also equipped with 10 reefer platforms, a 4,100 sqm. CFS, RFID gate management system, full CCTV coverage, and back-up generator sets.

Batangas Supply Base

For its BSB operations, ATIB allocates an open area measuring nearly 11,000 sqm. for SPEX in addition to a 2-level covered storage facility with a lot area of nearly 2,500 sqm.

South Cotabato Integrated Port Services Inc.

South Cotabato Integrated Port Services, Inc. (SCIPSI) operates the Makar Wharf in General Santos City. Cargoes are loaded or unloaded using ships gears. It has a total berth length of 110 meters. SCIPSI receives and handles cargoes through the use of their various lifting equipments with capacities ranging from 3 tons to 40 tons.

Item 3. Legal Proceedings

1. MGT - Real Property Tax Case- Central Board of Assessment Appeals (CBAA), Manila. On July 23, 2008, ATI filed an appeal with the Local Board of Assessment Appeals (LBAA) over the Notice of Reassessment issued by the Provincial Treasurer of Bataan claiming that ATI has delinquent taxes and penalties in the amount of Php324,882,779.66. On December 16, 2009, the LBAA dismissed the appeal of ATI. On January 15, 2010, ATI appealed the dismissal with the CBAA. The case was dismissed on August 6, 2010 when the CBAA approved the Compromise Agreement entered into by the parties

2. ATI - MAFSICOR Case – Regional Trial Court, Manila. On August 5, 1993, ATI (then Marina Port Services, Inc.) filed a Petition for Declaratory Relief with prayer for Injunction against MAFSICOR and PPA in connection with the contract between MAFSICOR and PPA dated April 2, 1992 allowing MAFSICOR to operate a floating grains terminal at the South Harbor. ATI contends that this encroached on its right as the exclusive provider of stevedoring services at the South Harbor. The petition for a Writ for Preliminary Prohibitory Injunction was denied by the RTC. On appeal, the RTC order was nullified by the Court of Appeals (CA) upholding the position of ATI and made permanent the preliminary injunction. MAFSICOR and PPA filed with the Supreme Court (SC) a Petition for Review which was granted and the injunction order was set aside. The SC ordered the RTC for a trial on the merits and remanded all the records of the case to the lower court. The case is still pending with the trial court.

3. ATIB - Passenger Terminal Building 2 Case –RTC Batangas City. On May 18, 2009, ATIB filed a complaint against RGB Maritime Services, Inc. ("RGB") and Mr. Alex Cruz in his capacity as Port Manager of the Batangas Port, to nullify the latter's issuance of permits to operate and occupy the Passenger Terminal Building 2 of the Port of Batangas in favor of RGB, to enjoin RGB from operating the said terminal, and to claim for damages, with applications for temporary restraining order (TRO) and preliminary injunction (PI). The case was dismissed by the RTC on May 6, 2010 pursuant to the Compromise Agreement entered into by the parties on April 20, 2010. A Motion to Withdraw the Petition for certiorari and prohibition with request for TRO and PI was filed with the CA. The Motion was granted in February 9, 2011.

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

PART II- OPERATIONAL AND FINANCIAL INFORMATION

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

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

2009	High	Low
First Quarter (Jan. – Mar.)	3.15	2.60
Second Quarter (Apr. – June)	2.80	3.55
Third Quarter (July – Sept.)	3.95	3.20
Fourth Quarter (Oct. – Dec.)	4.25	3.60
2010	**High**	**Low**
First Quarter (Jan. – Mar.)	4.15	3.85
Second Quarter (Apr. – June)	6.00	4.25
Third Quarter (July – Sept.)	7.40	5.40
Fourth Quarter (Oct. – Dec.)	7.48	6.95
2011	**High**	**Low**
First Quarter (Jan. – Mar.)	7.60	7.00

On March 31, 2011, ATI shares were traded at its highest for the price of Php 7.20, lowest for Php7.20 and closed at Php 7.20.

2. The number of stockholders as of March 31, 2011 was 926. There were 2,000,000,000 common shares outstanding as of March 31, 2011.

Top 20 stockholders as of March 31, 2011:

Names	Number of Shares	% to Total
1. P & O Australia Ltd.	346,466,600	17.32%
2. ATI Holdings, Inc.	291,371,230	14.57%
3. Pecard Group Holdings	198,203,968	9.91%
4. Philippine Seaport, Inc.	196,911,524	9.85%
5. PCD Nominee Corp. (Filipino)	195,649,742	9.78%
6. Daven Holdings, Inc.	155,906,071	7.80%
7. PCD Nominee (Non- Filipino)	144,179,827	7.21%
8. SG Holdings, Inc.	130,000,000	6.50%
9. Morray Holdings, Inc.	100,000,000	5.00%
10. Harbourside Holding Corp.	80,000,000	4.00%
11. Aberlour Holding Company, Inc.	71,517,463	3.58%
13. Rescom Developers, Inc.	26,627,884	1.33%
14. Agatha Builders, Corp.	20,761,899	1.04%

15. Eusebio H. Tanco	15,257,663	0.76%
16. Southern Textile Mills, Inc.	4,470,335	0.22%
17. Nancy Saw	3,926,000	0.20%
18. Granite Realty Corp.	1,000,000	0.05%
19. Douglas Luym	800,000	0.04%
20. Joseph Luym Tanco	795,000	0.04%
TOTAL	**1.983,845,206**	**99.19%**

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

Year	Amount(Php)	Record Date
June 2009	0.25	May 22, 2009
June 2010	0.29	May 21, 2010
October 2010	0.25	October 6, 2010

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

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

   None.

Item 6. Management Discussion and Analysis

Years ended December 31, 2010 and 2009

Consolidated Results of Operations

Net income of P2,145.2 million for the year ended December 31, 2010 rose by 84.5% from P1,162.4 million last year. Earnings per share was up to P1.07 in 2010 from P0.58 in 2009.

A. Continuing Operations

Revenues for the year ended December 31, 2010 amounted to P4,526.3 million, 19.9% higher than P3,775.5 million last year. Revenues from South Harbor international containers and from international non-containers were up by P533.3 million or 18.2% and P110.5 million or 57.4%, respectively, due to the growth in international trade at the Port of Manila. Moreover, pursuant to PPA Memorandum Circular No. 05-2009, tariffs on cargo-related services for foreign containerized and non-containerized cargoes at South

Harbor were increased by 15.0%, 8.0% effective on May 8, 2009 and 7.0% effective January 1, 2010. Revenues from South Harbor domestic terminal operations went up by P93.2 million or 37.3% due to higher container volume and revenues from Port of Batangas increased by P37.3 million or 11.3% on account of higher Roll-on Roll-off (RORO) and passenger volumes.

Cost and expenses in 2010 of P2,377.4 million were 14.2% higher than P2,082.1 million in 2009. Labor costs increased by 11.5% to P825.0 million in 2010 from P740.2 million in 2009 due to rate and volume factors. Equipment running costs amounted to P445.1 million in 2010, 38.7% higher compared to P320.8 million in 2009. Increases in operational requirements as a result of handling more volumes and increases in prices/rates resulted to higher costs of electricity, fuel and lubricants and equipment repairs and maintenance. Management fees increased to P124.4 million in 2010 from P65.2 million in 2009 on account of higher net income. Security, health, environment and safety costs in 2010 increased by 2.2% to P71.8 million from P70.2 million in 2009 due to higher site cleaning costs. General transport costs went up by 42.5% to P46.7 million in 2010 from P32.8 million in 2009 on account of higher trucking volume. Facilities-related expense of P46.4 million this year was 38.9% higher than P33.4 million last year due to higher expenses for road and building maintenance. Professional fees in 2010 were up by 11.4% to P34.5 million from P31.0 million in 2009 due to engagements of surveyors in relation to insurance claims. Other expenses this year totaled P186.5 million in 2010, 33.9% higher than P139.3 million last year, due to higher processing-related expenses (brokerage, wharfage, etc.), travel and office expenses, among others.

Depreciation and amortization in 2010 of P391.9 million were 3.1% lower than P404.7 million last year due to disposals and end of life of certain property and equipment. Taxes and licenses of P90.3 million in 2010 were down by 16.5% from P108.1 million in 2009 on account of use of tax credits. Insurance in 2010 of P55.9 million decreased by 2.3% from P57.2 million 2009 due to lower insurance premiums and favorable foreign exchange rate. Rentals of P54.8 million in 2010 declined by 28.0% from P76.1 million in 2009 as included last year was space rental for a non-recurring transaction.

Finance costs in 2010 decreased by 60.4% to P116.3 million from P293.6 million in 2009 due to the significant reduction in interest-bearing loans to P300 million as of end 2010 from P850 million as of end 2009. Finance income went up by 37.0% to P43.8 million in 2010 from P32.0 million in 2009. Others-net increased to P125.4 million in 2010 from P32.5 million in 2009 due to higher equity in earnings of an affiliate and to non-recurring income from insurance claims.

Income before income tax in 2010 increased by 50.4% to P2,201.7 million from P1,464.2 million for 2009. Provision for income tax of P609.3 million in 2010 was 47.9% higher than P411.9 million in 2009.

Income from continuing operations increased by 51.3% to P1,592.4 million in 2010 from P1,052.3 million last year.

B. Discontinued Operations

On August 9, 2010, the Company sold all its shares in Mariveles Grain Corporation (MGC), owner of the Mariveles Grains Terminal (MGT). The Company transferred control of MGT and received the proceeds from the transaction (net of the amount in escrow) on the same day.

As required under PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, the results of operations of MGT was presented as a separate item under "Income from Discontinued Operations –Net of Tax" in the consolidated statements of income. MGT was not a discontinued operation and was not classified as held for sale at December 31, 2009 and 2008. The comparative figures for the consolidated statements of income for the years ended December 31, 2009 and 2008 have been restated to show the discontinued operations separately from continuing operations. Of the Income from discontinued operations of P552.8 million in 2010, P326.6 million was the gain on sale of investment. The results of discontinued operations are reported in Note 7 of the notes to the consolidated financial statements.

After the discontinued operations in MGT, the significant unit in the non-port segment, the remaining unit did not meet the criteria for a reportable segment. Hence in 2010, the Company only had ports as its reportable segment.

Plans for 2011

The Company is committed to continuous improvements in efficiencies of its services and facilities. As planned, the Company received delivery in January 2011,of 2 units of new quay cranes for South Harbor. This will increase the capacity as well as improve the service level to the port users.

Marketing and promotion of the Batangas Container Terminal (Phase 2) started when the Contract was awarded to ATI on March 25, 2010 and went full stream when the notice to proceed was issued by PPA on July 1, 2010. The initiatives included presentations to shipping lines, locators at Calabarzon and various Associations/Chambers of Commerce. Under the long term contract awarded by PPA, the Batangas Container Terminal handled its first foreign container vessel in December 2010 and expects to receive its regular weekly service by January 2011. The marketing program to induce more shipping lines to call the Port of Batangas will continue on for 2011.

For 2011, the projected investment in capital expenditures is P1.9 billion, mostly for South Harbor. The planned investments in South Harbor will include upgrades and new developments in infrastructures, acquisitions of cargo handling equipment and improvements in computerized systems. In Batangas Container Terminal, acquisitions of back-up equipment are included in the 2011 plan. These capital expenditures shall be funded from internally-generated funds.

Consolidated Financial Condition

Total assets as of December 31, 2010 increased by 14.9% to P9,198.9 million from P8,007.2 million as of December 31, 2009. Total current assets as of December 31, 2010 of P3,439.9 million were 152.6% higher than P1,361.9 million as of December 31, 2009. Cash and cash equivalents rose to P2,313.4 million as of December 31, 2010 from P814.3 million as of December 31, 2009 as net cash provided by operating and investing activities were higher than cash used in financing activities. Trade and other receivables-net as of December 31, 2010 increased to P877.9 million from P330.2 million as of December 31, 2009. The balance as of end 2010 included non-recurring items of P309.8 million receivable from escrow fund that is related to the sale of MGC and P293.8 million receivable from insurance. These amounts will be collected in full in 2011. Due to improved collection efforts and to discontinued operations, trade receivables of P279.6 million as of end 2010 were 17.2% lower than P337.5 million as of end 2009. Spare parts and supplies-net as of December 31, 2010 of P153.2 million were 8.3% higher than P141.4 million as of December 31, 2009 in support of higher operational requirements. Prepaid expenses rose by 25.6% to P95.5 million as of December 31, 2010 from P76.0 million as of December 31, 2009 mainly due to the timing of prepayments of insurance premiums.

Total non-current assets decreased by 13.3% to P5,759.0 million as of December 31, 2010 from P6,645.3 million as of December 31, 2009. Property and equipment-net were down by 76.0% to P412.5 million as of December 31, 2010 from P1,718.2 million as of December 31, 2009 on account of the sale of MGC. Acquisitions of property and equipment which were not subject of the service concession arrangement amounted to P59.0 million in 2010. Intangible assets-net increased by 10.0% to P5,184.9 million as of December 31, 2010 from P4,715.0

million as of December 31, 2009. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement totaled P842.7 million in 2010. Other financial assets of P23.8 million as of December 31, 2010 were 8.5% lower than P26.0 million as of December 31, 2009 due to reduction in deposit related to property lease in discontinued operations. Deferred tax assets-net as of December 31, 2010 increased to P37.3 million from P10.7 million as of December 31, 2009 as a result of movements in underlying transactions related to, among others, pension and derivative instruments. Other noncurrent assets as of December 31, 2010 declined to P33.9 million from P110.6 million as of December 31, 2009 significantly on account of reduction in pension asset.

As of December 31, 2010, total liabilities amounted to P2,129.6 million, up by 8.4% from P1,964.2 million as of December 31, 2009. Trade and other payables of P1,554.9 million as of December 31, 2010 were 76.7% higher than P880.0 million as of December 31, 2009. Included in this account are payables related to equipment acquisitipns of P605.7 million. Trade and other payables are covered by agreed payment schedules. Provision for claims went down by 12.3% to P46.5 million as of December 31, 2010 from P53.0 million as of December 31, 2009 due to settlement of certain meritorious claims. Income and other taxes payable went up by 82.5% to P219.0 million as of December 31, 2010 from P120.0 million as of December 31, 2009 due to higher income, withholding and value added taxes payable.

Interest-bearing loans and other financial liabilities (current and noncurrent) of P298.0 million as of December 31, 2010 were 67.0% lower than P904.0 million as of December 31, 2009 due to prepayment of P550 million loan and termination of derivative liability in 2010. The remaining P300 million loan as of December 31, 2010 is denominated in Philippine Peso, is subject to fixed interest rate, and will mature in December 2014.

Consolidated Cash Flows

Net cash provided by operating activities increased by 4.2% to P1,819.6 million in 2010 from P1,745.9 million in 2009 due to higher cash generated from operations and lower finance cost paid, mitigated by higher income tax paid.

In 2010, net cash provided by investing activities was P1,313.7 million while in 2009, net cash used in investing activities was P123.9 million. Included in 2010 were proceeds from the sale of MGC of P1,999.9 million. Funds used in acquisitions of property and equipment and intangibles totaled P901.6 million this year, significantly up from 176.8 million last year.

Cash used in financing activities in 2010 decreased by 17.5% to P1,630.8 million from P1,975.8 million in 2009. Cash dividends paid were P1,080.0 million in 2010 and P500.0 million in 2009. Payments of long-term debt were P550.0 million in 2010 and P1,475.0 million in 2009.

Changes in Accounting Policies

The Financial Reporting Standards Council (FRSC) approved the adoption of a number of new or revised standards, amendments to standards, and interpretations as part of Philippine Financial Reporting Standards (PFRS). The following are the amendments to standards and interpretations which are effective January 1, 2010, and have been applied in preparing the consolidated financial statements.

- *Improvements to PFRSs 2009,* contain 15 amendments to 12 standards. The following are the said improvements or amendments to PFRSs that are applicable to the Company, none of which has a significant effect on the consolidated financial statements of the Company:

- PAS 38, *Intangible Assets*. The amendments clarify that (i) an intangible asset that is separable only together with a related contract, identifiable asset or liability is recognized separately from goodwill together with the related item; and (ii) complementary intangible assets with similar useful lives may be recognized as a single asset. The amendments also describe valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination for which no active market exists.

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. The amendments clarify that the required disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations are specified in PFRS 5.

- PFRS 8, *Operating Segments*. The amendments clarify that segment information with respect to total assets is required only if such information is regularly reported to the chief operating decision maker.

- PAS 7, *Statement of Cash Flows*. The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities.

- PAS 17, *Leases*. The International Accounting Standards Board (IASB) deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments clarify that when a lease includes the land and building elements, an entity should determine the classification of each element based on paragraphs 7 – 13 of PAS 17, taking account of the fact that land normally has an indefinite economic life.

- PAS 36, *Impairment of Assets*. The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in PFRS 8 before applying the aggregation criteria of PFRS 8.

Other Information:

- The Company's businesses are affected by the local and global trade environment. Factors that could cause actual results of the Company to differ materially include, but are not limited to:
  - material adverse change in the Philippine and global economic and industry conditions;
  - natural events (earthquake and other major calamities); and
  - material changes in exchange rates.
- There was no known trend, event or uncertainty that had or may have a material impact on liquidity and on revenues or income from continuing operations. There was no known event that may cause a material change in the relationships between costs and revenues.
- There was no seasonal factor that had a material effect on the financial condition and results of operations.
- There was no event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- Except for the commitments and contingencies mentioned in Note 27 of the consolidated financial statements, the Company has no knowledge of any material off-balance sheet (statement of financial position) transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period that would address the past and would have material impact on future operations.
- Projected capital expenditures for 2011 is P1.9 billion. Of this amount, about 93% is planned for cargo handling equipment, civil works and other items for the South Harbor. Funding is expected to be sourced from internal funds.

Key Performance Indicators (KPI)

KPIs discussed below were based on consolidated amounts as portions pertaining to the Company's subsidiary, ATI Batangas, Inc. (ATIB) were not material. As of end 2010:

- ATIB's total assets were only 3.8% of the consolidated total assets
- Income before other income and expense from ATIB was only 7.8% of consolidated income before other income and expense*.

Consolidated KPI	Manner of Calculation	2010	2009	Discussion
Return on Capital Employed	Percentage of income before interest and tax over capital employed	38.6%	28.3%	Increase resulted from higher income before other income (expense) during the period.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of the parent	32.7%	20.4%	Increase resulted from higher net income for the period.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.30:1.00	0.33:1.00	Improved due to payments of interest-bearing loans and increase in stockholders' equity.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	15 days	21 days	Due to improved collection efforts.
Lost Time Injury	Number of lost time from injuries per standard manhours	0.91	0.74	Increase brought about by higher number of injuries.

*Note: Income before other income and expense is defined as income before net financing costs, net gains on derivative instruments and others.

Summary of Selected Financial Data (in millions)

Description	*Year ended December 31, 2010*	*Year ended December 31, 2009*
Revenues (continuing operations)	*P 4,526.3*	*P 3,775.5*
Net income	*2,145.2*	*1,162.4*
Total assets	*9,198.9*	*8,007.2*
Total liabilities	*2,129.6*	*1,964.2*

Years ended December 31, 2009 and 2008 (As Restated)

Consolidated Results of Operations

In 2009, Net income of P1,162.4 million increased by 36.6% from P851.0 million in 2008. Earnings per share was up to P0.58 in 2009 from P0.43 in 2008.

A. Continuing Operations

Revenues in 2009 rose by 3.5% to P3,775.5 million from P3,648.9 million in 2008 on account of favorable revenue and favorable foreign exchange rates. Revenues from ports operations increased by 3.6% to P3,695.2 million in 2009 from P3,568.4 million in 2008.

In ports operations, revenues from South Harbor international container and non-containerized rose by 2.9%. Pursuant to PPA Memorandum Circular no. 05-2008, tariff on vessel-related container handling services at South Harbor was increased by 12.0%, 5.0% effective on April 2, 2008 and 7.0% effective January 1, 2009. On cargo-related services for foreign containerized and non-containerized cargoes at South Harbor, tariffs were increased by 15.0%, 8.0% effective May 8, 2009 and 7.0% effective January 1, 2010, pursuant to PPA Memorandum Circular no. 05-2009. Volumes in South Harbor international container were 0.7% higher while international non-container volumes were 30.3% lower in 2009 vs. 2008. On account of lower volumes, revenues from South Harbor domestic terminal operations declined by 11.4%.

While Revenues were up, Costs and expenses in 2009 of P2,082.1 million were down by 5.5% vs. P2,203.2 million in 2008. Mainly due to volume factor, Labor costs decreased by 6.4% to P740.2 million in 2009 from P791.1 million in 2008. Equipment running costs in 2009 were down by 23.5% to P320.8 million from P419.6 million in 2008 due to lower expenses for fuel and equipment repairs and maintenance. Taxes and licenses of P108.1 million in 2009 were lower by 6.7% compared to P115.8 million in 2008 due to use of tax credits. Insurance in 2009 of P57.2 million went down by 2.5% from P58.7 million in 2008. Other costs and expenses amounted to P139.3 million in 2009, same level in 2008.

Depreciation and amortization in 2009 of P404.7 million were higher by 2.5% compared to P394.9 million in 2008. Management fees in 2009 amounted to P65.2 million, 20.6% up from P54.1 million in 2008 on account of higher net income. Rentals went up by 1.8%

to P76.1 million in 2009 from P74.8 million in 2008 on account of a Lease Agreement for the management and operation of additional assets and facilities in Phase I of the Batangas port that was signed with the PPA effective August 1, 2009. This Lease Agreement is until 2015. Professional fees in 2009 went up by 91.9% to P31.0 million from P16.1 million in 2008 due to higher legal fees.

The pretermination penalty of P42.5 million from prepayments of P850.0 million interest-bearing loans increased Finance costs in 2009 to P293.6 million, 6.2% higher than P276.4 million in 2008. Finance income in 2009 of P32.0 million was higher by 2.8% compared to P31.1 million in 2008. Due to exchange rate factor, Others-net of P32.5 million in 2009 was 8.9% higher than P29.8 million in 2008.

Earnings before income tax of P1,464.2 million in 2009 increased by 19.0% from P1,230.2 million last year. Income tax expense in 2009 of P411.9 million was 1.2% higher compared to P406.9 million in 2008. In accordance with Republic Act No. 9337 entitled "An Act Amending the National Internal Revenue Code, as Amended with Salient Features", the following revisions to the rules of taxation were implemented since January 1, 2009:

- Change in the corporate income tax rate to 30%
- Change in the amount of interest expense disallowed as tax-deductible expense equivalent to 33% applied to the interest income subjected to final tax.

Income from continuing operations in 2009 of P1,052.3 million was 27.8% higher than P823,324 million in 2008.

B. Discontinued Operations

On August 9, 2010, the Company concluded the sale of all its shares in the outstanding capital stock of Mariveles Grain Corporation (MGC) to Philippine Grain International Corporation at a price in excess of the Company's recorded book value for MGC shares. The Company operated the Mariveles Grains Terminal (MGT), under its non-ports segment, on behalf of MGC. MGT was not a discontinued operation and was not classified as held for sale at December 31, 2009 and 2008. The comparative figures for the consolidated statements of income for the years ended December 31, 2009 and 2008 have been restated to show the discontinued operations separately from continuing operations. In 2009, income from discontinued operations, net of tax was P110.1 million, up from P27.7 million in 2008. The results of operations of MGT are reported in Note 7 to the consolidated financial statements.

Plans for 2010

The volume of international trade at the Port of Manila started to improve in the last quarter of 2009. As improvement is expected to continue, for more efficient and reliable services, the Company is projecting to invest P1.2 billion in capital expenditures in 2010.

Consolidated Financial Condition

As of December 31, 2009, total assets of P8,007.2 million were 7.4% lower than P8,651.9 million as of December 31, 2008. Total current assets of P1,361.9 million as of December 31, 2009 declined by 24.3% from P1,798.3 million as of December 31, 2008. Cash and cash equivalents were down to P814.3 million as of December 31, 2009 from P1,182.2 million last year. In 2009, payments of interest-bearing loans totaled P1.475 billion vs. P150 million in 2008. Of the payments in 2009, P625 million were payments of matured borrowings while P850 million were prepayments. Due to higher revenues, Trade and other receivables-net increased by 11.3% to P330.2 million as of December 31, 2009 from P296.7 million as of December 31, 2008. Spare parts and supplies-net rose by 9.4% to P141.4 million as of

December 31, 2009 from P129.3 million as of December 31, 2008 in support of equipment running requirements. Prepaid expenses decreased by 32.0% to P76.0 million as of December 31, 2009 from P111.8 million as of December 31, 2008 due to amortization of prepaid insurance.

Total non-current assets went down by 3.0% to P6,645.3 million as of December 31, 2009 from P6,853.6 as of December 31, 2008. Property and equipment-net increased by 0.2% to P1,718.2 million as of December 31, 2009 from P1,714.2 million as of December 31, 2008 due to the Asset held for sale of P78.3 million which was reclassified to Property and equipment. Acquisitions of property and equipment which were not subject of the service concession arrangement amounted to P56.6 million in 2009. Intangible assets-net decreased by 4.6% to P4,715.0 million as of December 31, 2009 from P4,940.4 million as of December 31, 2008. Acquisitions of intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement totaled P120.2 million in 2009. Other financial assets went up by 1.5% to P26.0 million as of December 31, 2009 from of P25.6 million as of December 31, 2008 due to increase in deposits. Deferred tax assets-net declined by 71.3% to P10.7 million as of December 31, 2009 from P37.3 million as of December 31, 2008 as a result of movements in underlying transactions related to, among others, pension and derivative instruments. Other non-current assets as of December 31, 2009 of P110.6 million were 24.1% higher than P89.1 million last year due to increase in pension asset.

As of December 31, 2009, total liabilities decreased by 41.1% to P1,964.2 million from P3,332.4 million as of December 31, 2008. Total current liabilities of P1,069.4 million were 31.7% lower than P1,564.6 million as of December 31, 2008. Trade and other payables as of December 31, 2009 went up by 10.8% to P880.0 million from P794.0 million as of December 31, 2008. Trade and other payables are covered by agreed payment schedules. Provision for claims as of December 31, 2009 increased by 22.4% to P53.0 million from P43.3 million as of December 31, 2008. Income and other taxes payable of P120.0 million as of December 31, 2009 were 83.1% higher than P65.5 million as of December 31, 2008 due to increases in provision for income tax and in output tax during the year.

Interest-bearing loans and other financial liabilities (current and noncurrent) as of December 31, 2009 amounted to P904.0 million, significantly down from P2,419.4 million as of December 31, 2008 mainly on account of loan payments. As of December 31, 2009, all interest-bearing loans are Philippine Peso denominated, unsecured, and are at fixed interest rates. Movements of interest-bearing loans in 2009 were as follows:

- Final amortization of HSBC floating rate note in the amount P25.0 million
- Prepayment of 5-Year Fixed Rate Notes (FRN) Tranche A in the amount of P450.0 million
- Payment on maturity of 5-Year Fixed and Floating Rate Notes (FFRN) Tranche 3 in the amount of P600.0 million
- Prepayment of 10-Year Fixed and Floating Rate Notes (FFRN) Tranche 1 in the amount of P400.0 million

Of the P850 million remaining balance of interest-bearing loans, P550 million will mature on December 19, 2012 and the balance of P300 million on December 13, 2014.

Consolidated Cash Flows

Net cash provided by operating activities increased by 33.1% to P1,745.9 million in 2009 from P1,311.7 million last year due to higher operating income.

Net cash used in investing activities of P123.9 million in 2009 was 64.0% lower than P344.5 million in 2008 on account of lower additions to intangible assets of P120.2 million in 2009 compared to P360.4 million in 2008.

Net cash used in financing activities amounted to P1,975.8 million in 2009 vs. P650.5 million in 2008. Payments on long-term debts totaled P1,475.0 million in 2009 and P150.0 million in 2008.

Changes in Accounting Policies

The Financial Reporting Standards Council (FRSC) approved the adoption of a number of new or revised standards, amendments to standards, and interpretations as part of Philippine Financial Reporting Standards (PFRS). The following are the amendments to standards and interpretations which are effective starting January 1, 2009, and have been applied in preparing the consolidated financial statements.

- PFRS 8, *Operating Segments,* introduces the "management approach" to segment reporting.

  The Company already determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer (CEO). The accounting policy in respect of segment operating disclosures is presented as follows:
  - An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.
  - Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.
  - Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

- Revised PAS 1, *Presentation of Financial Statements* (2007), introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the statement of income and all non-owner changes in equity in a single statement), or in a statement of income and a statement of comprehensive income.

  As a result of the adoption of Revised PAS 1, the Company presents all non-owner changes in equity in the consolidated statements of changes in equity and consolidated statements of comprehensive income.

  Comparative information has been re-presented so that it is also in conformity with the revised standard.

- Revised PAS 23, *Borrowing Costs,* removes the option to expense borrowing costs and requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

  The Company has been capitalizing borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset prior to the adoption of the revised standard.

- Amendments to PFRS 7, *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments,* require disclosures relating to fair value measurements using a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values and provide more direction on the form of quantitative disclosures about fair value measurements and require information to be disclosed in a tabular format unless another format is more appropriate. In addition, the amendments clarify and enhance the existing requirements for the disclosure of liquidity risk.

The new required disclosures have been included in Note 29 to the consolidated financial statements. Comparative information has been revised to conform with the amendment to standard.

- *Improvements to Philippine Financial Reporting Standards 2008* - various standards (except as related to PFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*), discusses 35 amendments and is divided into two parts: (a) Part I includes 24 amendments that result in accounting changes for presentation, recognition or measurement purposes; and (b) Part II includes 11 terminology or editorial amendments that the IASB expects to have either no or only minimal effects on accounting. The adoption of the amendment does not have any significant impact on the Company's consolidated financial statements.

- *Improvements to PFRSs 2009* - Amendment to PAS 18 *Revenue, Determining whether an entity is acting as a principal or as an agent.* The appendix accompanying PAS 18 is amended to specify that an entity acts as a principal when it is exposed to the significant risks and rewards associated with the sale of goods or rendering of services. The amendments also include in the appendix to PAS 18 a number of indicators for consideration in assessing whether an entity is acting as a principal or as an agent. As this is an amendment to an appendix, there is no related effective date and therefore is applicable immediately. The adoption of the amendment does not have any significant impact on the Company's consolidated financial statements.

Other information:

- The Company's businesses are affected by the local and global trade environment. Factors that could cause actual results of the Company to differ materially include, but are not limited to:
    - material adverse change in the Philippine and global economic and industry conditions;
    - natural events (earthquake and other major calamities); and
    - material changes in exchange rates.
- There was no known trend, event or uncertainty that had or may have a material impact on liquidity and on revenues or income from continuing operations. There was no known event that may cause a material change in the relationships between costs and revenues.
- There was no seasonal factor that had a material effect on the financial condition and results of operations.
- There was no event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- Except for the commitments and contingencies mentioned in Note 27 of the consolidated financial statements, the Company has no knowledge of any material off-balance sheet (statement of financial position) transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period that would address the past and would have material impact on future operations.
- Amount of projected capital expenditures for 2010 is P1.2 billion. Of this amount, about 91% is planned for cargo handling equipment, civil works and other items for the South Harbor. Funding is expected to be sourced from internal funds.

Key Performance Indicators (KPI)

KPIs discussed below were based on consolidated amounts as portions pertaining to the Company's subsidiary, ATI Batangas, Inc. (ATIB) were not material and the Company's subsidiary, Mariveles Grain Corporation (MGC) has not started commercial operations as of December 31, 2009. As of end 2009:

- ATIB's total assets were only 3.9% of the consolidated total assets
- MGC's total assets were 16.5% of the consolidated total assets
- Combined income before other income and expense for ATIB and MGC was only 7.5% of consolidated income before other income and expense*.

Consolidated KPI	Manner of Calculation	2009	2008	Discussion
Return on Capital Employed	Percentage of income before other income and expenses over average of operating assets	28.3%	22.5%	Increase resulted from higher income before other income (expense) during the period.
Return on Equity attributable to equity holders of the parent	Percentage of net income over equity attributable to equity holders of the parent	20.4%	16.6%	Increase resulted from higher net income for the period.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.33:1.00	0.63:1.00	Improved due to payments of interest-bearing loans and increase in stockholders' equity.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	21 days	19 days	Increase due to revenue factor.
Lost Time Injury	Number of lost time from injuries per standard manhours	0.74	1.12	Improved as a result of extensive safety campaign and strict implementation of policies on health, safety and environment.

*Note: Income before other income and expense is defined as income before net financing costs, net gains on derivative instruments and others.

Summary of Selected Financial Data (in millions)

Description	*Year ended December 31, 2009*	*Year ended December 31, 2008*
Revenues (from continuing operations)	*P 3,775.5*	*P 3,648.9*
Net income	*1,162.4*	*851.0*
Total assets	*8,007.2*	*8,651.9*
Total liabilities	*1,964.2*	*3,332.4*

Information on Independent Accountant and External Audit Fees

The appointment of Manabat Sanagustin & Co. as the external auditors of Asian Terminals, Inc. for 2010 was approved by the shareholders during the annual meeting held on April 22, 2010. The same external auditors are being recommended for re-election at the scheduled annual meeting of the Stockholders.

In compliance with Securities Regulation Code Rule 68, Mr. Jose P. Javier, Jr. has been the Manabat Sanagustin & Co. Partner-in Charge for less than five years.

The aggregate fees for audit services rendered were as follows:

	2010 (P'000)	2009 (P'000)
Audit Fees	3,725	3,725

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

There was no engagement for tax or other services with Manabat Sanagustin & Co. in 2010 and 2009.

Audit Committee Pre-Approval Policy

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

Financial Statements

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

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

PART III-CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer (As of March 31, 2011)

Name	Age	Position
Kun Wah Wong	57	Chairman
Eusebio H. Tanco	61	Director/President
Suhail Al Banna	53	Director
Glen C. Hilton	41	Director
Kwok Leung Law	47	Director
Teodoro L. Locsin, Jr.	62	Director
Monico V. Jacob	64	Director
Felino A. Palafox, Jr.	61	Director
Artemio V. Panganiban	74	Director
Arsenio N. Tanco	82	Director
Ernst. T. A. Schulze	50	EVP-Technical
Ma. Luisa E. Nograles	51	Vice President for Finance and Chief Financial Officer
Rodolfo G. Corvite, Jr.	51	Corporate Secretary and Vice President for Administration, HR and HSES
Sean L. Perez	45	Vice President for Marketing and Commercial
Ricardo Arturo L. Alvarez	46	Vice President for South Harbor Operations Engineering and Inland Clearance Depot

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

Kun Wah Wong, 57, Since January 2006, he is the Senior Vice-President and Managing Director of DPWorld Asia Pacific which is based in Hong Kong. As such, he is responsible for the group activities overseeing all DP World's existing businesses and future development projects in China, Hong Kong, Korea, and South East Asia. He has 27 years experience in the logistics industry, operating from locations around the world and has extensive knowledge of the container shipping industry. He is also a fellow of the Association of Certified Accountants. He obtained his Bachelor of Science degree in Commerce major in Economics and Finance from the University of Hong Kong. Mr. Wong joined the Board and became its Chairman in April 2009. He was re-elected as a Director and Chairman last April 22, 2010.

Eusebio H. Tanco, 61, Filipino, is the President of the Company (2007 to present). Since 2009, he is the Chairman of PhilPlans First, Inc. and Philhealthcare Inc. He is also the executive committee chairman of STI, Inc. (since 2003) and the president of Philippines First Insurance Co. (since 1973), Global Resource for Outsourced Workers, Inc. (GROW, Inc.) (since 2002) Mactan Electric Company (since 1988) and a member the board of United Coconut Chemicals, Inc.(since 1995), J & P Coats Manila Bay (since 1980) and Philippine Stock Exchange (since 2007) and the Chairman of Insurance Builders (since 1979). His professional associations include the Philippines-Thailand Business Council, Philippines-UAE Business Council, and the Philippine Chamber of Commerce and Industry. He obtained his MsC in Economics from the London School of Economics and Political Science. He has been a member of the ATI Board since 1993 and was also the Company's President from 1995 to 2001.

Suhail Al Banna, 53, UAE national, was formerly the Company's Executive Vice-President for Technical from February 2007 to June 2008. He was a part of the world of Information Technology for close to 20 years and brings with him a wealth of experience and knowledge of the latest technology trends and developments, vis-à-vis the management and control of Ports & Terminals. A graduate of San Diego State University, USA, he also enhanced his management proficiency and expertise through participation in Executive Training and General Management Programmes at well reputed institutions, viz. Kellog Business School and Harvard Business School respectively. Whilst he continues to function as a Board Member of ATI, his involvement in DP World's present and future business development is now more global. Since 2008, he is the Senior Vice President - Government Relations, DP World and is based at the organization's Head Office in Dubai. He is a Member of the Board of DP World Dakar in Senegal since 2008. In June 2009, he was appointed as Interim CEO of Tejari in the UAE. He has been with the Board since 2007.

Glen Hilton, 41, Australian, is the Vice President and Managing Director DP World South East Asia since 2008. He joined DP World Adelaide in 2001 as Terminal Manager and was promoted to General Manager, where he stayed until 2006. He was later appointed as General Manager and Executive Director of DP World Caucedo. Prior to joining DP World, he worked with multinational organizations such as Qantas Airways Freight, Ansett International Air Freight, Ansett Australia Cargo and Air New Zealand Cargo. He has been a director of ATI since April 2009.

Monico Jacob, 64, Filipino, is presently the President and CEO of the STI Education Services Group and Information and Communications Academy (iAcademy), Inc, since 2003 and PhilPlans First Inc. and Philhealthcare, Inc. since 2009. He is also the Chairman and Managing Partner of CEOs, Inc., since 1999 and Chairman of Global Resource for Outsourced Workers, Inc. (GROW, Inc.) since 2000, STI-Universal Workers, Inc. (STI-UWI) since 2002 and Total Consolidated Asset Management Inc. since 2006. He is currently an independent director of Jollibee Foods, Inc. (since 2001), Mindanao Energy and Phoenix Petroleum Philippines (since 2008). Prior to his current engagements, he was the General Manager of the National Housing Authority (NHA) (from 1989 to 1991); Chairman and CEO of Petron Corporation (from 1991 to 1998) and Philippine National Oil Company (PNOC) and all of its subsidiaries from 1991 to 1994; and CEO of the Home Development Mutual Fund (PAG-IBIG Fund) from 1988 to 1989. Mr. Jacob also served as an Associate Commissioner for the Securities and Exchange Commission in 1986. He is a member of the Integrated Bar of the Philippines and the Management Association of the Philippines (MAP) and served as its President in 1998. Mr. Jacob finished his Bachelor of Arts degree with a Major in Liberal Arts from the Ateneo de Naga University in 1966 and his Bachelor of Laws degree from the Ateneo de Manila University in 1971. He joined the Board last August 20, 2009.

Felino A. Palafox, Jr., 61, Filipino, has almost 40 years of experience in the field of planning and architecture. He is the Principal Architect-Urban Planner, Founder and Managing Partner of Palafox Associates which was founded in 1989. For the past 21 years, he led and managed his firm in carrying out projects in 33 countries, making it to number 94 in 2006 in the world's Top 200 Architectural Firms by the World Architecture Magazine. In 2011, he became the first Architect/Environmental Planner to be elected as President of the Management Association of the Philippines. He is also an international associate of the American Institute of Architects, country leader of the Council on Tall Buildings and Urban Habitat, member of the U.S. Green Building, Urban Land Institute, Congress for the New Urbanism, American Planning Association, and the International Council of Shopping Centers, all U.S.-based. He finished his Bachelor of Science in Architecture in 1972 from the University of Santo Tomas, Manila, and his Master in Environmental Planning from the University of the Philippines as a scholar of the United Nations Development Program (UNDP), in 1974. He took up Advanced Management Development Program for Real Estate in 2003, and 5 other continuing education courses, from the Harvard University. Architect Palafox is a registered APEC Architect and a recipient of several local and international awards. He joined the Board last August 20, 2009.

Arsenio Tanco, 82, Filipino, is the President and Executive Chairman of Coats Manila Bay, Inc. (since 2000) and the CEO of Manila Bay Spinning Mills, Inc (since 1993). He is currently a director of Philippines First Insurance Co., Inc. (since 1973), Philippine Belt Manufacturing Corporation (since 1971), Manila Bay Hosiery Mills, Inc.(since 1950) Federation of Philippine Industries, Inc.(since 2002). Since 2006, he serves as director of Total Consolidated Asset Management Inc. and Delos Santos-STI Mega Clinic. He was the Chairman of Federation of Philippine Textile Industries from 2003 to 2007. He holds a Bachelor's degree in Mechanical Engineering from Mapua Institute of Technology and BS Textiles and MS Textile Manufacturing from North Carolina State University where he graduated with High Honors. He was elected to the Board last August 20, 2009.

Kwok Leung Law, 47, Chinese. He is the Finance Director of DP World Southeast Asia since 2010. He was formerly the Finance Director for Saigon Premier Container Terminal (DPWorld) in HCMC, Vietnam from 2008 to 2010. In 2003, he became the Chief Operating Officer/General Manager Finance of ATL Logistics Centre Hong Kong Limited and the Financial Controller of Sea-Land in Hong Kong in 1996. He is a Fellow Member of Chartered Association of Certified Accountants, U.K. Chartered Institute of Management Accountants, U.K. and an Associate Member of Hong Kong Institute of Certified Public Accountants. Mr. Law is a holder of Bachelor's Degree in Business Administration from National Chung Hsing University in Taiwan and holds a Master's Degree in Business Administration from the Chinese University of Hong Kong. He joined the Board last February 18, 2010.

Artemio V. Panganiban., 74, Filipino, was elected as an independent director of the Company last April 22, 2010. He served as Chief Justice of the Supreme Court from 2005 to 2006 and as Associate Justice from 1995 to 2005. Prior to his appointment to the Supreme Court, he was a senior partner at Panganiban Benitez Parlade Africa and Barinaga Law Offices from 1963 to 1995. He is a recipient of over 250 prestigious awards and recognitions from various associations and groups for his role as a jurist, lawyer, civic leader, Catholic lay worker, entrepreneur and youth leader. Among such awards is the "Renaissance Jurist of the 21st Century" given by the Supreme Court of the Philippines upon his retirement in 2006. Chief Justice Panganiban holds a Bachelor's Degree in Law from the Far Eastern University where he graduated *cum laude*. He was a 6th placer in the 1960 Bar Examinations. He was also conferred Doctor of Laws (*Honoris Causa)* by several universities. At present, he writes a column for the Philippine Daily Inquirer and sits as an independent director in following listed companies: GMA Network, Inc., (2007-present); First Philippine Holdings Corp., (2007-present); Metro Pacific Investments Corp. (2007-present); Manila Electric Company, (2008-present); Robinsons Land Corp., (2008-present); GMA Holdings, Inc., (2009-present); Bank of PI (2010-present); Petron

Corporation (2010-present); and Metro Pacific Tollways Corp. (2010-present). He is also an independent adviser of the Philippine Long Distance Telephone Company (2009-present) and senior adviser of Metrobank (2008-present) and the World Bank (2009-present). He is a member of the Company's Compensation Committee and Nomination Committee.

Teodoro Locsin, Jr., 62, Filipino, was elected as an independent director last April 22, 2010. He served as member of the House of Representatives from 2001 to 2010. Since 2005, he is an independent director of The Medical City, and a member of the Board of Governors of iAcademy. He is an editor, publisher, television host and speechwriter of former presidents Corazon Aquino, Joseph Ejercito Estrada and Gloria Arroyo. He also served as a Minister of Information during President Aquino's term. Mr. Locsin, Jr., worked as an associate at Angara Abello Concepcion Regala and Cruz Law Offices. He also worked as an executive assistant to the Chairman of Ayala Corporation, Enrique Zobel. He obtained his Bachelor of Law from the Ateneo de Manila University and Master of Laws from Harvard University. Atty. Locsin is the Chairman of the Audit Committee and is a member of the Executive Committee.

Ernst T.A. Schulze, 50, Dutch, is the Executive Vice President for Technical since July 1, 2008. Prior to this, he was the Vice-President for South Harbor Container Terminal and General Stevedoring Division (November 2007 to June 2008). Before joining the Company, he was engaged as Director GMP at Le Havre, France (2004-2007) which is a joint venture ran by DP World. He was General Manager in the Port of Felixstowe, UK for Hutchison Port Holdings in 2000 to 2004. Prior to that he worked in various roles for Europe Combined Terminals (ECT) in Rotterdam The Netherlands. He also served as an officer on board sea going vessels. He obtained his MsC in Transport Technology and Logistics from University of Tilburg, The Netherlands and Bachelor's degree in Science, Majors in transport technology and maritime economics from Rotterdam School of Shipping and Technology also in The Netherlands.

Ma. Luisa E. Nograles, 51, Filipino, is the Vice-President for Finance and Chief Financial Officer of the Company. She was formerly the Assistant Vice-President for Accounting of Belle Corporation and the Vice-President – Corporate Controller of Pepsi Cola Products Phils., Inc. She graduated Magna cum Laude at the University of the East with a degree of Bachelor of Science in Business Administration, Major in Accounting. She was a 6th Placer in the May 1980 CPA Board Examinations. She has been with the Company since 2000.

Rodolfo G. Corvite, Jr., 51, Filipino, is the Corporate Secretary since 1997 and Vice-President for HR, HSES, Security and Administration. He held various positions in the Company handling Administration, Legal, Human Resources, Industrial Relations, HSES, Risk Management and Corporate Communications. He was a Law Partner of Diaz, Corvite and Associates. He is a member of the Integrated Bar of the Philippines. He obtained his Bachelor of Laws from the Ateneo de Manila University. He has been with the Company since 1989.

Sean James L. Perez, 45, Filipino, is the Vice-President for Marketing and Commercial. He was the former Vice-President for Marketing, Commercial and MGT from October 2008 to January 2010, the Vice President for Domestic and Outports from January 2007 to September 2008, Vice-President for Domestic/Marketing and Commercial Services (2004-2006). He has held various positions in the Company from the position of being the Terminal Manager of Batangas, Container Division and General Stevedoring Division for South Harbor to Vice- President for Operations, Marketing and Outports. He obtained his degree in Bachelor of Arts, Major in Economics from the University of Santo Tomas. He has been with the Company since 1996.

Ricardo Alvarez, 46, a national of Dominican Republic, is the Vice-President for South Harbor Operations, Inland Container Depot (ICD) and Engineering. He had been the Vice-President for South Harbor Container Terminal and General Stevedoring Divisions and ICD from July 2008 to November 2009. Prior to joining the Company, he was the Operations Director for DP World Caucedo (2003 to February 2008) and its Deputy General Manager (from February to July 2008). He has held various senior management positions in container terminals during the last fifteen (15) years, in the Dominican Republic in Haina and Caucedo. He has been with the Company since July 2008.

Mr. Arsenio N. Tanco, a director, is the uncle of Mr. Eusebio H. Tanco, President and Director.

Except for the disclosure made above, there are no other family relationships among the directors, officers listed and the persons nominated to become director's or executive officers up to the fourth civil degree of consanguinity or affinity.

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

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

Pending Legal Proceedings

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

Item 10. Executive Compensation

1) The total annual compensation of the Company's President and the most highly compensated officers amounted to P41 million in 2010 and P40 million in 2009. The projected annual compensation in 2011 is P43 million.

   The total annual compensation of all other officers and directors in 2010 amounted to P65 million and in 2009 amounted to P55 million. The projected annual compensation in 2011 is P65 million.

		(In millions of pesos)		
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Total**
Eusebio H. Tanco President				
Ernst T. A. Schulze Executive Vice President-Technical				
Ricardo Alvarez Vice President for South Harbor Operations and Engineering				
Ma. Luisa E. Nograles Vice President for Finance				
Sean Perez Vice President for Marketing and Commercial				

Rodolfo G. Corvite, Jr. Vice President for HR, HSES, and Administration				
CEO and most highly compensated officers	2011 (Projected)	38	5	43
All other officers* and directors as a group unnamed	2011 (Projected)	59	6	65

Managers and above

		(in millions of pesos)		
Name and Principal Position	Year	Salary	Bonus	Total
Eusebio H. Tanco President				
Ernst T. A. Schulze Executive Vice President-Technical				
Ricardo Alvarez Vice President for South Harbor Operations and Engineering				
Ma. Luisa E. Nograles Vice President for Finance				
Sean Perez Vice President for Marketing and Commercial				
Rodolfo G. Corvite, Jr. Vice President for HR, HSES, and Administration				
CEO and most highly compensated officers	2010 (Actual)	37	4	41
All other officers* and directors as a group unnamed	2010 (Actual)	54	11	65

Managers and above

		(in millions of pesos)		
Name and Principal Position	Year	Salary	Bonus	Total
Eusebio H. Tanco President				
Ernst T. A. Schulze Executive Vice President-Technical				
Ricardo Alvarez Vice President for South Harbor Operations, ICD and Engineering				
Ma. Luisa E. Nograles Vice President for Finance				
Sean Perez Vice President for Marketing, Commercial and MGT				
Rodolfo G. Corvite, Jr. Vice President for HR, HSES, and Administration				
CEO and most highly compensated officers	2009 (Actual)	37	3	40
All other officers* and directors as a group unnamed	2009 (Actual)	50	5	55

Managers and above

2) The Directors do not receive compensation for services provided as a director other than reasonable per diems[1] for attendance at meetings of the Board and the Board Committees. This is in accordance with Article IV, Section 14 of the Company's By-Laws which states that "Except for reasonable per diems, directors, as such shall be entitled to receive only such compensation as may be granted to them by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock at a regular or a special meeting of the stockholders. In no case the total yearly compensation

[1] Directors' per diem amounted to Php2,880,000.00 (for 2010) and Php2,675,000.00 (for 2009). The Chairman receives Php60,000.00 per diem, for every board meeting attended, while members of the Board receive Php50,000.00. The President does not receive any per diem.

of the directors, as such, exceed ten percent (10%) of the net income before income tax of the Corporation during the preceding year.

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

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

Item 11. Security Ownership of Certain Beneficial Owners and Management (as of 31 March 2011)

1. Security Ownership of Certain Record and Beneficial Owners

As of March 31, 2011, the Company knows of no one who owns in excess of 5% of its common stock except as set forth in the table below:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Amount of Record Ownership	% of Class
Common	P&O Australia Ltd. 160 Sussex Street Sydney NSW Australia (Stockholder)	P&O Australia Ltd.	Australian	346,466,600	17.32%
Common	ATI Holdings, Inc. 6th Floor Don Pablo Building, 114 Amorsolo St., Legaspi Village, Makati City (Stockholder)	ATI Holdings, Inc.	Australian	291,371,230	14.57%
Common	Pecard Group Holdings, Inc. 6/F Don Pablo Bldg. 114 Amorsolo Street Legaspi Vill., Makati City (Stockholder)	Pecard Group Holdings, Inc.	Filipino	198,203,968	9.91%
Common	Philippine Seaport, Inc. 6776 Ayala Avenue Makati City (Stockholder)	Philippine Seaport, Inc.	Filipino	196,911,524	9.85%
Common	PCD Nominee Corp. (Filipino.) G/F MKSE Bldg. 6767 Ayala Ave., Makati City	(Beneficial Owners unknown to Issuer) *(AsiaSec Equities, Inc. 8/F Chatham House 116 Valero cor. V. A. Rufino Sts. Salcedo Village, Makati City)*	Filipino	195,649,742 *(117,035,465)*	9.78% *(5.85%)*

Common	Daven Holdings 18F SBC Bldg. 6778 Ayala Avenue, Makati City (Stockholder)	Daven Holdings	Filipino	155,906,071	7.80%
Common	PCD Nominee Corp. (Non-Fil.) G/F MKSE Bldg. 6767 Ayala Ave., Makati City	(Beneficial Owners unknown to Issuer) *(The Hongkong and Shanghai Banking Corp., Ltd. HSBC Securities Services, 12th Flr, The Enterprise Center, Tower I 6766 Ayala Ave. cor. Paseo de Roxas, Makati City)*	Non-Filipino	144,179,827 *(135,582,602)*	7.21% *(6.78%)*
Common	SG Holdings Inc. 18/F SBC Bldg. 6776 Ayala Ave. Makati City (Stockholder)	SG Holdings, Inc	Filipino	130,000,000	6.50%
Common	Morray Holdings, Inc. 18/F SBC Bldg. 6776 Ayala Ave. Makati City (Stockholder)	Morray Holdings, inc.	Filipino	100,000,000	5.00%

2. Security Ownership of Management

Owners of record of ATI shares among Management as of March 31, 2011, are as follows:

Title of Class	Name of Beneficial/Record Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Class
Common	Suhail Al Banna	1/direct	UAE	.00 %
-do-	Felino A. Palafox, Jr.	15,300/direct	Filipino	.00%
-d0-	Moñico V. Jacob	1/direct	Filipino	.00%
-do-	Kwok Leung Law	1/direct	Chinese	.00%
-do-	Kun Wah Wong	1/direct	Chinese	.00%
-do-	Glen C. Hilton	1/direct	Australian	.00%
-do-	Eusebio H. Tanco	15,257,663/ direct 26,627,884/indirect	Filipino	2.11%
-do-	Arsenio N. Tanco	133,333/direct 3,338,667/indirect	Filipino	.17%
-do-	Artemio V. Panganiban (independent director)	1/direct	Filipino	.00%
-do-	Teodoro L. Locsin, Jr. (independent director)	1/direct	Filipino	.00%
-do-	Ernst T. A. Schulze	1/direct	Dutch	.00%
--do-	Rodolfo G. Corvite, Jr.	222,398/direct	Filipino	.01%
-do-	Ma. Luisa E. Nograles	1/direct	Filipino	.00%
	TOTAL	45,595,254		2.28%

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

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

Item 12. Certain Relationships and Related Transactions

The Company renewed the management agreement with P & O Management Services, Phils., Inc. (POMS) for a period of five years from September 1, 2010 until August 31, 2015. Forty percent (40%) of the outstanding capital stock of POMS is owned by P&O Australia Ltd. (POAL). As of March 31, 2011, POAL owns 17.32% of the total outstanding capital stock of ATI. In addition, POAL owns 100% of ATI Holdings, Inc. which owns 14.57% (as of February 28, 2011) of the outstanding capital stock of ATI. (Please refer to Notes 1 and 23 of the Audited Consolidated Financial Statements).

The Company avails of leases from Insurance Builders where Mr. Eusebio H. Tanco is Chairman and insurance services from Philippines First Insurance Co. where Mr. Eusebio H. Tanco is President and Mr. Arsenio N. Tanco is a Director.

Since February 2010, ATI has engaged Global Resource for Outsourced Workers, Inc. (GROW), to provide manpower services for the Company. Atty. Monico V. Jacob is the Chairman of GROW and Mr. Eusebio Tanco is its President.

Item 13. Corporate Governance

The Company has substantially complied with the provisions of its Manual on Corporate Governance. As required by the Commission, a Certification of Compliance with the Manual was submitted in January 28, 2011.

The Company commits to the principles and best practices of good governance to attain its goals and objectives. The Company's Manual on Corporate Governance contains the specific principles which institutionalize good corporate governance in the organization.

In February 25, 2011, the Company submitted to the SEC its Revised Manual on Corporate Governance.

The Company has not deviated from its Manual since the time of the self-rating process previously conducted and reported to the Securities and Exchange Commission on July 31, 2003.

Continuous monitoring is being done by the Compliance Officer, Audit Committee, President and Chief Financial Officer to assure compliance.

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

(A) Exhibits

Exhibit 1*	Quarterly Report (SEC Form 17-Q) As of September 30, 2010
Exhibit 2	Financial Statements and Schedules

*Please refer to the September 30, 2010 Quarterly Report (SEC Form 17-Q) submitted to the Securities and Exchange Commission

(B) Reports on SEC Form 17-C

Date Reported	Item(s) Reported
April 21, 2010	Signing of an agreement for a 5-year revolving committed credit line facility in the amount of Php250M.
April 27, 2010	Dividend declaration, appointment of Manabat and Sanagustin as independent auditors, approval of the Audited Financial Statements for the year ended December 31, 2009 and results of the 2010 Annual Stockholders' Meeting and Organizational Meeting.
May 14, 2010	Receipt of Decision from the RTC of Batangas City in Civil Case No. 8623 entitled "ATI vs. RGB Gemini Maritime Services, Inc. and Batangas", pursuant to Compromise Agreement.
June 7, 2010	Approval of the proposed sale of the Mariveles Grain Corporation (MGC), subject to the approval of ATI's stockholders in a Special Stockholders Meeting on July 30, 2010 and setting the record date on July 1, 2010.
August 3, 2010	Results of the Special Stockholders' Meeting held on July 30, 2010.
August 12, 2010	Conclusion of the sale of the shares of ATI in the MGC to Philippine Grain International Corporation.
September 23, 2010	Declaration of additional cash dividend.
December 3, 2010	Approval of the renewal of the ATI and P&O Management Services, Phil. Inc. (POMS), for another five (5) years, subject to the ratification of the stockholders.
January 25, 2011	Certification of Attendance of Directors during Board Meetings for the year 2010
January 28, 2011	Certification of compliance with the Manual on Corporate Governance
February 18, 2011	Notice of Guidelines for Nominations for Election to the Board of Directors for 2011.
February 25, 2011	Schedule of the 2011 Annual Stockholders' Meeting and record date; re-appointment of Manabat Sanagustin; amendment of by laws

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Manila on the 15th day of April 2011.

By:

ERNST T. A. SCHULZE
Executive Vice-President-Technical

MA. LUISA E. NOGRALES
Vice President and Chief Financial Officer
Corporate Treasurer

RODOLFO G, CORVITE, JR.
Vice President for Administration, HR and HSES/Corporate Secretary

MARICAR B. PLENO
Assistant Vice President for Accounting and Financial Planning

APR 15 2011

SUBSCRIBED AND SWORN to before me this ____day of April 2011 affiants exhibiting to me their respective Community Tax Certificates or Passport Nos., as follow:

Name	Passport No./Driver's Lic. No.	Date & Place of Issue
1. Ernst T. A. Schulze	BN3BF8630	October 12, 2006/ Paris
2. Ma. Luisa E. Nograles	~~N0488094268~~	January 30, 2009/Manila
3. Rodolfo G. Corvite, Jr.	TT571656	July 27, 2006/ Manila
4. Maricar B. Pleno	N0388062925	May 13, 2009/ Manila

ATTY. RAMIL [illegible] R. TAMAYO
Notary Public
NOTARY PUBLIC
PTR NO. 922[illegible]072 1/3-11 MANILA
IBP NO. 762708 - 12-31-11
ROLL NO. 49687
TIN 221430744000
COMMISSION NO. 2010-004 UP TO 12-31-11
OFFICE: RM. 601 KIMMEE BLDG.
[illegible] MABINI ST. ERMITA, MANILA

Doc. No. 4/36
Page No. 84
Book No. 3
Series of 2011.

Exhibit 2

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

ASIAN TERMINALS, INC. AND A SUBSIDIARY

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17-A, Item 7

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* *These schedules, which are required by SRC Rule 68.1, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's consolidated financial statements or the notes to consolidated financial statements.*

** *Substantially represents advances subject to liquidation and advances to union members which are non-interest bearing and collectible through salary deduction.*

ASIAN TERMINALS INCORPORATED
ISO 28000, ISO 14001 & OHSAS 18001 certified
Delivering reliable and consistent services

Asian Terminals Inc. Head Office
A. Bonifacio Drive, Port Area, Manila
1018 Philippines
P.O. Box 3021, Manila, Philippines
Tel. No. (+632) 528-6000
Fax (+632) 527-2467

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of ASIAN TERMINALS, INC. is responsible for all information and representations contained in the consolidated financial statements as at December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010. The consolidated financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the Company's Audit Committee and to its external auditors: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the Stockholders of the Company.

Manabat Sanagustin & Co., CPAs, the independent auditors appointed by the stockholders, has examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing and has expressed their opinion on the fairness of presentation upon completion of such examination, in its report to the Company's Stockholders and Board of Directors.

KUN WAH WONG
Chairman of the Board

EUSEBIO H. TANCO
President

MA. LUISA E. NOGRALES
Chief Financial Officer

SUBSCRIBED AND SWORN TO before me this MAR 1 6 2011 day of March 2011, the signatories exhibiting to me their respective Passports/Driver's License Nos., as follows:

Name	Passport/Driver's License Nos.	Date/Place Issued
1. Kun Wah Wong	HAO159580	5/30/03; Hongkong
2. Eusebio H. Tanco	XX5485551	2/9/10; Manila
3. Ma. Luisa E. Nograles	N04-88-094268	1/30/09; Manila

Notary Public

ATTY. RAMIL JOSELITO B. TAMAYO
NOTARY PUBLIC
PTR NO. 9229072 1-3-11 MANILA
IBP NO. 762708 - 12-31-11
ROLL NO. 49687
TIN 221430744000
COMMISSION NO. 2010-004 UP TO 12-31-11
OFFICE: RM. 601 KIMVEE BLDG.
1000 MABINI ST. ERMITA, MANILA

Doc. No. 436;
Page No. 84;
Book No. 113;
Series of 2011.

Manabat Sanagustin & Co., CPAs
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

Branches: Subic · Cebu · Bacolod · Iloilo

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Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
E-mail manila@kpmg.com.ph

PRC-BOA Registration No. 0003
SEC Accreditation No. 0004-FR-2
BSP Accredited

REPORT OF INDEPENDENT AUDITORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Asian Terminals, Inc. and Subsidiaries included in this Form 17-A and have issued our report thereon dated February 24, 2011. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. Schedules A to I (collectively referred to as "Schedules"), as listed in the Index to Financial Statements and Supplementary Schedules, are the responsibility of the Company's management. These Schedules are presented for purposes of complying with the Securities Regulation Code Rule 68.1 and are not part of the basic consolidated financial statements. These Schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the financial statements data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

MANABAT SANAGUSTIN & CO., CPAs

JOSE P. JAVIER, JR.
Partner
CPA License No. 0070807
SEC Accreditation No. 0678-A
Tax Identification No. 112-071-224
BIR Accreditation No. 08-001987-16-2007
Issued February 4, 2011; Valid until February 3, 2014
PTR No. 2639616MB
Issued January 3, 2011 at Makati City

February 24, 2011
Makati City, Metro Manila

ASIAN TERMINALS, INC. AND A SUBSIDIARY
Schedule E. Intangible Assets - Other Assets
December 31, 2010
(in thousands)

Description	Beginning Balance	Additions At Cost	Deductions: Charged to Costs and Expenses	Deductions: Charged to Other Accounts	Other Changes- Additions (Deductions)	Ending Balance
Goodwill	₱ 42,060	₱ -	₱	₱ -	₱ -	₱ 42,060
Service Concession	4,672,973	842,662	(343,747)	(29,078)		5,142,810
						-
						-
						-
						-
						-
						-
						-
	₱ 4,715,033	₱ 842,662	₱ (343,747)	₱ (29,078)	₱ -	₱ 5,184,870

ASIAN TERMINALS, INC. AND A SUBSIDIARY
Schedule F. Long-term Debt
December 31, 2010
(in thousands)

Name of Issuer and Type of Obligation	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Long-term	Remarks
Peso denominated term loans with local banks and financial institutions (net of debt issue costs)		-	297,998	Refer to Note 19 to the consolidated financial statements for details.

ASIAN TERMINALS, INC. AND A SUBSIDIARY
Schedule I. Capital Stock
December 31, 2010
(in thousands)

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Common shares	4,000,000	2,000,000	None	637,838	16,009	1,346,153

Manabat Sanagustin & Co., CPAs
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

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E-mail manila@kpmg.com.ph

PRC-BOA Registration No. 0003
SEC Accreditation No. 0004-FR-2
BSP Accredited

REPORT OF INDEPENDENT AUDITORS

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

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of Asian Terminals, Inc. (the "Company") as of and for the year ended December 31, 2010, and have issued our report thereon dated February 24, 2011.

Our audit was made for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Securities and Exchange Commission Memorandum Circular No. 11, Series of 2008, *Guidelines on the Determination of Retained Earnings Available for Dividend Declaration,* and is not part of the basic separate financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the separate financial statements of the Company and, in our opinion, fairly state in all material respects the financial statements data required to be set forth therein in relation to the basic separate financial statements taken as a whole.

MANABAT SANAGUSTIN & CO., CPAs

JOSE P. JAVIER, JR.
Partner
CPA License No. 0070807
SEC Accreditation No. 0678-A
Tax Identification No. 112-071-224
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Issued February 4, 2011; Valid until February 3, 2014
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February 24, 2011
Makati City, Metro Manila

Asian Terminals Inc.
A. Bonifacio Drive, Port Area, Manila

Reconciliation of Retained Earnings for Cash Dividend Declaration

		in PHP
Unappropriated Retained Earnings available for dividend distribution as of December 31, 2009, as previously reported		3,070,109,384
Adjustments:		
Actuarial losses, net of tax, reclassed to Retained Earnings from Other Reserves		21,454,406
Unappropriated Retained Earnings available for dividend declaration as of December 31, 2009, as restated		3,091,563,790
Add: Net income actually earned/realized during the period		
Net income during the period closed to Retained Earnings	2,083,476,340	
Deduct: Additional appropriations for the period	500,000,000	
	1,583,476,340	
Less: Non actual/unrealized income		
Realized deferred tax liabilities	10,206,604	
Fair value adjustments gain on derivative instruments not accounted for as accounting hedge	59,444,789	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	688	
Net income actually earned during the period		1,513,824,259
Less: Dividend declarations during the period		1,080,000,000
Actuarial losses, net of tax, reclassed to Retained Earnings from Other Reserves		34,637,496
Total Retained Earnings available for dividend as of December 31, 2010		**3,490,750,554**

COVER SHEET

1 3 3 6 5 3

S.E.C. Registration Number

ASIAN TERMINALS, INC. AND A SUBSIDIARY

(Company's Full Name)

A. Bonifacio Drive, Port Area Manila

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

Ma. Luisa E. Nograles

Contact Person

528-6000

Company Telephone Number

1 2 — 3 1

Month *Day*

FORM TYPE

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

ASIAN TERMINALS, INC. AND A SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009

Manabat Sanagustin & Co., CPAs
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

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PRC-BOA Registration No. 0003
SEC Accreditation No. 0004-FR-2
BSP Accredited

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying consolidated financial statements of Asian Terminals, Inc. and a Subsidiary, which comprise the consolidated statements of financial position as at December 31, 2010 and 2009, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2010, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Asian Terminals, Inc. and a Subsidiary as at December 31, 2010 and 2009, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2010, in accordance with Philippine Financial Reporting Standards.

MANABAT SANAGUSTIN & CO., CPAs

JOSE P. JAVIER, JR.
Partner
CPA License No. 0070807
SEC Accreditation No. 0678-A
Tax Identification No. 112-071-224
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Issued January 3, 2011 at Makati City

February 24, 2011
Makati City, Metro Manila

ASIAN TERMINALS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Thousands)

	Note	December 31 2010	2009
ASSETS			
Current Assets			
Cash and cash equivalents	*8, 29*	**P2,313,353**	P814,339
Trade and other receivables - net	*9, 29*	**877,932**	330,175
Spare parts and supplies - at net realizable value	*5*	**153,156**	141,422
Prepaid expenses	*10, 14*	**95,480**	76,012
Total Current Assets		**3,439,921**	1,361,948
Noncurrent Assets			
Investment in an associate - at equity	*11*	**66,679**	64,828
Property and equipment - net	*12*	**412,463**	1,718,179
Intangible assets - net	*13*	**5,184,870**	4,715,033
Other financial assets	*14, 29*	**23,763**	25,958
Deferred tax assets - net	*15*	**37,284**	10,721
Other noncurrent assets	*14, 16, 24*	**33,941**	110,579
Total Noncurrent Assets		**5,759,000**	6,645,298
		P9,198,921	P8,007,246
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*17, 23, 29*	**P1,554,862**	P880,031
Current portion of interest-bearing loans and other financial liabilities	*19, 29*	**-**	16,378
Provisions for claims	*18*	**46,487**	53,014
Income and other taxes payable		**219,008**	120,011
Total Current Liabilities		**1,820,357**	1,069,434
Noncurrent Liabilities			
Interest - bearing loans and other financial liabilities - net of current portion	*19, 29*	**297,998**	887,631
Pension liability	*24*	**11,274**	7,138
Total Noncurrent Liabilities		**309,272**	894,769

Forward

	Note	December 31 2010	2009
Equity Attributable to Equity Holders of the Parent Company	*20*		
Capital stock		**P2,000,000**	P2,000,000
Additional paid-in capital		**264,300**	264,300
Retained earnings		**4,824,091**	3,798,086
Other reserves		**(20,001)**	(20,001)
		7,068,390	6,042,385
Non-controlling Interest		**902**	658
Total Equity		**7,069,292**	6,043,043
		P9,198,921	P8,007,246

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Data)

	Note	2010	2009 (As Restated - see Note 7)	2008 (As Restated - see Note 7)
			Years Ended December 31	
REVENUES	*2*	**P4,526,282**	P3,775,533	P3,648,878
COSTS AND EXPENSES	*21, 23, 24*	**(2,377,356)**	(2,082,140)	(2,203,204)
OTHER INCOME AND EXPENSES				
Finance cost	*22*	**(116,340)**	(293,638)	(276,374)
Finance income	*22*	**43,769**	31,955	31,082
Others - net	*22*	**125,383**	32,498	29,848
INCOME BEFORE INCOME TAX		**2,201,738**	1,464,208	1,230,230
INCOME TAX EXPENSE	*15*			
Current		**601,642**	406,946	384,745
Deferred		**7,690**	4,949	22,161
		609,332	411,895	406,906
INCOME FROM CONTINUING OPERATIONS		**1,592,406**	1,052,313	823,324
INCOME FROM DISCONTINUED OPERATIONS - Net of Tax	*7*	**552,775**	110,121	27,680
NET INCOME		**P2,145,181**	P1,162,434	P851,004
Attributable to:				
Owners of the Parent Company		**P2,144,066**	P1,161,677	P850,502
Non - controlling interest		**1,115**	757	502
		P2,145,181	P1,162,434	P851,004
Basic/Diluted Earnings per Share Attributable to Owners of the Parent Company	*25*	**P1.07**	P0.58	P0.43
Basic/Diluted Earnings per Share Attributable to Owners of the Parent Company - Continuing Operations	*25*	**P0.80**	P0.53	P0.41

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)

		Years Ended December 31		
	Note	**2010**	2009	2008
NET INCOME FOR THE YEAR		**P2,145,181**	P1,162,434	P851,004
OTHER COMPREHENSIVE INCOME				
Actuarial gains (losses)	*24*	**(54,431)**	63,743	103,983
Fair value gains on cash flow hedges	*29*	-	24,655	28,319
Change in equity of a subsidiary		-	-	(14,181)
Tax on items taken directly to equity	*15*	**16,329**	(26,520)	(48,995)
Other comprehensive income for the year, net of tax		**(38,102)**	61,878	69,126
TOTAL COMPREHENSIVE INCOME		**P2,107,079**	P1,224,312	P920,130
Attributable to:				
Owners of the Parent Company		**P2,106,005**	P1,223,505	P919,565
Non - controlling interest		**1,074**	807	565
		P2,107,079	P1,224,312	P920,130

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands, Except Per Share Data)

Years Ended December 31

	Attributable to Equity Holders of the Parent Company							
			Retained Earnings					
	Common Stock	Additional Paid-in Capital	Appropriated for Port Development	Unappropriated	Other Reserves	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2010	P2,000,000	P264,300	P500,000	P3,298,086	(P20,001)	P6,042,385	P658	P6,043,043
Appropriations for the year	-	-	500,000	(500,000)	-	-	-	-
Cash dividends - P0.54 a share for ATI	-	-	-	(1,080,000)	-	(1,080,000)	(830)	(1,080,830)
Net income for the year	-	-	-	2,144,066	-	2,144,066	1,115	2,145,181
Other comprehensive income								
Actuarial loss , net of tax	-	-	-	(38,061)	-	(38,061)	(41)	(38,102)
Balance at December 31, 2010	P2,000,000	P264,300	P1,000,000	P3,824,091	(P20,001)	P7,068,390	P902	P7,069,292
Balance at January 1, 2009	P2,000,000	P264,300	P500,000	P2,611,716	(P57,136)	P5,318,880	P681	P5,319,561
Cash dividends - P0.25 a share for ATI	-	-	-	(500,000)	-	(500,000)	(830)	(500,830)
Net income for the year	-	-	-	1,161,677	-	1,161,677	757	1,162,434
Other comprehensive income								
Actuarial gains , net of tax	-	-	-	24,693	19,877	44,570	50	44,620
Fair value gains on cash flow hedges, net of tax	-	-	-	-	17,258	17,258	-	17,258
Balance at December 31, 2009	P2,000,000	P264,300	P500,000	P3,298,086	(P20,001)	P6,042,385	P658	P6,043,043

Forward

Years Ended December 31

	Attributable to Equity Holders of the Parent Company							
			Retained Earnings					
	Common Stock	Additional Paid-in Capital	Appropriated for Port Development	Unappropriated	Other Reserves	Total	Non-controlling Interest	Total Equity
Balance at January 1, 2008	P2,000,000	P264,300	P500,000	P2,261,204	(P126,198)	P4,899,306	P566	P4,899,872
Cash dividends - P0.25 a share for ATI	-	-	-	(500,000)	-	(500,000)	(451)	(500,451)
Net income for the year	-	-	-	850,502	-	850,502	502	851,004
Deferred tax on change of assumption	-	-	-	10	-	10	-	10
Other comprehensive income								
Actuarial gains, net of tax	-	-	-	-	66,068	66,068	64	66,132
Fair value gains on cash flow hedges, net of tax	-	-	-	-	17,175	17,175	-	17,175
Change in equity of a subsidiary	-	-	-	-	(14,181)	(14,181)	-	(14,181)
Balance at December 31, 2008	P2,000,000	P264,300	P500,000	P2,611,716	(P57,136)	P5,318,880	P681	P5,319,561

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

			Years Ended December 31	
	Note	**2010**	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax from continuing operations		**P2,201,738**	P1,464,207	P1,230,230
Income from discontinued operations, before income tax	*7*	**297,568**	150,716	42,403
Gain on sale of discontinued operations, net of tax	*7*	**326,553**	-	-
Income before income tax		**2,825,859**	1,614,923	1,272,633
Adjustments for:				
Gain on sale of discontinued operations, net of tax	*7*	**(326,553)**	-	-
Depreciation and amortization	*12, 13*	**474,375**	472,766	473,101
Finance cost	*22*	**119,869**	293,719	276,163
Finance income	*22*	**(45,587)**	(33,786)	(36,755)
Net gains (losses) on derivative instruments		**(59,445)**	(23,281)	12,032
Contributions to retirement funds	*24*	**(2,455)**	-	(24,440)
Net unrealized foreign exchange losses (gains)		**3,417**	14,070	(20,260)
Equity in net earnings of an associate	*11*	**(19,707)**	(17,772)	(10,848)
Income from insurance claims		**(199,173)**	-	-
Loss (gain) on disposals of:				
Property and equipment		**(393)**	(620)	(20)
Intangible assets		**(1,123)**	1,495	(1,019)
Amortization of noncurrent prepaid rental		**1,136**	1,288	1,288
Reversal of losses on receivables		**(84)**	(1,285)	(1,309)
Operating income before working capital changes		**2,770,136**	2,321,517	1,940,566
Reversal of provision for inventory obsolescence		**(1,680)**	-	-
Decrease (increase) in:				
Trade and other receivables		**(531,319)**	(34,334)	(20,778)
Spare parts and supplies		**(17,757)**	(12,119)	7,427
Prepaid expenses		**(171,577)**	35,823	9,697
Increase (decrease) in:				
Trade and other payables		**549,142**	107,142	28,305
Provisions for claims		**(6,527)**	9,793	(206)
Income and other taxes payable		**(42,248)**	18,813	(23,633)
Cash generated from operations		**2,548,170**	2,446,635	1,941,378
Finance cost paid		**(125,643)**	(283,947)	(273,292)
Income tax paid		**(602,946)**	(416,757)	(356,382)
Net cash provided by operating activities		**1,819,581**	1,745,931	1,311,704

Forward

	Note	2010	2009	2008
		Years Ended December 31		
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	*12*	**(P58,981)**	(P56,561)	(P36,101)
Intangible assets	*13*	**(842,662)**	(120,197)	(360,404)
Finance income received		**41,590**	34,974	37,550
Disposal of discontinued operations, net		**1,999,902**	-	-
Decrease in other noncurrent assets		**10,126**	14,661	12,024
Proceeds from insurance claims		**136,927**	-	-
Proceeds from disposals of:				
Property and equipment		**672**	2,095	1,341
Intangible assets		**8,225**	667	1,029
Decrease in deposits		**25**	482	63
Dividends received		**17,856**	-	-
Net cash provided by (used in) investing activities		**1,313,680**	(123,879)	(344,498)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Long-term debt		**(550,000)**	(1,475,000)	(150,000)
Cash dividends	*20*	**(1,080,000)**	(500,000)	(500,000)
Cash dividends to non-controlling interest		**(830)**	(830)	(451)
Cash used in financing activities		**(1,630,830)**	(1,975,830)	(650,451)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,502,431**	(353,778)	316,755
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(3,417)**	(14,070)	20,271
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**814,339**	1,182,187	845,161
CASH AND CASH EQUIVALENTS AT END OF YEAR	*8*	**P2,313,353**	P814,339	P1,182,187

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Asian Terminals, Inc. (ATI or the Parent Company) and a Subsidiary, ATI Batangas, Inc. (ATIB), collectively referred to as the "Company", are incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC). The Company operates and manages the South Harbor Port of Manila and the Port of Batangas in Batangas City.

The registered office address of the Parent Company is A. Bonifacio Drive, Port Area, Manila.

P & O Management Services Phils., Inc. (POMS) manages ATI by virtue of a management agreement with ATI (see Note 23). Forty percent of the outstanding capital stock of POMS is owned by P & O Australia, Ltd. (POAL). POAL directly owns 17.32% of the total outstanding capital stock of ATI. In addition, POAL owns 100% of ATI Holdings, Inc., which owns 14.57% of the outstanding capital stock of ATI.

The accompanying consolidated financial statements were authorized for issuance by the Board of Directors (BOD) on February 24, 2011.

2. Operating Contracts

Following are the Company's operating contracts:

a. South Harbor, Port of Manila

ATI's exclusive right to manage, operate and develop South Harbor until 2013 was extended on October 19, 2007 for another 25 years until 2038 pursuant to the Third Supplement to the Contract for Cargo Handling and Related Services with the Philippine Ports Authority (PPA).

b. Port of Batangas

ATIB's exclusive right to manage and render arrastre, stevedoring, storage and related cargo handling services at the Port of Batangas by ATIB for Phase I was renewed on October 20, 2005 for a period of 10 years until 2015, renewable for another 10 years upon mutual agreement of PPA and ATIB. The contract with the PPA includes cargo handling and operation and management of the Passenger Terminal Building 1 and the Fast Craft Passenger Terminal.

A Lease Agreement for the management and operation of additional assets and facilities in Phase I was signed with PPA effective August 1, 2009 until 2015. Pursuant to this Lease Agreement, the Passenger Terminal Building 2 was turned over to ATIB in May 2010.

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

c. Domestic Terminal

ATI's right to manage and operate a domestic terminal at the South Harbor until 2013 was extended on October 19, 2007 for another 25 years until 2038 pursuant to the Third Supplement to the Contract for Cargo Handling and Related Services.

The Memorandum of Agreement (MoA) with Aboitiz Transport System Corporation (ATS) for stevedoring, arrastre, storage, container freight station, passenger terminal and other related terminal services has been extended to be effective until January 14, 2013. In the agreement extending the MoA, the parties agreed on the terms of providing services on cargo, roll-on-roll-off transport, passenger terminal, and storage on ATS cargoes and vessels.

3. Basis of Preparation

Statement of Compliance
The consolidated financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Measurement
The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets that have been measured at fair value.

The consolidated financial statements are presented in Philippine peso (P or PHP), the Company's functional currency. All values are rounded to the nearest thousand pesos, unless otherwise indicated.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of ATI and ATIB as of December 31, 2010. ATIB is a 98.82% owned subsidiary. The financial statements of ATIB are prepared for the same financial reporting year as ATI, using consistent accounting policies.

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

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

Non-controlling interest represents the portion of profit and loss and net assets in ATIB not held by ATI and are presented separately in the consolidated statements of income and within equity in the consolidated statements of financial position, separate from equity attributable to equity holders of the Parent Company.

4. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently by the Company to all the periods presented in the consolidated financial statements, except for the changes as explained below.

Certain comparative amounts have been reclassified to conform to the current year's presentation. In addition, the comparative consolidated statements of income have been represented as if an operation discontinued during the current period has been discontinued from the start of the comparative period (see Notes 6 and 7).

Adoption of New Standards, Amendments to Standards and Interpretations
The Financial Reporting Standards Council approved the adoption of a number of new or revised standards, amendments to standards, and interpretations as part of PFRSs.

Adopted Effective January 1, 2010
The following are the amendments to standards which are effective starting January 1, 2010, and have been applied in preparing these consolidated financial statements.

- *Improvements to PFRSs 2009,* contain 15 amendments to 12 standards. The following are the said improvements or amendments to PFRSs that are applicable to the Company, none of which has a significant effect on the consolidated financial statements of the Company:

  - PAS 38, *Intangible Assets*. The amendments clarify that (i) an intangible asset that is separable only together with a related contract, identifiable asset or liability is recognized separately from goodwill together with the related item; and (ii) complementary intangible assets with similar useful lives may be recognized as a single asset. The amendments also describe valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination for which no active market exists.

  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. The amendments clarify that the required disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations are specified in PFRS 5.

  - PFRS 8, *Operating Segments*. The amendments clarify that segment information with respect to total assets is required only if such information is regularly reported to the chief operating decision maker.

  - PAS 7, *Statement of Cash Flows*. The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities.

  - PAS 17, *Leases*. The International Accounting Standards Board (IASB) deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments clarify that when a lease includes both the land and building elements, an entity should determine the classification of each element based on paragraphs 7 - 13 of PAS 17, taking account of the fact that land normally has an indefinite economic life.

- PAS 36, *Impairment of Assets*. The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in PFRS 8 before applying the aggregation criteria of PFRS 8.

New or Revised Standards, Amendments to Standards and Interpretations Not Yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2010, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company, except for PFRS 9 *Financial Instruments*, which becomes mandatory for the Company's 2013 consolidated financial statements and could change the classification and measurement of financial assets. The Company does not plan to early adopt this standard and the extent of the impact has not been determined.

To be Adopted on January 1, 2011

- *Prepayments of a Minimum Funding Requirement (Amendments to Philippine Interpretation IFRIC 14: PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction)*. These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement and result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. The amendments are effective for annual periods beginning on or after January 1, 2011.

- *Improvements to PFRSs 2010* contain 11 amendments to six standards and one interpretation. The following are the relevant improvements or amendments to PFRSs for which early application is permitted. The Company, however, opted not to early adopt. None of these is expected to have a significant effect on the consolidated financial statements of the Company.

  - PFRS 7 *Financial Instruments: Disclosures*. The amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements. The amendments are effective for annual periods beginning on or after January 1, 2011.

  - PAS 1 *Presentation of Financial Statements*. The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognized in other comprehensive income is also required to be presented, but may be presented either in the statement of changes in equity or in the notes. The amendments are effective for annual periods beginning on or after January 1, 2011.

  - PAS 34 *Interim Financial Reporting*. The amendments add examples to the list of events or transactions that require disclosure under PAS 34 and remove references to materiality in PAS 34 that describes other minimum disclosures. The amendments are effective for annual periods beginning on or after January 1, 2011.

To be Adopted on January 1, 2013

- PFRS 9, *Financial Instruments* (2009) was issued as the first phase of the PAS 39 replacement project. The chapters of the standard released in 2009 only related to the classification and measurement of financial assets. PFRS 9 (2009) retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and contractual cash flow characteristics of the financial asset. In October 2010, a new version of PFRS 9 *Financial Instruments* (2010) was issued which now includes all the requirements of PFRS 9 (2009) without amendment. The new version of PFRS 9 also incorporates requirements with respect to the classification and measurement of financial liabilities and the derecognition of financial assets and financial liabilities. The guidance in PAS 39 on impairment of financial assets and hedge accounting continues to apply. The new standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. PFRS 9 (2010) supersedes PFRS 9 (2009). However, for annual periods beginning on or before January 1, 2013, an entity may elect to apply PFRS 9 (2009) rather than PFRS 9 (2010).

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in banks and on hand and short-term investments with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Spare Parts and Supplies

Spare parts and supplies are stated at the lower of cost and net realizable value (current replacement cost). Cost is determined using the weighted average method.

Investment in an Associate

The Parent Company's 35.71% investment in its associate, South Cotabato Integrated Port Services, Inc. (SCIPSI), is accounted for under the equity method. An associate is an entity in which the Parent Company has significant influence but is neither a subsidiary nor a joint venture of the Parent Company.

Under the equity method, the investment in the associate is carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Company's share in net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. After application of the equity method, the Company determines whether it is necessary to recognize any impairment loss with respect to the Company's net investment in the associate. The consolidated statements of income reflect the share in the results of operations of the associate. When there has been change recognized directly in the equity of the associate, the Company recognizes its share of any changes and disclose this, when applicable, in the consolidated statements of comprehensive income.

The reporting dates of the associate and the Parent Company are identical and the associate's accounting policies conform to those used by the Parent Company for like transactions and events in similar circumstances.

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

Depreciation and amortization are computed using the straight-line method, net of residual values, over the estimated useful lives of the assets, as follows:

	Number of Years
Port facilities and equipment	2 - 25 years or life of the operating contract, whichever is shorter
Bulk grain terminal	2 - 36 years or life of the operating contract, whichever is shorter
Leasehold improvements	2 - 40 years or term of the lease, whichever is shorter
Furniture, fixtures and equipment	5 years
Transportation and other equipment	4 - 5 years

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

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

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

Construction in-progress represents properties under construction and is stated at cost. This includes cost of construction, equipment and other direct costs. Construction in-progress is not depreciated until such time that the relevant assets are substantially completed and put into operational use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of income in the year the asset is derecognized.

Intangible Assets

Service Concession
The Company recognizes an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. Intangible assets acquired in a service concession arrangement are measured on initial recognition at cost. Subsequent to initial recognition, the intangible asset is measured at cost less accumulated amortization and impairment losses, if any.

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

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

Impairment is determined by assessing the recoverable amount of the investment to which the goodwill relates. Where the recoverable amount is less than the carrying amount of the investment, an impairment loss is recognized. Where part of the operation within the investment is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

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

All actuarial gains and losses in the period in which they occur are recognized outside profit or loss in the consolidated statements of comprehensive income.

The past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognized immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less unamortized past service cost and less the fair value of plan assets out of which the obligation is to be settled directly. The value of any plan asset recognized is restricted to the sum of any past service cost not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Financial Instruments

Financial Assets and Liabilities
Financial assets and liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss (FVPL).

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the reporting date. For investments where there is no active market, fair value is determined using appropriate valuation techniques.

The Company recognizes a financial asset or liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Financial instruments are offset when there is a legally enforceable right to offset and intention to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets are classified into the following categories: financial assets at FVPL, loans and receivable, held-to-maturity (HTM) investments, and available-for-sale (AFS) financial assets. Financial liabilities are classified as either financial liabilities at FVPL or other financial liabilities. The Company determines the classification of financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at every reporting date.

The Company does not have HTM investments and financial assets at FVPL.

a. Loans and Receivables

   Loans and receivables are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. Such assets are carried at cost or amortized cost in the consolidated statements of financial position. Amortization is determined using the effective interest method and is included in the finance income in the consolidated statements of income. The losses arising from impairment of such financial assets are recognized in the consolidated statements of income.

   Classified as loans and receivables are the Company's cash and cash equivalents, trade and other receivables and deposits (see Notes 8, 9 and 14).

b. AFS Financial Assets

   AFS financial assets are those which are designated as such or do not qualify to be classified or designated as financial assets at FVPL, HTM investments or loans and receivables.

   After initial measurement, AFS financial assets are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of any restatement on foreign currency-denominated AFS debt securities, is reported in earnings. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded, net of tax, from reported earnings and are reported under "Other reserves" account in the equity section of the consolidated statements of financial position, until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the consolidated statements of income.

Where the Company holds more than one investment in the same security, these are deemed to be disposed of on a first-in-first-out basis. Interest and dividend earned and losses arising from impairment of such financial assets are recognized in the consolidated statements of income.

Classified as AFS financial assets are the Company's investments in quoted and unquoted shares (see Note 14).

c. Financial Liabilities at FVPL

Financial liabilities are classified in this category if these result from trading activities or derivative transactions that are not accounted for as accounting hedges, or when the Company elects to designate a financial liability under this category.

Included in this category are the Company's derivative liabilities (see Notes 19 and 29).

d. Other Financial Liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings. Financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the amortization process.

Included in this category are the Company's trade and other payables and interest-bearing loans (see Notes 17 and 19).

Derivative Financial Instruments. The Company uses interest rate swaps to manage its interest rate exposures on floating rate peso debt. In addition, the Company has identified and bifurcated embedded foreign currency derivatives from certain non-financial contracts.

Derivative financial instruments are recognized and measured in the consolidated statements of financial position at fair values. The accounting of the resulting gain or loss will depend on whether the derivative is designated as a hedge of an identified risk and qualifies for hedge accounting treatment. The objective of hedge accounting is to match the impact of the hedged item and the hedging instrument in the consolidated statements of income. In applying hedge accounting, an entity must comply with such requirements as the designation of the derivative to an identified risk exposure, preparation of adequate hedge documentation, assessment and measurement of hedge effectiveness testing, and in the case of a cash flow hedge, establishing the probability of occurrence of the forecasted transaction.

Upon inception of the hedge, the Company documents the relationship between the hedging instrument and the hedged item, its risk management objective and strategy for undertaking various hedge transactions, the details of the hedging instrument and the hedged item, and the hedge effectiveness assessment methodology (both at hedge inception and on an ongoing basis). Effectiveness on the hedge is periodically measured, with any ineffectiveness being reported immediately in the consolidated statements of income.

As of December 31, 2010, the Company has no derivative financial instruments (see Note 29).

Cash Flow Hedges. A cash flow hedge is a hedge of the exposure to variability in future cash flows related to a recognized asset, liability or a forecasted transaction. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized in "Other reserves" account, which is a component of equity. Any hedge ineffectiveness is immediately recognized in the consolidated statements of income.

Where the forecasted transaction results in the recognition of an asset or liability, the gains and losses previously included in other reserves are included in the initial measurement of the asset or liability. Otherwise, amounts recorded in equity are transferred to the consolidated statements of income in the same period in which the forecasted transaction affects the consolidated statements of income.

Hedge accounting is discontinued prospectively when the hedge ceases to be highly effective. When hedge accounting is discontinued, the cumulative gain or loss on the hedging instrument that has been reported in other reserves is retained in equity until the hedged transaction impacts earnings. When the forecasted transaction is no longer expected to occur, any net cumulative gain or loss previously reported in other reserves is recognized immediately in the consolidated statements of income.

Derivative Instruments Not Accounted for as Hedges. For derivatives that are not designated or do not qualify as hedges, changes in the fair values of such transactions are recognized in the consolidated statements of income.

Derecognition of Financial Assets and Liabilities

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

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

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Assets Carried at Amortized Cost. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in the consolidated statements of income.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continue to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statements of income, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired receivables are derecognized when they are assessed as uncollectible.

Assets Carried at Cost. If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS Financial Assets. If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair values, less any impairment loss previously recognized in the consolidated statements of income, is transferred from equity to the consolidated statements of income. Reversals of impairment in respect of equity instruments classified as AFS are not recognized in the consolidated statements of income. Impairment losses on debt instruments are reversed through the consolidated statements of income, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

Impairment of Non-financial Assets with Definite Useful Lives

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

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

Provisions

Provisions are recognized when the Company has a 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. Where the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, 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 a borrowing cost.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, net of discounts, rebates and applicable taxes. The following are specific recognition policies of the Company:

- Revenues from cargo handling operations are recognized when services are rendered.
- Passenger terminal fees are recognized upon sale of terminal tickets.
- Finance income is recognized on a time proportion basis that reflects the effective yield on the investment.

Operating Leases

Operating leases are leases where lessor retains substantially all the risks and benefits of ownership of the assets. Lease payments are recognized as an expense in the consolidated statements of income on a straight-line basis over the lease term.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use and it is probable that they will result in future economic benefits to the Company.

Foreign Currency Transactions

The consolidated financial statements are presented in PHP, which is the Company's functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the consolidated statements of income. Foreign currency gains and losses are reported on a net basis.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associate.

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

Deferred income tax assets and liabilities are measured at the tax rate that is applicable to the year when the asset is expected to be realized or the liability is expected to be settled.

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

Discontinued Operations

A discontinued operation is a component of the Company's business that represents a separate major line of business that has been disposed of or is held for sale, or is a subsidiary that has been disposed of. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative consolidated statements of income are re-presented as if the operation had been discontinued from the start of the comparative period and show the results of discontinued operation separate from the results of continuing operation.

Segment Reporting

The Company's operating businesses are organized and managed separately according to the lines of business, with each segment representing a strategic business unit that serves different markets. Financial information on business segments is presented in Note 6 to the consolidated financial statements.

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

Contingencies

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

Subsequent Events

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

Earnings Per Share (EPS)

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

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

5. Significant Accounting Judgments and Estimates

In the process of applying the accounting policies, management has made judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may cause an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair Value of Financial Instruments. Where the fair values of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be based on active markets, they are determined using a wide range of valuation techniques acceptable to the underlying markets for the financial instruments. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes considerations of liquidity and model inputs such as correlation and volatility for longer dated financial instruments, and specific risk of the asset.

Fair values of financial instruments are discussed in Note 29 to the consolidated financial statements.

Operating Lease. The Company has various operating lease agreements as lessee. The Company determined that significant risks and rewards of ownership of the leased properties are retained with the lessor.

Estimated Useful Lives of Property and Equipment and Intangible Assets with Definite Useful Lives. The Company reviews annually the estimated useful lives of property and equipment and intangible assets with definite useful lives based on expected asset utilization, market demands and future technological developments consistent with the Company's pursuit of constant modernization of equipment fleet to ensure the availability, reliability and cost-efficiency of the equipment. It is possible that the factors mentioned may change in the future, which could cause a change in estimated useful lives. A reduction in the estimated useful lives could cause a significant increase in depreciation and amortization of property and equipment and intangible assets with definite useful lives. The carrying amount of property and equipment is P0.4 billion and P1.7 billion as of December 31, 2010 and 2009, respectively (see Note 12). The carrying amount of intangible assets is P5.2 billion and P4.7 billion as of December 31, 2010 and 2009, respectively (see Note 13).

Asset Impairment. The Company assesses impairment on property and equipment, intangible assets and investment in an associate whenever events or changes in circumstances indicate that the carrying amount of the asset may no longer be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance related to the expected or projected operating results;
- significant changes in the manner of use of the assets; and
- significant negative industry or economic trends.

The Company determined that there are no impairment indicators related to its property and equipment, intangible assets and investment in an associate. The carrying amounts of investment in an associate are P66.7 million and P64.8 million as of December 31, 2010 and 2009, respectively (see Note 11). There were no accumulated impairment losses as of December 31, 2010 and 2009 (see Notes 12 and 13).

Impairment of Receivables. The Company maintains an allowance for impairment losses based on the result of the individual and collective assessment required under PAS 39. Under the individual assessment, which evaluates the credit status of each individually significant account, the Company is required to obtain the present value of estimated cash flows using the receivables' original effective interest rate. Impairment loss is determined as the difference between the receivables' carrying balance and the computed present value. The collective assessment requires the Company to group its receivables based on the credit risk characteristics (industry, past-due status and terms) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year. The carrying amounts of trade and other receivables are P877.9 million and P330.2 million as of December 31, 2010 and 2009, respectively. The allowance for impairment losses amounted to P24.0 million and P24.1 million as of December 31, 2010 and 2009, respectively (see Note 9).

Spare Parts and Supplies Valuation. The Company writes down spare parts and supplies for estimated obsolescence or non-moving items equal to the difference between the cost and the estimated net realizable value based on assumptions about future use and technology that would affect replacement cost of spare parts and supplies. The cost of spare parts and supplies are P180.8 million and P174.4 million as of December 31, 2010 and 2009, respectively. The net realizable values of spare parts and supplies are lower than cost by P27.6 million as of December 31, 2010 and P33.0 million as of December 31, 2009. The carrying amounts of spare parts and supplies are P153.2 million and P141.4 million as of December 31, 2010 and 2009, respectively.

Deferred Tax Assets. Management uses judgment in reviewing the carrying amount of deferred tax assets. Deferred tax assets are reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of such deferred tax assets to be utilized. There is no unrecognized deferred tax asset as of December 31, 2010 and 2009. The carrying amounts of deferred tax assets (gross of deferred tax liabilities) are P76.3 million and P124.0 million as of December 31, 2010 and 2009, respectively (see Note 15).

Provisions for Claims. The Company records provisions for claims for property, equipment and cargo damage and for pending civil and labor cases when it is determined that an unfavorable outcome is probable and the amount of the claim can be reasonably estimated. The determination of the amount of reserves required, if any, is based on management's analysis of each individual issue, often with the assistance of outside legal counsel. The carrying amounts of provision for claims are P46.5 million and P53.0 million as of December 31, 2010 and 2009, respectively (see Note 18).

Pension Cost. The determination of the obligation and cost for pension benefits is dependent on the selection of certain assumptions used by the Company and its actuary in calculating such amounts. Those assumptions are described in Note 24 to the consolidated financial statements and included among others, discount rate, expected rate of return on plan assets and salary increase rate. While it is believed that the Company's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Company's pension obligations. Pension asset recognized by ATI as of December 31, 2010 and 2009 amounted to P12.0 million and P77.4 million, respectively, pension liability recognized by ATIB as of December 31, 2010 and 2009 amounted to P11.3 million and P7.1 million, respectively (see Note 24).

Impairment of Goodwill. The Company determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of ATIB, the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill is P42.1 million as of December 31, 2010 and 2009 (see Note 13).

6. Segment Information

For management reporting purposes, the Company is organized into two major lines of business: (1) Ports and (2) Non-Port. The lines of business are the basis on which the Company reports its operating segment information. The Ports segment provides services related to the handling of containers to and from vessels, loading and unloading of cargoes, storage and operation of passenger shipping terminal. The Non-Port segment provides services such as planning, implementing and controlling the efficient, cost-effective and just-in-time flow and storage of raw materials, in-process inventories and finished goods.

There are no inter-segment revenues in 2010, 2009 and 2008.

Mariveles Grains Terminal (MGT), the significant unit in the Non-Port segment of the Company, was discontinued as a result of the sale of Mariveles Grain Corporation (MGC) in August 2010 (see Note 7). Consequently, the Company's segment information became exclusively Ports in 2010.

Information with regard to the Company's significant business segments is shown below.

	2010			2009			2008		
	Ports	Non-Port (Discontinued)	Total	Ports	Non-Port	Total	Ports	Non-Port	Total
					(In Thousands)				
Revenue	P4,526,282	P226,000	P4,752,282	P3,695,188	P517,555	P4,212,743	P3,568,383	P391,031	P3,959,414
Intangible assets (excluding goodwill)	5,142,810	-	5,142,810	4,672,973	-	4,672,973	4,898,345	-	4,898,345
Property and equipment - net	412,463	-	412,463	328,902	1,389,277	1,718,179	262,086	1,452,111	1,714,197
Total assets	9,198,921	-	9,198,921	7,795,841	211,405	8,007,246	8,362,878	289,035	8,651,913
Total liabilities	2,129,629	-	2,129,629	1,702,192	262,011	1,964,203	2,990,462	341,890	3,332,352
Capital expenditures									
Intangible assets	842,662	-	842,662	120,197	-	120,197	360,404	-	360,404
Property and equipment	58,981	-	58,981	47,161	9,400	56,561	30,170	5,931	36,101
Depreciation and amortization	391,913	82,462	474,375	400,533	72,233	472,766	390,517	82,584	473,101
Noncash income other than depreciation and amortization	(84)	(1,680)	(1,764)	(1,285)	-	(1,285)	(1,309)	-	(1,309)

The Company operates principally in one geographical location, which is Philippines.

The carrying amounts of investment in SCIPSI of P66.7 million and P64.8 million as of December 31, 2010 and 2009, respectively (see Note 11), and related equity in net earnings of P19.7 million and P17.8 million in 2010 and 2009, respectively, are included in the Ports segment.

7. Discontinued Operations

ATI has the right to develop and operate a bulk grain terminal in Mariveles, Bataan or the MGT for a period of 20 years until 2013. A 20 - year lease agreement with the Province of Bataan covering the land occupied by MGT for a similar period was contracted in 1993, and the lease is renewable for another 20 years under terms and conditions mutually acceptable to the parties.

On October 4, 2007, the Company, thru a Deed of Assignment, assigned its property and equipment in MGT amounting to P1.5 billion as payment for its subscription to shares of stock of MGC. On November 27, 2007, the SEC approved the increase in the authorized capital stock of MGC to 1,500,000,000 shares. On December 4, 2007, a tax free exchange ruling was obtained from the BIR for the exchange of property and equipment of the Company with shares of stock of MGC.

A special Stockholders' Meeting was held on July 30, 2010 whereby 1,793,430,023 shares (89.67%) or more than 2/3 of the outstanding capital stock resolved to offer and sell all the shares of the Parent Company in MGC to Philippine Grain International Corporation (Purchaser). Closing of the transaction was on August 9, 2010 with the submission of the closing deliverables to the Purchaser. Control of the MGT facility was transferred to the Purchaser and ATI received the proceeds of the transaction (net of the amount in escrow) on the same day.

As required by PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, the results of operations of MGT was presented as a separate item under "Income from Discontinued Operations-Net of Tax" in the consolidated statements of income. MGT was not a discontinued operation and was not classified as held for sale at December 31, 2009 and 2008. The comparative figures for the consolidated statements of income for the years ended December 31, 2009 and 2008 have been restated to show the discontinued operations separately from continuing operations.

The results of discontinued operations are presented below:

	Note	**2010**	2009	2008
			(In Thousands)	
Revenues		**P226,000**	P437,210	P310,536
Costs and expenses		**(203,305)**	(317,182)	(289,707)
Other income - net		**274,873**	30,688	21,574
Income before income tax		**297,568**	150,716	42,403
Income tax expense	*15*			
Current		**89,270**	45,462	6,873
Deferred		**(17,924)**	(4,867)	7,850
		71,346	40,595	14,723
Income from discontinued operations		**226,222**	110,121	27,680
Gain on sale of investment - net of tax of P53.7million		**326,553**	-	-
Net income from discontinued operations		**P552,775**	P110,121	P27,680
Attributable to:				
Owners of the parent company		**P552,775**	P110,121	P27,680
Non-controlling interest		**-**	-	-
		P552,775	P110,121	P27,680
Basic/diluted earnings per share attributable to owners of the Parent Company	*25*	**P0.27**	P0.05	P0.02

Cash flows provided by discontinued operations are presented below:

	2010	2009	2008
		(In Thousands)	
Net cash provided by (used in) operating activities	**(P344,657)**	(P94,348)	P55,799
Net cash provided by (used in) investing activities	**1,999,902**	(8,425)	(19,309)
Net cash provided by discontinued operations	**P1,655,245**	(P102,773)	P36,490

The effect of disposal on the consolidated financial position of the Company is as follows:

	2010
	(In Thousands)
Cash and cash equivalents	**P98**
Trade and other receivables - net	**297,180**
Spare parts and supplies - at net realizable value	**7,703**
Prepaid expenses	**152,109**
Property and equipment - net	**1,010,645**
Income and other taxes payable	**(372)**
Net assets disposed of	**P1,467,363**
Cash consideration received	**P2,000,000**
Less cash and cash equivalents disposed of	**98**
Net cash inflows	**P1,999,902**

8. Cash and Cash Equivalents

	2010	2009
	(In Thousands)	
Cash on hand and in banks	**P184,339**	P235,579
Short-term investments	**2,129,014**	578,760
	P2,313,353	P814,339

Cash in banks earns interest at floating rates based on daily bank deposit rates. Short-term investments are made for varying periods of between one and thirty days depending on the cash requirements of the Company, and earn interest at the prevailing short-term deposit rates.

9. Trade and Other Receivables

	Note	2010	2009
		(In Thousands)	
Trade receivables		**P279,601**	P337,479
Receivable from escrow fund	*7*	**309,807**	-
Receivable from insurance	*12*	**293,750**	-
Receivable from pension fund		**4,384**	8,337
Amounts due from related parties	*23*	**1,737**	1,438
Other receivables		**12,668**	7,020
		901,947	354,274
Allowance for impairment losses		**(24,015)**	(24,099)
		P877,932	P330,175

Trade receivables and other nontrade receivables are noninterest-bearing and are short-term in nature.

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

	Individually Impaired	Collectively Impaired	Total
		(In Thousands)	
Balance at December 31, 2008	P13,939	P11,594	P25,533
Provisions during the year	5,436	-	5,436
Reversals during the year	(2,018)	(4,703)	(6,721)
Write-offs during the year	(149)	-	(149)
Balance at December 31, 2009	17,208	6,891	24,099
Provisions during the year	143	9,421	9,564
Reversals during the year	(9,648)	-	(9,648)
Write-offs during the year	-	-	-
Balance at December 31, 2010	**P7,703**	**P16,312**	**P24,015**

As of December 31, 2010 and 2009, the aging analysis of trade and other receivables is as follows:

2010

	Total	Neither Past Due nor Impaired	Past Due but Not Impaired <30 days	30-60 days	61-90 days	Over 90 days	Past Due and Impaired
				(In Thousands)			
Trade receivables	P279,601	P253,107	P11,452	P -	P -	P -	P15,042
Advances and other nontrade receivables	622,346	613,373	-	-	-	-	8,973
	P901,947	P866,480	P11,452	P -	P -	P -	P24,015

2009

	Total	Neither Past Due nor Impaired	Past Due but Not Impaired <30 days	30-60 days	61-90 days	Over 90 days	Past Due and Impaired
				(In Thousands)			
Trade receivables	P337,479	P310,545	P11,808	P -	P -	P -	P15,126
Advances and other nontrade receivables	16,795	7,822	-	-	-	-	8,973
	P354,274	P318,367	P11,808	P -	P -	P -	P24,099

10. Prepaid Expenses

	Note	2010	2009
		(In Thousands)	
Insurance		**P46,425**	P7,741
Taxes		**35,424**	47,175
Rental	*14*	**7,262**	11,817
Others		**6,369**	9,279
		P95,480	P76,012

11. Investment in an Associate

ATI has a 35.71% interest in SCIPSI, which is engaged in arrastre, stevedoring and other related cargo handling services, except porterage, in Makar Wharf, General Santos City, Philippines. SCIPSI is not listed in any public exchange. The carrying amounts of investment in an associate are P66.7 million and P64.8 million as of December 31, 2010 and 2009, respectively.

The following table illustrates summarized financial information of SCIPSI:

	2010	2009
	(In Thousands)	
Current assets	**P162,635**	P152,309
Noncurrent assets	**21,188**	25,060
Total assets	**P183,823**	P177,369
Current liabilities	**P18,997**	P19,900
Noncurrent liabilities	**3,436**	3,436
Total liabilities	**P22,433**	P23,336
Revenue	**P182,442**	P170,707
Expenses	**127,254**	120,940
Net income	**P55,188**	P49,767

Dividend income of P17.9 million was received in April 2010.

12. Property and Equipment

The movements in this account are as follows:

2010

	Port Facilities and Equipment	Bulk Grain Terminal	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction In-progress	Total
				(In Thousands)			
Cost							
Balance at beginning of year	P197,400	P2,037,260	P581,158	P480,330	P130,595	P29,943	P3,456,686
Additions	-	8,878	2,330	47,278	15,011	(14,516)	58,981
Disposals	-	-	-	(537)	(5,622)	-	(6,159)
Reclassifications	-	-	-	-	-	-	-
Retirements	(31,662)	(2,046,138)	(64,062)	(14,740)	(13,054)	(4,472)	(2,174,128)
Balance at end of year	165,738	-	519,426	512,331	126,930	10,955	1,335,380
Accumulated depreciation and amortization							
Balance at beginning of year	126,559	756,196	306,373	457,110	92,269	-	1,738,507
Additions	11,567	78,437	13,354	15,360	11,910	-	130,628
Disposals	-	-	-	(475)	(5,405)	-	(5,880)
Reclassifications	-	-	-	(21,976)	-	-	(21,976)
Retirements	(26,304)	(834,633)	(38,696)	(7,876)	(10,853)	-	(918,362)
Balance at end of year	111,822	-	281,031	442,143	87,921	-	922,917
Net book value	P53,916	P -	P238,395	P70,188	P39,009	P10,955	P412,463

2009

	Port Facilities and Equipment	Bulk Grain Terminal	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation and Other Equipment	Construction In-progress	Total
				(In Thousands)			
Cost							
Balance at beginning of year	P68,472	P2,035,159	P578,941	P477,235	P129,679	P980	P3,290,466
Additions	7,843	3,807	2,649	5,674	4,940	31,648	56,561
Disposals	-	-	-	(153)	(5,783)	-	(5,936)
Reclassifications	121,085	-	389	537	1,759	(2,685)	121,085
Retirements	-	(1,706)	(821)	(2,963)	-	-	(5,490)
Balance at end of year	197,400	2,037,260	581,158	480,330	130,595	29,943	3,456,686
Accumulated depreciation and amortization							
Balance at beginning of year	61,831	696,905	292,517	442,872	82,144	-	1,576,269
Additions	21,898	60,997	14,677	17,372	14,415	-	129,359
Disposals	-	-	-	(171)	(4,290)	-	(4,461)
Reclassifications	42,830	-	-	-	-	-	42,830
Retirements	-	(1,706)	(821)	(2,963)	-	-	(5,490)
Balance at end of year	126,559	756,196	306,373	457,110	92,269	-	1,738,507
Net book value	P70,841	P1,281,064	P274,785	P23,220	P38,326	P29,943	P1,718,179

An incident that happened to the MGT pier resulted in total damage to unloaders 1 & 2, damage to portions of the pier and conveyors 1, 2, and 3. The damaged assets, with carrying amounts of P288.3 million were derecognized and are adequately covered by insurance.

No borrowing costs were capitalized in 2010 and 2009.

13. Intangible Assets

	2010	2009
	(In Thousands)	
Service concession	**P5,142,810**	P4,672,973
Goodwill	**42,060**	42,060
	P5,184,870	P4,715,033

The movements of the intangible asset which relate to the service concession are as follows:

	2010	2009
	(In Thousands)	
Cost		
Balance at beginning of year	**P7,432,086**	P7,334,973
Additions	**842,662**	120,197
Derecognition	**(120,014)**	(23,084)
Balance at end of year	**8,154,734**	7,432,086
Accumulated amortization		
Balance at beginning of year	**2,759,113**	2,436,628
Amortization for the year	**343,747**	343,407
Derecognition	**(90,936)**	(20,922)
Balance at end of year	**3,011,924**	2,759,113
Carrying amount	**P5,142,810**	P4,672,973

Service Concession

Service concession represents property and equipment which is the subject of the concession arrangement that will be transferred, on an "as is" basis, to the PPA at the end of the term of the contracts (see Notes 2 and 27). No borrowing costs were capitalized in 2010 and 2009. The unamortized capitalized borrowing costs as of December 31, 2010 and 2009 amounted to P113.8 million and P272.0 million, respectively.

Goodwill

Key Assumptions

In testing impairment of goodwill, the recoverable amount of ATIB is the value in use, which has been determined by calculating the present value of cash flow projections from the operations of ATIB for the remaining period of the term of its long-term contract with the PPA. The growth rate used of 8% is consistent with the long-term average growth rate for the industry. The discount rate applied to cash flow projections is 10.29% in 2010 and 11.67% in 2009. Management believes that no reasonably possible change in the key assumptions would cause the carrying amount of the investment in ATIB to which the goodwill relates to materially exceed its recoverable amount.

Sensitivity to Changes in Assumptions

The estimated recoverable amount of ATIB exceeds its carrying amount by approximately P229.1 million and P153.6 million in 2010 and 2009, respectively. Management has identified that earnings before interest and tax and discount rates are the key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount.

14. Other Financial Assets

	Note	2010	2009
		(In Thousands)	
Deposits	*29*	**P21,111**	P23,306
Available-for-sale financial assets	*29*	**2,652**	2,652
		P23,763	P25,958

Deposits mainly represent payments related to property leases and utilities. This account includes noninterest-bearing rental deposits on two lease agreements in 2009 that were carried at fair value as of initial recognition determined based on the present value of future cash flows discounted using effective interest rates of 13.26% and 15.61%. In 2010, one of the lease agreements was transferred to MGC. The carrying amounts of these deposits at amortized cost amounted to P4.3 million and P6.4 million as of December 31, 2010 and 2009, respectively. The difference between the original amount of noninterest-bearing rental deposits and their present values at "Day 1" qualified for recognition as prepaid rental. The prepaid rental (included in current and noncurrent prepayment) amounted P10.2 million and P12.2 million as of December 31, 2010 and 2009, respectively.

The current portion of such prepaid rental, presented under "Prepaid expenses - rental" amounted to P1.0 million and P1.3 million as of December 31, 2010 and 2009, respectively.

Available-for-sale financial assets consist of investments in quoted and unquoted shares.

15. Income Tax

The components of deferred tax assets and liabilities are as follows:

	2010	2009
	(In Thousands)	
Deferred tax assets:		
Pension liability	**P37,823**	P54,109
Provisions for claims	**13,946**	14,548
Excess of cost over net realizable value of spare parts and supplies	**8,287**	9,890
Accrued operating lease	**7,286**	14,645
Rental deposit	**2,029**	2,076
Impairment losses on receivables	**6,922**	6,647
Derivative instruments	**-**	17,833
Unrealized foreign exchange losses	**-**	4,221
	76,293	123,969
Less deferred tax liabilities:		
Capitalized borrowing costs and custom duties	**38,173**	86,126
Debt issue costs	**601**	1,641
Unrealized foreign exchange gains	**235**	-
Pension asset	**-**	25,481
	39,009	113,248
Net deferred tax assets	**P37,284**	P10,721

Deferred income tax related to items charged or credited directly to equity are as follows:

	2010	2009	2008
		(In Thousands)	
Actuarial gains (losses)	**(P16,329)**	P19,123	P37,851
Changes in fair value of interest rate swap	-	7,397	11,144
Income tax expense (benefit) reported in equity	**(P16,329)**	P26,520	P48,995

The details of the Company's income tax expense from continuing and discontinued operations for the years ended December 31 is as follows:

	2010	2009	2008
		(In Thousands)	
Income tax expense from continuing operations	**P609,332**	P411,895	P406,906
Income tax expense from discontinued operations (excluding gain on sale)	**71,346**	40,595	14,723
Total income tax expense	**P680,678**	P452,490	P421,629

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

	2010	2009	2008
Statutory income tax rate	**30.00%**	30.00%	35.00%
Changes in income tax rate resulting from:			
Nondeductible expenses and others	**0.16**	0.21	0.45
Income subject to capital gains tax	**(5.12)**	-	-
Income subjected to final tax	**(0.74)**	(1.23)	(2.04)
Income tax holiday (ITH) incentives availed (see Note 26)	-	(0.63)	(1.22)
Effect of change in income tax rate	-	-	1.48
Others	**(0.21)**	(0.33)	(0.54)
Effective income tax rate	**24.09%**	28.02%	33.13%

On May 24, 2005, Republic Act No. 9337 entitled "An Act Amending the National Internal Revenue Code, as Amended, with Salient Features" (the Act), was passed into law effective November 1, 2005. Among others, the Act includes the following significant revisions to the rules of taxation:

a. Change in the corporate income tax rate from 35% starting to 30% starting January 1, 2009; and
b. Change in the amount of interest expense disallowed as tax-deductible expense equivalent to a certain percentage applied to the interest income subjected to final tax; such percentage was changed from 42% to 33% starting January 1, 2009.

16. Other Noncurrent Assets

	Note	**2010**	2009
		(In Thousands)	
Prepaid expenses	*14*	**P21,926**	P33,188
Pension asset	*24*	**12,015**	77,391
		P33,941	P110,579

17. Trade and Other Payables

	Note	**2010**	2009
		(In Thousands)	
Trade		**P44,624**	P33,039
Equipment acquisitions	*7, 12*	**605,699**	23,152
Accrued expenses:			
Personnel costs		**151,949**	135,871
Rental	*27*	**61,043**	99,610
Repairs and maintenance		**33,118**	11,946
Finance costs	*19*	**25,757**	26,633
Professional fees		**23,018**	27,820
Security expenses		**10,962**	9,112
Safety and environment		**3,530**	3,287
Others		**212,850**	145,882
Due to government agencies	*27*	**298,824**	268,261
Shippers' and brokers' deposits		**31,434**	30,693
Due to related parties	*23*	**9,621**	6,342
Others		**42,433**	58,383
		P1,554,862	P880,031

Following are the terms and conditions of the above financial liabilities:

- Trade payables are non interest-bearing and are normally settled on 30 to 60-day terms.

- Accrued finance costs are normally settled quarterly and semi-annually throughout the financial year.

- Other financial liabilities are non interest-bearing and are normally settled within twelve months from inception date.

18. Provisions for Claims

	2010	2009
	(In Thousands)	
Balance at beginning of year	**P53,014**	P43,305
Provisions during the year	**1,973**	13,612
Payments during the year	**(8,500)**	(3,903)
Balance at end of year	**P46,487**	P53,014

Provisions relate to property, equipment and cargo damage and other claims, which were recognized in connection with services rendered during the year. It is expected that most of these provisions will be settled within the next financial year or on demand.

19. Interest-bearing Loans and Other Financial Liabilities

This account consists of long-term debts and derivative liabilities.

Long-term Debts

	2010	2009
	(In Thousands)	
Non-Current		
Syndicated FFRN:		
Tranche 3	**P300,000**	P300,000
Syndicated fixed rate notes (FRN)	**-**	550,000
	300,000	850,000
Unamortized debt issue costs	**(2,002)**	(5,436)
	P297,998	P844,564

ATI prepaid long-term debts totaling P550 million in 2010 and P850 million in 2009, with pretermination penalty of P27.5 million and P42.5 million, respectively.

The remaining P300 million long-term debt will mature in December 2014.

The other significant terms of the foregoing long-term debt are summarized below:

Syndicated FFRN - Tranche 3 is payable lump sum at various maturities. Prior to the maturity dates, the Company may redeem, in whole but not a part of, any of the relevant outstanding 5-year and 10-year fixed notes starting at the end of the 3rd and 7th year, respectively.

The amount payable to the noteholders in respect of such early redemption shall be the amount calculated by the Facility Agent as the present value of the remaining cash flows of the notes discounted at the yield of the "comparable benchmark tenor" as shown on the MART 1 page of Bloomberg on the second business day preceding the early redemption date, provided, however, that the early redemption amount shall not exceed 105% nor be less than 100% of the principal amount of the notes being earlier redeemed; provided further, that in all instances of early redemption, the Company shall pay the noteholders accrued interest on the principal amount of the notes redeemed.

Interest rate per annum on long-term debt ranges from 8.88% to 14.74% in 2010, 6.60% to 14.74% in 2009 and 6.46% to 14.74% in 2008.

The Company's long-term debts are unsecured loans.

The loan agreements require, among others, maintenance of debt to equity ratio not to exceed 2.5 to 1 and prior consent of the creditor on the declaration of cash dividends in excess of 50% of the Parent Company's retained earnings; merger or consolidation; mortgage or disposal of all or substantially all of its assets; prepayment on any long-term loans unless a proportionate prepayment of other long-term loans is made and extension of credit or investments and granting of advances, except those necessary in the ordinary course of business. The Company has complied with all of the provisions of the loan agreements as of December 31, 2010.

Derivative Liabilities

	Note	**2010**	2009
			(In Thousands)
Current:			
Foreign currency option		P -	P16,378
Noncurrent:			
Foreign currency option		-	43,067
	29	P -	P59,445

20. Equity

Common Stock - P1 Par Value

The Company has authorized, issued and fully paid capital stock of 2,000,000,000 common shares as of December 31, 2010 and 2009.

Retained Earnings

The balance of the Company's retained earnings includes a subsidiary and an associate's undistributed net earnings of P171.9 million and P125.1 as of December 31, 2010 and 2009, respectively, which are available for distribution only upon declaration of dividends by such subsidiary and associate to the Parent Company. Cash dividends are distributed yearly since 2000.

Other Reserves

	2010	2009	2008
		(In Thousands)	
Balance at beginning of year	**(P20,001)**	(P57,136)	(P126,198)
Net gains recognized directly in equity	-	37,135	69,062
Balance at end of year	**(P20,001)**	(P20,001)	(P57,136)

21. Costs and Expenses

	Note	2010	2009	2008
			(In Thousands)	
Labor costs	*23, 24*	**P825,031**	P740,195	P791,128
Equipment running		**445,133**	320,820	419,628
Depreciation and amortization	*12, 13*	**391,913**	404,697	394,906
Management fees	*23*	**124,411**	65,236	54,072
Taxes and licenses		**90,257**	108,085	115,849
Security, health, environment and safety		**71,801**	70,231	70,299
Insurance		**55,947**	57,239	58,714
Rental	*27*	**54,831**	76,145	74,781
General transport		**46,745**	32,803	33,159
Facilities-related expenses		**46,415**	33,418	32,313
Professional fees		**34,487**	30,954	16,129
Entertainment, amusement and recreation		**3,891**	2,995	2,948
Others		**186,494**	139,322	139,278
		P2,377,356	P2,082,140	P2,203,204

Labor costs include salaries, benefits and pension expense.

Spare parts and supplies used and included under equipment running amounted to P117.9 million, P101.8 million and P114.9 million in 2010, 2009 and 2008, respectively.

22. Other Income and Expenses

Finance cost is broken down as follows:

	Note	2010	2009	2008
			(In Thousands)	
Interest on bank loans	*19*	**P121,238**	P283,899	P274,856
Interest component of pension expense	*24*	**(8,332)**	2,228	(3,989)
Amortization of debt issue costs	*19*	**3,434**	7,511	5,507
		P116,340	P293,638	P276,374

Finance income is broken down as follows:

	Note	2010	2009	2008
			(In Thousands)	
Interest on cash in banks and short-term investments	*8*	**P43,156**	P31,430	P30,632
Accretion of rental deposits	*27*	**613**	525	450
		P43,769	P31,955	P31,082

Others consisted of the following:

	Note	2010	2009	2008
			(In Thousands)	
Income from insurance claims	*12*	**P99,551**	P -	P -
Equity in net earnings of an associate	*11*	**19,708**	17,772	10,848
Lease and other income - net		**15,136**	19,169	16,978
Foreign exchange gains (losses) - net		**(9,012)**	(4,443)	2,022
		P125,383	P32,498	P29,848

Income from insurance claims pertain to claim on a damaged quay crane in South Harbor.

23. Related Party Transactions

The Company, in the normal course of business, has transactions with related parties, which are made on an arm's length basis, consist of the following:

a. The Parent Company's management agreement with POMS was renewed on September 1, 2010 for another five years until August 31, 2015. The terms of the agreement provide for the payment of a monthly management fee equivalent to 5% of ATI's consolidated income before income tax of the immediately preceding month. Management fees (included as "Others" under "Costs and Expenses" in the consolidated statements of income) incurred for the years ended December 31, 2010, 2009 and 2008 amounted to P124.4 million, P70.9 million and P55.9 million, respectively. Accrued management fees (included under "Trade and other payables" account in the consolidated statements of financial position) amounted to P9.6 million and P6.3 million as of December 31, 2010 and 2009, respectively.

b. Advances to DP World South East Asia Regional Office for reimbursable expenses amounted to P1.2 million and P0.8 million as of December 31, 2010 and 2009, respectively. P0.4 million and P0.1 million of the outstanding balances pertains to the transactions made for 2010 and 2009, respectively.

c. Advances to SCIPSI for reimbursable expenses amounted to P0.6 million as of December 31, 2010 and 2009.

None of the balances mentioned above is secured.

Following are the details of compensation of key management personnel of the Company:

	2010	2009	2008
		(In Thousands)	
Short-term employee benefits	**P89,866**	P82,582	P85,625
Post-employment pension benefits	**2,298**	1,222	3,305
	P92,164	P83,804	P88,930

24. Pensions

The following tables summarize the components of pension expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated statements of financial position for the plans of ATI and ATIB:

Pension Expense

	ATI			ATIB		
	2010	2009	2008	2010	2009	2008
			(In Thousands)			
Current service cost	P24,885	P19,543	P26,319	P983	P1,578	P1,588
Interest cost	26,564	28,846	28,890	1,747	2,408	2,552
Expected return on plan assets	(35,555)	(28,133)	(34,058)	(1,088)	(860)	(1,614)
Pension expense	P15,894	P20,256	P21,151	P1,642	P3,126	P2,526
Actual return on plan assets	P40,528	P59,254	(P9,484)	P1,664	P1,409	(P2,282)

Current service cost is included in "Costs and expenses" account in the consolidated statements of income. Interest cost, net of expected return on plan assets, is included in "Finance cost" account in the consolidated statements of income.

Pension Asset (Liability) as of December 31

	ATI			ATIB		
	2010	2009	2008	2010	2009	2008
			(In Thousands)			
Present value of pension obligation	(P338,181)	(P278,165)	(P272,644)	(P26,118)	(P18,017)	(P22,337)
Fair value of plan assets	350,196	355,556	312,592	14,844	10,879	12,281
Pension asset (liability)	P12,015	P77,391	P39,948	(P11,274)	(P7,138)	(P10,056)

Changes in the Present Value of Pension Obligation

	ATI			ATIB		
	2010	2009	2008	2010	2009	2008
			(In Thousands)			
Present value of pension obligation at beginning of year	**P278,165**	P272,644	P375,683	**P18,017**	P22,337	P31,002
Interest cost	**26,564**	28,846	28,890	**1,747**	2,408	2,552
Current service cost	**24,885**	19,543	26,319	**983**	1,578	1,588
Benefits paid	**(15,943)**	(16,290)	(19,180)	**(154)**	(2,812)	(452)
Actuarial loss (gain)	**54,455**	(26,578)	(139,068)	**5,525**	(5,494)	(12,353)
Effect of curtailment	**(29,945)**	-	-	-	-	-
Present value of pension obligation at end of year	**P338,181**	P278,165	P272,644	**P26,118**	P18,017	P22,337

Changes in the Fair Value of Plan Assets

	ATI			ATIB		
	2010	2009	2008	2010	2009	2008
			(In Thousands)			
Fair value of plan assets at beginning of year	**P355,556**	P312,592	P316,816	**P10,879**	P12,281	P15,015
Expected return on plan assets	**35,555**	28,133	34,058	**1,088**	860	1,614
Contributions	-	-	24,440	**2,455**	-	-
Benefits paid	**(45,888)**	(16,290)	(19,180)	**(154)**	(2,812)	(452)
Actuarial gain (loss)	**4,973**	31,121	(43,542)	**576**	550	(3,896)
Fair value of plan assets at end of year	**P350,196**	P355,556	P312,592	**P14,844**	P10,879	P12,281

The major categories of plan assets as percentages of the fair value of total plan assets are as follows:

	ATI			ATIB		
	2010	2009	2008	2010	2009	2008
Bonds	**84.9%**	80.4%	79.4%	**79.7%**	68.8%	75.4%
Equities	**10.5%**	10.2%	11.5%	**12.6%**	10.5%	9.1%
Others	**4.6%**	9.4%	9.1%	**7.7%**	20.7%	15.5%
	100.0%	100.0%	100.0%	**100.0%**	100.0%	100.0%

The overall expected rate of return on assets is determined based on the market prices prevailing on valuation date, applicable to the period over which the obligation is to be settled.

The cumulative amount of actuarial loss recognized in the consolidated statements of comprehensive income is P19.0 million as of December 31, 2010 and the cumulative amount of actuarial gains recognized in the consolidated statements of comprehensive income is P35.4 million as of December 31, 2009.

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

	ATI			ATIB		
	2010	2009	2008	2010	2009	2008
Discount rate at end of year	**8.2%**	9.6%	10.6%	**8.5%**	9.7%	10.8%
Expected rate of return on plan assets at end of year	**8.2%**	10.0%	9.0%	**8.2%**	10.0%	7.0%
Salary increase rate	**6.0%**	5.0%	7.0%	**6.0%**	5.0%	7.0%

The historical information for the current and previous four annual periods is as follows:

	ATI				
	2010	2009	2008	2007	2006
			(In Thousands)		
Present value of pension obligation	**P338,181**	P278,165	P272,644	P375,683	P349,541
Fair value of plan assets	**350,196**	355,556	312,592	316,816	299,230
Excess (deficit)	**12,015**	77,391	39,948	(58,867)	(50,311)
Experience adjustments on plan liabilities	**6,803**	13,398	(34,162)	(9,974)	5,776

	ATIB				
	2010	2009	2008	2007	2006
			(In Thousands)		
Present value of pension obligation	**P26,118**	P18,017	P22,337	P31,002	P31,873
Fair value of plan assets	**14,844**	10,879	12,281	15,015	14,732
Deficit	**(11,274)**	(7,138)	(10,056)	(15,987)	(17,141)
Experience adjustments on plan liabilities	**(163)**	3,638	(2,432)	4,099	(498)

The Company expects to pay P14.8 million in contributions to defined benefit plans in 2011.

25. Earnings Per Share (EPS) Attributable to Owners of the Parent Company

Basic EPS is computed as follows:

	2010	2009	2008
(a) Net income attributable to owners of the Parent Company (in thousands)	**P2,144,066**	P1,161,677	P850,502
(b) Net income attributable to owners of the Parent Company (in thousands) - continuing	**P1,591,291**	P1,051,556	P825,267
(c) Weighted average number of common shares outstanding	**2,000,000,000**	2,000,000,000	2,000,000,000
Basic EPS attributable to owners of the Parent Company (a/c)	**P1.07**	P0.58	P0.43
Basic EPS attributable to owners of the Parent Company - continuing (b/c)	**P0.80**	P0.53	P0.41

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

26. Registration with Board of Investments (BOI)

The Parent Company has a BOI registration under the Omnibus Investments Code of 1987 (Executive Order No. 226) as a new port operator of domestic passenger terminal and container yard in South Harbor, Manila, granting ITH for six years which ended on August 2009. ITH incentives availed of on domestic terminal operation (DTO) amounted to P10.8 million in 2009.

27. Commitments and Contingencies

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

   (i) In accordance with the Investment Plan, in the Third Supplement to the Cargo Handling Contract, the Parent Company has committed to invest US$300.5 million from 2009 to 2022, for the rehabilitation, development and expansion of the South Harbor facilities. The commitment is dependent on container volume, and the Investment Plan is subject to joint review every two (2) years, or as often as necessary as mutually agreed, to ensure that the same conforms to actual growth levels, taking into account introduction of new technologies and allowing the Company the opportunity of a fair return on investment.

   (ii) Fees to the PPA

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

   - For arrastre operations, the Company shall pay a quarterly fixed fee of US$1.15 million plus a variable fee of 8% of its total gross income, or 20% of its total quarterly gross income, whichever is higher, until May 2013. After May 2013, the Company shall pay quarterly fixed fee of US$2.25 million plus a variable fee of 20% of its total gross income.

   - For general cargo operations, the Company shall pay 20% of its total gross income collected from arrastre services and 14% of its total gross income collected from stevedoring services for general cargoes.

   - For domestic terminal operations, the Company shall pay 10% of its total gross income derived from its domestic cargo handling and passenger terminal operations.

   The PPA fees in 2010, 2009 and 2008 amounted to P1.0 billion, P860.4 million and P832.9 million, respectively.

The future minimum payments as of December 31 are as follows:

Storage Operations

	2010	2009
	(In Thousands)	
Within one year	**P55,000**	P55,000
After one year but not more than five years	**220,000**	220,000
After more than five years	**1,232,917**	1,287,917
	P1,507,917	P1,562,917

Arrastre Operations - South Harbor

	2010	2009
	(In Thousands)	
Within one year	**US$4,600**	US$4,600
After one year but not more than five years	**31,600**	27,200
After more than five years	**201,750**	210,750
	US$237,950	US$242,550

b. The Parent Company is authorized by the PPA to render cargo handling services at the Container Terminal "A-1", Phase 2 at the Port of Batangas for 25 years starting July 1, 2010. For arrastre operations, the Company shall pay an annual fixed fee of US$2.26 million for the first 2 years, US$4.68 million for the 3rd year, US$5.08 million for the 4th-7th year, and US$5.33 million for the 8th-25th year. The Company shall also pay annual variable fees based on committed yearly percentage share multiplied by whichever is higher of the projected gross income in the bid proposal or actual gross income.

The future minimum payments as of December 31 are as follows:

Arrastre Operations - Batangas Phase 2

	2010
	(In Thousands)
Within one year	**US$2,260**
After one year but not more than five years	**19,920**
After more than five years	**101,020**
	US$123,200

c. ATIB has the following lease agreements:

(i) 5-year lease agreement until February 13, 2012 covering the Passenger Terminal Building 1 at the Port of Batangas, Phase 1 to be used for the purpose of operating a supply base for companies engaged in oil and gas exploration.

(ii) 10-year lease agreement until October 19, 2015 covering the Terminal Building 3 at the Port of Batangas, Phase 1.

(iii) 6-year lease agreement with PPA effective August 1, 2009 covering the land for Batangas Phase 1.

The future minimum rentals payable under operating lease as of December 31 are as follows:

	2010	2009
	(In Thousands)	
Within one year	**P19,619**	P19,294
After one year but not more than five years	**48,187**	56,902
After more than five years	**-**	10,903
	P67,806	P87,099

d. ATIB is authorized by the PPA to render arrastre, stevedoring, storage and related cargo handling services at the Port of Batangas until October 2015. For domestic cargo operations, ATIB shall pay 10% of its domestic cargo revenues. For foreign cargo operations, ATIB shall pay 20% of its foreign cargo revenues. For passenger terminal operations, ATIB shall pay a fixed monthly fee of P0.4 million.

e. The Parent Company has a 25-year lease agreement until April 2021 covering the land in Calamba, Laguna to be used exclusively as an Inland Container Depot. The future minimum rentals payable under operating leases as of December 31 are as follows:

	2010	2009
	(In Thousands)	
Within one year	**P10,582**	P10,581
After one year but not more than five years	**47,541**	45,780
After more than five years	**86,547**	98,890
	P144,670	P155,251

f. The Company has two undrawn committed borrowing facilities totaling to P500 million as of December 31, 2010 and one undrawn committed borrowing facility amounting to P500 million as of December 31, 2009.

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

28. Financial Risk Management Objectives and Policies

The Company's principal financial instruments, other than derivatives, comprise of cash and cash equivalents, and loans from banks and other financial institutions. The main purpose of these financial instruments is to raise financing for the Company's capital expenditures and operations. The Company has various financial assets and liabilities such as trade and other receivables, trade and other payables and deposits, which arise directly from its operations. Other financial instruments include available-for-sale financial assets and derivative instruments.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The BOD reviews and agrees on policies for managing each of these risks. The Company's accounting policies in relation to derivatives are set out in Note 4.

Interest Rate Risk

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

As of December 31, 2010 and 2009, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2010	2009
	(In Thousands)	
Fixed rate instruments		
Cash and cash equivalents	**P2,313,353**	P814,339
Interest-bearing loan and other financial liabilities	**297,998**	904,009
	P2,611,351	P1,718,348

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Liquidity Risk

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

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

As of December 31, 2010	Carrying amount	Contractual Cash Flows: On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
				(In Thousands)			
Interest-bearing loans and other financial liabilities	**P297,998**	**P -**	**P -**	**P -**	**P462,924**	**P -**	**P462,924**
Trade and other payables	**1,554,862**	**486,700**	**287,917**	**780,245**	**-**	**-**	**1,554,862**
Total	**P1,852,860**	**P486,700**	**P287,917**	**P780,245**	**P462,924**	**P -**	**P2,017,786**

As of December 31, 2009	Carrying amount	Contractual Cash Flows: On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
				(In Thousands)			
Interest-bearing loans and other financial liabilities	P904,009	P -	P17,669	P89,166	P1,155,443	P -	P1,262,278
Trade and other payables	880,031	178,645	205,750	495,636	-	-	880,031
Total	P1,784,040	P178,645	P223,419	P584,802	P1,155,443	P -	P2,142,309

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

With respect to credit risk arising from the other financial assets of the Company, which comprise cash in bank and cash equivalents, nontrade receivables, deposits, AFS financial assets and certain derivative instruments, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Since the Company trades only with recognized third parties, there is no requirement for collateral.

There are no significant concentrations of credit risk within the Company. Of the total trade and other receivables which are neither past due nor impaired, 96% are of high grade quality instruments because there were few or no history of default on the agreed terms of the contract. The remaining 4% which are past due by less than 30 days are of standard quality because they are nevertheless still collectible.

Foreign Currency Risk
The Company has foreign currency financial assets and liabilities arising from US dollar (USD)-denominated revenues, lease payments, PPA fees, and other foreign currency-denominated purchases by operating units.

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

The Company's foreign currency-denominated accounts as of December 31 are as follows:

	2010	2009
	(In Thousands)	
Assets:		
Cash and cash equivalents	**US$2,254**	US$5,461
Trade and other receivables	**6,853**	673
	9,107	6,134
Liabilities:		
Trade and other payables	**12,901**	1,264
Net foreign currency-denominated assets (liabilities)	**(US$3,794)**	US$4,870
Peso equivalent	**P166,334**	P225,021

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

Increase/Decrease in U.S. dollar Exchange Rate		Effect on Income Before Income Tax	Effect on Equity
		(In Thousands, Except Percentages)	
2010			
	+5%	**(P8,317)**	**(P5,822)**
	-5%	**8,317**	**5,822**
2009			
	+5%	11,251	7,876
	-5%	(11,251)	(7,876)

Capital Management

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

The Company considers capital to include capital stock, additional paid-in capital, retained earnings, and other reserves. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2010 and 2009.

The Company is not subject to externally imposed capital requirements.

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

	2010	2009
	(In Thousands)	
Capital stock	**P2,000,000**	P2,000,000
Additional paid-in capital	**264,300**	264,300
Retained earnings	**4,824,091**	3,798,086
Other reserves	**(20,001)**	(20,001)
Total	**P7,068,390**	P6,042,385

29. Financial Instruments

The table below presents a comparison by category of carrying amounts and estimated fair values of all the Company's financial instruments as of December 31, 2010 and 2009.

		2010		2009	
	Note	Carrying Values	Fair Values	Carrying Values	Fair Values
		(In Thousands)			
Financial assets:					
Loans and receivables:					
Cash and cash equivalents	*8*	P2,313,353	P2,313,353	P814,339	P814,339
Trade and other receivables - net	*9*	877,932	877,932	330,175	330,175
Deposits	*14*	21,111	28,026	23,306	28,819
		3,212,396	3,219,311	1,167,820	1,173,333
Available-for-sale financial assets	*14*	2,652	2,652	2,652	2,652
		P3,215,048	P3,221,963	P1,170,472	P1,175,985
Financial liabilities:					
Financial liabilities at FVPL:					
Derivative liabilities	*19*	P -	P -	P59,445	P59,445
Other financial liabilities:					
Trade and other payables	*17*	1,554,862	1,554,862	880,031	880,031
Interest-bearing loans and borrowings (Fixed rate)	*19*	297,998	413,873	844,564	1,013,311
		P1,852,860	P1,968,735	P1,784,040	P1,952,787

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value.

Nonderivative Financial Instruments

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

The fair value of fixed rate interest bearing loans is based on the discounted value of future cash flows using the applicable rates for similar types of loans. The discount rates used range from 1.72% to 4.51% in 2010 and 4.39% to 6.38% in 2009.

Quoted market prices have been used to determine the fair values of listed AFS financial assets. The fair values of unquoted AFS financial assets are based on cost since the fair values are not readily determinable.

For noninterest-bearing deposits, the fair value is estimated as the present value of all future cash flows discounted using the prevailing market rate on interest for a similar instrument. The discount rates used is 6.20% in 2010 and 5.53% and 8.27% in 2009.

Derivative Instruments

The fair value of the interest rate swap was based on counterparty valuation.

The embedded currency options in a lease contract were valued using Garman-Kohlhagen option pricing model that takes into account such factors as the risk free USD and PHP interest rate and historical volatility rate.

As of December 31, 2010, the Company has no derivative financial instruments.

Derivative Accounted for as Cash Flow Hedges

Interest Rate Swap

The Company entered into an interest rate swap on its long-term variable rate loan with aggregate notional amount of P500 million which matured in 2009. The Company pays fixed interest amount of 11.22% per annum and receives interest equivalent to the prevailing 3-month MART1 rate as of payment date. The long-term variable loan and the interest rate swap have the same critical terms.

The derivative liability arising from recognition of fair value changes as of December 31, 2010 and 2009 amounted to nil. The unrealized fair value after tax included under "Other reserves" account in the equity section of the consolidated statements of financial position amounted to nil as of December 31, 2010 and 2009, respectively.

Hedge Effectiveness Results

As of December 31, 2010 and 2009, there are no effective mark-to-market value changes on the Company's cash flow hedges that were deferred in equity due to the maturity of the long-term variable rate loan in 2009 (see above). The distinction of the results of hedge accounting into "Effective" or "Ineffective" represents designation based on PAS 39 and are not necessarily reflective of the economic effectiveness of the instruments.

The movement of cash flows hedge derivative included in other reserves in 2009 is as follows:

	2009
	(In Thousands)
Balance at the beginning of year	(P17,259)
Net changes in fair value of derivative	17,259
Balance at end of year	P -

Derivative Not Accounted for as Hedges

- Embedded Currency Derivatives

  The Company has an agreement with the Provincial Government of the Province of Bataan leasing a 10-hectare portion of land to establish a land-based bulk grain and cargo terminal. Future lease payments are indexed to USD:PHP exchange rate changes, in which additional payments will be made if the prevailing exchange rate breaches a specified base exchange rate, which is the spot rate prevailing on contract date. The total lease fee per contract (before taking into account adjustments resulting from changes in the foreign exchange rates) amounted to P296.8 million. The lease agreement was transferred to MGC on July 27, 2010 under revised terms and conditions.

The derivative liability reported for these embedded foreign currency options as of December 31, 2009 amounted to P59.4 million.

Fair Value Changes on Derivatives

The net movements in fair value changes of all derivative instruments are as follows:

	Note	**2010**	2009
		(In Thousands)	
Balance at beginning of year		**P59,445**	P107,382
Net changes in fair value of derivatives:			
Designated as accounting hedges		**-**	(24,655)
Not designated as accounting hedges		**(50,313)**	(6,690)
		9,132	76,037
Less fair value of settled instruments		**9,132**	16,592
Balance at end of year	*19*	**P -**	P59,445

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

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

As of December 31, 2010	***Note***	**Level 1**	**Level 2**	**Level 3**
			(In Thousands)	
Available-for-sale financial assets	***14***	**P933**	**P -**	**P1,719**

As of December 31, 2009	*Note*	Level 1	Level 2	Level 3
			(In Thousands)	
Available-for-sale financial assets		P933	P -	P1,719
Financial liabilities at FVPL - derivative liabilities	*19*	P -	P59,445	P -

There have been no transfers from one level to another in 2010 and 2009.