ASIAN
TERMINALS
INCORPORATED

Asian Terminals Incorporated Head Office,
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Manila, Philippines 1018
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April 15, 2010

PHILIPPINE STOCK EXCHANGE, INC.
Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig 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, 2009
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, 2009
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, 2010	1,346,532,468
Closing price per share as of March 31, 2010	P4.10
Market value as of March 31, 2010	P5.521B

PART I- BUSINESS AND GENERAL INFORMATION

Item 1. Business

Corporate Background

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

South Harbor

ATI manages and operates the South Harbor pursuant to 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 handles stevedoring, arrastre, warehousing, storage, cranage, container freight station (CFS) and other port-related services for international shipping lines.

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

The Domestic Terminal Division offers domestic cargo-handling and passenger terminal services and includes stevedoring, arrastre, and storage services. There is an existing memorandum of agreement (MoA) with Aboitiz Transport Shipping Corporation (ATSC) 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 valid until December 2011. The ATI South Harbor facility is certified for ISO 14001:2004, ,OSHAS 18001:2007 and ISO 28001:2007 (Supply Chain Security Management System).

Bulk Grains Terminal

The Company is currently operating MGT, on behalf of Mariveles Grain Corporation, a wholly owned subsidiary of ATI. MGC was granted by the Philippine Ports Authority a Certificate of Registration/Permit to Operate until February 2033.

MGT offers unloading, conveying, storage, outloading weighing, bagging and sampling services. It handles bulk cargo like wheat, soya bean meal, corn and soybeans.

MGT has been certified compliant with the International Ship and Port Facility Security (ISPS) Code by the Office of the Transport Security (OTS) valid until 19 December 2011.

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. This provides savings in storage charges and efficient just in time delivery for clients in the CALABAZON 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

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 RO-RO vessels.

A Lease Agreement for the management and operation of additional assets and facilities in Phase 1 was signed by ATIB effective August 1, 2009 and co-terminous with the above-mentioned 10-year agreement. The Passenger Terminal Building 2 will be turned over to ATIB in accordance with the terms of the said Lease Agreement upon termination of the existing permit to operate thereon which has a term of until May 7, 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 has been issued a Permit to Operate the Container Terminal "A-1", Phase II of the Port of Batangas effective until the public bidding has been completed and contract has been awarded to the winning bidder.

ATI won the public bidding held on November 27, 2009. The contract for the management, operation, maintenance, development and promotion of the said terminal, which has a term of 25 years, has been signed on March 25, 2010.

ATIB is certified ISO 14001:2004, OHSAS 18001:2007 and ISO 9001:2000 compliant. It is also compliant with the International Ship and Port Facility Security (ISPS) Code issued by the Office for Transportation Security, DOTC valid until December 2011.

Batangas Supply Base

ATIB operates and manages the Batangas Supply Base (BSB) at the Port of Batangas by virtue of its contract with PPA effective until 2012. The main client for the BSB is Shell Philippines Exploration B.V. (SPEX) with which ATI has a contract until 2011.

The BSB is certified ISO 1400:2004, OHSAS 18001:1999 and ISO 9001:2000 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 International Ship and Port Facility Security Code issued by the Office of Transport Security (OTS) valid until December 2011.

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, 2009:

Service	Amount	% to Total
Stevedoring	1,797,888	43%
Arrastre	1,374,365	33%
Terminal handling	389,406	9%
Logistics	150,186	3%
Special/Others Services	500,898	12%
TOTAL	4,212,743	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. (ICTSI), 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 (PNOC-EB) and Bauan International Port Inc. (BIPI).

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

The Mariveles Grain Terminal (MGT) competes with two (2) other major commercial ports in Luzon, the World Grain Incorporated (WGI) located in Sariaya, Quezon, and the Subic Bay Free Port Grain Terminal Services Incorporated (SGTSI), in Subic, Zambales.

Employees

ATI has a total manpower complement of **1,636** as of March 31, 2010. Of the total, 1,329 are in Operations, **167** are in Maintenance and **140** are in Management and Administration.

About 79% of the existing manpower is covered by collective bargaining agreements (CBA's) 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 2009 ATI incurred approximately Php 3.01 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 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System).

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 (International Ship and Port Facility Security Code) compliant.

Item 2. Properties

The Company has outstanding leases and subleases covering land, buildings, and offshore area in Metro Manila, Mariveles, Bataan, Calamba, Laguna and Sta. Clara, Batangas. Rental expenses on these properties in 2009 totaled P68.6 million. The current lease agreements have various expiration dates with the longest term expiring in February 2033. 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 7 high-capacity ship-to-shore gantry cranes and backed-up by container yard space with total capacity of 820,000 TEU's. It provides optimal service through modern equipment comprising of Rubber Tyred Gantries, Container Stackers, Empty handlers, and Internal Transfer Vehicles. Its Truck Holding Area (THA) can accommodate up to 150 trucks. It has a Container Freight Station (CFS) and a Designated Examination Area (DEA) with 4 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 General Stevedoring Division (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 (CBU). 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 roll-on, roll-off (RORO) and load-on, load-off (LOLO) operations. The container yard 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 2600 TEU's. It is equipped with two (2) units of rubber tyred gantry (RTG) and one (1) unit of 3-tonner forklift to service the logistics requirement of clients.

Mariveles Grain Terminal

The terminal can accommodate vessels of up to 70,000 deadweight tons, discharge cargo at 10,000 metric tons per day and store 180,000 metric tons of both soybean meal and grain cargoes at any given time.

Port of Batangas

Batangas Port 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 sqm and a transit shed measuring 3000 square meters. The international terminal, meanwhile, has a 450 meter berth and a container yard with a capacity of 400,000 TEU's 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 ro-ro berths with a total length of 680 meters. The passenger terminal facility includes a 25,000 square meters marshalling area for ro-ro vehicles. It can handle approximately 2M embarking passengers annually.

For its Supply Base operations, ATIB allocates an open area measuring nearly 11,000 square meters for SPEX in addition to a 2-level covered storage facility with a lot area of nearly 2500 square meters.

Batangas Port Phase II

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 square meters, 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 4100 square meters CFS, RFID gate management system, full CCTV coverage, and back-up generator sets.

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- 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 Central Board of Assessment Appeals (CBAA). The case is pending before the CBAA.

2. MGT - Real Property Tax Case – RTC, Balanga, Bataan. On September 28, 2008, ATI and MGC filed a Petition for Prohibition to stop the Provincial Treasurer of Bataan from pursuing the collection of alleged delinquency taxes amounting to Php324,882.779.66. In February 2009, the court issued a writ of prohibition against the Provincial Treasurer commanding the Treasurer to desist from: (a) Conducting another public auction sale of the MGT properties; and (b) Collecting the alleged delinquent RPT and penalties until the LBAA Appeal is finally resolved. The Province of Bataan filed a motion for reconsideration with the court in March 2009. The Motion for Reconsideration was denied. A Certificate of Finality was obtained from the court indicating that the decision in the case in favor of ATI and MGC has become final.

3. ATI - MAFSICOR Case – RTC, 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 Regional Trial Court. On appeal, the RTC order was nullified by the Court of Appeals upholding the position of ATI and made permanent the preliminary injunction. MAFSICOR and PPA filed with the Supreme Court a Petition for Review which was granted and the injunction order was set aside. The Supreme Court ordered the RTC for a trial on the merits and remanded all the records of the case to the lower court. The case is now pending with the trial court.

4. 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 is pending. ATIB also brought up a petition for certiorari and prohibition with request for Temporary Restraining Order (TRO) and Preliminary Injunction (PI) on June 2, 2009 with the Court of Appeals of Manila questioning the RTC's denial of ATIB's request for a TRO, which petition was denied and currently under motion for reconsideration.

5. The Company is a party in 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.

2008	High	Low
First Quarter (Jan. – Mar.)	4.05	3.30
Second Quarter (Apr. – June)	3.65	3.05
Third Quarter (July – Sept.)	3.50	2.95
Fourth Quarter (Oct. – Dec.)	3.15	2.70
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.)	4.30	3.95

On April 14, 2010, ATI shares were traded at its highest for the price of Php 4.55, lowest for Php4.55 and closed at Php 4.55.

2. The number of stockholders as of March 31, 2010 was 972. There were 2,000,000,000 common shares outstanding as of March 31, 2010.

Top 20 stockholders as of March 31, 2010:

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. Daven Holdings, Inc.	155,906,071	7.80%
6. PCD Nominee Corp. (Non-Filipino)	141,875,494	7.09%
7. SG Holdings, Inc.	130,000,000	6.50%
8. Kayak Holdings, Inc.	112,000,000	5.60%
9. Morray Holdings, Inc.	100,000,000	5.00%
10. PCD Nominee (Filipino)	84,895,094	4.24%
11. Harbourside Holding Corp.	80,000,000	4.00%
12. Aberlour Holding Company, Inc.	71,517,463	3.58%
13. Rescom Developers, Inc.	26,627,884	1.33%
14. 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		**99.14%**

2. The cash dividends paid out by the Company during the two (2) most recent fiscal years were Php0.25 per share given to stockholders of record as of 23 May 2008 and Php0.25 per share given to stockholders of record as of May 22, 2009.

   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, 2009 and 2008

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.

Revenues in 2009 rose by 6.4% to P4,212.7 million from P3,959.4 million in 2008 on account of favorable revenue and foreign exchange rates and higher volumes in non-port operations. Revenues from ports operations increased by 3.6% to P3,695.2 million in 2009 from P3,568.4 million in 2008 and revenues from non-port operations in 2009 of P517.6 million increased by 32.4% from P391.0 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%, 5% effective on April 2, 2008 and 7% effective January 1, 2009. On cargo-related services for foreign containerized and non-containerized at South Harbor, tariff was increased by 15%, 8% effective May 8, 2009 and 7% 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 P2,399.3 million were down by 3.7% vs. P2,492.9 million in 2008. Mainly due to volume factor, Labor costs decreased by 6.0% to P784.9 million in 2009 from P834.7 million in 2008. Equipment running costs in 2009 were down by 19.8% to P381.0 million from P475.1 million in 2008 due to lower expenses for fuel and equipment repairs and maintenance. Depreciation and amortization in 2009 of P472.8 million were slightly lower compared to P473.1 million in 2008 as a result of full depreciation and derecognition of certain Property and equipment and Intangible assets.

Taxes and licenses increased by 9.7% to P142.8 million in 2009 from P130.2 million in 2008 due to higher real property tax. As volumes in non-port operations were up, Rentals went up by 7.8% to P133.7 million in 2009 from P124.1 million in 2008. Moreover, a Lease

Agreement for the management and operation of additional assets and facilities in Phase I of the Batangas port was signed with the PPA effective August 1, 2009. This Lease Agreement is until 2015. Other costs and expenses went up by 6.2% to P484.1 million in 2009 from P455.6 million in 2008 as a result of higher professional and management fees.

The pretermination penalty of P42.5 million from prepayments of P850.0 million interest bearing loans increased Finance costs in 2009 to P293.7 million, 6.4% higher than P276.2 million in 2008. Finance income in 2009 of P33.8 million was lower by 8.1% compared to P36.8 million in 2008 mainly due to lower Cash and cash equivalents. Due to exchange rate factor, net gains on derivative instruments amounted to P23.3 million in 2009 compared to net losses of P12.0 million in 2008 and Others-net of P38.2 million in 2009 was 33.7% lower than P57.6 million in 2008.

Earnings before income tax of P1,614.9 million in 2009 increased by 26.9% from P1,272.6 million last year. Income tax expense in 2009 of P452.5 million was 7.3% higher compared to P421.6 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.

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 significant element of income or loss that did not arise from the Company's continuing operations.
- 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	*P 4,212.7*	*P 3,959.4*
Net income	*1,162.4*	*851.0*
Total assets	*8,007.2*	*8,651.9*
Total liabilities	*1,964.2*	*3,332.4*

Years ended December 31, 2008 and 2007

Consolidated Results of Operations

Revenues in 2008 of P3,959.4 million grew by 1.1% from P3,916.7 million in 2007. By segment, largely due to volume factor, revenues from ports operations were up by 3.0% to P3,568.4 million in 2008 from P3,465.1 million in 2007 while, revenues from non-port operations in 2008 of P391.0 million decreased by 13.4% from P451.6 million in 2007.

In ports operations, revenues from South Harbor operations rose by 1.8% on account of increase in non-containerized volume, favorable commodity mix, increase in the number of passengers and favorable revenue rates. Revenues from ATI Batangas, Inc. were up by 20.6% due to volume and revenue rate factors.

Costs and expenses in 2008 amounted to P2,492.9 million, 0.5% more than P2,481.0 million in 2007. Labor costs of P834.7 million in 2008 were 2.2% higher than P816.8 million in 2007 mainly due to increase in compensation rates. The hike in fuel prices and the increase in costs of parts replacements and of equipment repairs and maintenance caused equipment running to be higher by 7.0%, from P444.1 million in 2007 to P475.1 million in 2008. Rentals rose by 20.1% to P124.1 million in 2008 from P103.3 million in 2007 on account of volume and commodity-related requirements and of higher rental rates. Security, health, environment, and safety costs grew by 6.2% to P83.2 million in 2008 from P78.3 million in 2006 primarily on cost rate increases.

Depreciation and amortization decreased by 5.8% as a result of reclassification of an item of property and equipment to asset held for sale, full depreciation and disposals of certain property and equipment, and derecognition of some intangibles. Taxes and licenses of P130.2 million were lower by 5.0% compared to P137.1 million in 2007. Included in 2007 were documentary stamp and asset transfer taxes which were not incurred in 2008. Insurance of P71.5 million in 2008 declined by 15.0% from P84.1 million in 2007 due to decrease in premium rates and to exchange rate factor. As volume decreased in non-port operations, general transport went down by 7.6% to P33.2 million in 2008 from P35.9 million in 2007. Facilities-related expenses of P34.6 million in 2008 decreased by 13.2% from P39.9 million in 2007 because of reduced requirements for maintenance of structures and surface pavements. Other costs and expenses were down by 2.6% to P230.1 million in 2008 from P236.2 million in 2007 due to lower communication costs and provisions for claims, among others.

Other expenses net of other income in 2008 of P193.9 million was 41.6% lower than P331.7 million in 2007. The Company realized a significant reduction in interest costs due to the full year impact in 2008 of payments of interest-bearing loans in 2007. Finance cost dropped by 23.0% to P276.2 million in 2008 from P358.7 million in 2007. Interest bearing loans decreased to P2.3 billion in 2008 from P2.5 billion in 2007. Finance income decreased to P36.8 million from P59.3 million a year ago on account of varying interest rates and levels of funds during the periods. Due to exchange rate factor, net loss on derivative instruments totaled to P12.0 million in 2008 vs. net gain of P51.8 million in 2007 and others-net had income balance of P57.6 million in 2008 vs. others-net with expense balance of P84.1 million in 2007. The amount of others-net included foreign exchange gains of P16.7 million in 2008 vs. foreign exchange losses of P120.7 million in 2007.

Income before tax in 2008 of P1,272.6 million grew by 15.3% from P1,103.9 million posted in 2007. Provision for income tax of P421.6 million in 2008 increased by 10.6% from P381.2 million in 2007. Of the provision for income tax, current income tax of P391.6 million in 2008 increased by 19.1% from P328.9 million in 2007 while deferred income tax was lower by P22.2 million than last year.

With the foregoing, net income for the year ended December 31, 2008 of P851.0 million was 17.7% higher than P722.8 million for the year ended December 31, 2007. Earnings per share rose to P0.43 in 2008 from P0.36 in 2007.

While 2009 shall be a more challenging year with the slowdown in international trade brought about by the global crisis, the Company shall continue with its program to improve the facilities. Through appropriate and prudent investments and streamlining of processes, the Company is poised to handle trade recovery when it happens as it confronts the current challenges.

Consolidated Financial Condition

As of December 31, 2008, total assets of P8,651.9 million was 2.5% higher than P8,438.4 million in 2007. Total current assets went up by 29.6% to P1,798.3 million in 2008 from P1,387.8 million in 2007. Cash and cash equivalents rose to P1,182.2 million in 2008 from P845.2 million in 2007. In 2008, payments of interest bearing loans amounted to P150.0 million and additions to intangible assets and to property and equipment totaled P396.5 million. There was no additional borrowing in 2008. Trade and other receivables grew by 4.3% to P296.7 million in 2008 from P284.3 million in 2007 mainly on increase in revenues. Spare parts and supplies declined by 5.4% to P129.3 million in 2008 from P136.7 million in 2007. The decrease is reflected in the increase in equipment running costs. Prepayments went down by 8.0% to P111.8 million in 2008 from P121.5 million in 2007 due to amortization of rental and other prepayments. Asset held for sale as of December 31, 2008 was a mobile harbor crane that was no longer required in the operations of a subsidiary.

Total non-current assets decreased by 2.8% to P6,853.6 million as of December 31, 2008 from P7,050.6 million as of December 31, 2007. Property and equipment went down by 8.7% to P1,714.2 million in 2008 to P1,877.6 million in 2007 on account of the reclassification of a mobile harbor crane to asset held for sale and the depreciation for the year. Additions to property and equipment, which are not under the scope of IFRIC 12, totaled P36.1 million in 2008. Intangible assets increased to P4,940.4 million in 2008 from P4,933.2 million in 2007. Additions to intangible assets which consisted of civil works and cargo handling equipment within the scope of IFRIC 12 amounted to P360.4 million in 2008. Other financial assets of P25.6 million in 2008 were 2.8% higher than the P24.9 million in 2007 due to increase in deposits. Deferred tax assets-net decreased to P37.3 million in 2008 from P116.3 million in 2007 as a result of movements in underlying transactions related to, among others, pension and derivative instruments. Other non-current assets as of December 31, 2008 amounted to P89.1 million, higher than P62.4 million as of December 31, 2007 due mainly to pension asset of P39.9 million in 2008.

Total liabilities decreased by 5.8% to P3,332.4 million as of December 31, 2008 from P3,538.5 million as of December 31, 2007.

Total current liabilities increased by 41.1% to P1,574.6 million in 2008 from P1,115.6 million in 2007. Trade and other payables went down by 5.7% to P804.1 million in 2008 from P852.7 million in 2007. Timing of payments are mostly covered by agreed payment schedules. Taxes payable of P65.5 million in 2008 was 21.5% higher than P53.9 million in 2007 due mainly to increase in provision for income tax.

Interest-bearing loans were down to P2.3 billion as of end 2008 from P2.5 billion as of end 2007. All the loans are Philippine Peso denominated borrowings and are unsecured. Of the total, 73% have fixed interest rates and 22% have been fixed through interest rate swap, for a total of 95% of the interest-bearing loans covered by fixed interest rates as of end 2008. Payments of interest-bearing loans in 2008 were as follows:

- Syndicated FFRN - tranche 2 - P100.0 million
- Bilateral loan – tranche 2 - P50.0 million

Consolidated Cash Flows

Net cash provided by operating activities of P1,311.7 million in 2008 was 13.0% higher than P1,160.8 million in 2007 significantly on account of higher operating income and lower finance cost paid.

Net cash used in investing activities of P344.5 million in 2008 decreased by 52.6% from P727.3 million in 2007 mainly brought about by lower additions to intangible assets and property and equipment. Additions to intangible assets and property and equipment in 2008 totaled P396.5 million vs. P778.9 million in 2007.

Net cash used in financing activities was down by 51.1% to P650.5 million in 2008 from P1,330.5 million in 2007. Payments on long-term debts totaled P150 million in 2008 and P850 million in 2007. In 2007, long term debts totaling P300 million were prepaid.

Amount of long-term debt due for payment in 2009 is P625 million. Of this amount, P600 million is due on December 13, 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, 2008, and have been applied in preparing the consolidated financial statements.

Philippine Interpretation IFRIC 12, *Service Concession Arrangements*

This interpretation covers contractual arrangements arising from public-to-private service concession arrangements if control of the assets remain in public hands but the private sector operator is responsible for the construction or upgrade services as well as for operating and maintaining of the public sector infrastructure. It provides that the operator should not account for the infrastructure as property, plant and equipment, but recognize a financial asset and/or intangible asset if the arrangement meets the following criteria: a) control of the services, to whom the service will be provided and price; and b) control of any significant residual interest criteria of IFRIC 12. A financial asset is recognized to the extent that the operator has a contractual right to receive cash from the grantor or has a guarantee from the grantor. An intangible asset is recognized to the extent that the entity has a right to charge the public for use of the asset.

Based on management's judgment, the provisions of IFRIC 12 apply to ATI and ATIB's operating contracts with the PPA for the exclusive right to manage, operate and develop South Harbor, Port of Manila until 2038 and Port of Batangas until 2015, respectively, as described in Note 2 a) and c) of the consolidated financial statements. Management has established that the PPA (1) regulates the services and pricing of the services; and (2) controls through ownership any significant residual interest in the assets at the end of the contracts.

With the adoption of IFRIC 12 in 2008, ATI and ATIB's contracts with the PPA are accounted for under the intangible asset model. Under this model, ATI and ATIB derecognized their port facilities and equipment and leasehold improvements previously included as part of the "Property and equipment" account and recognized intangible assets to the extent of their rights to charge fees for the rendering of services. The intangible assets recognized are accounted for in accordance with Philippine Accounting Standard (PAS) 38, *Intangible Assets*, and are amortized over the period covered by the contract or economic lives of the assets, whichever is shorter.

ATI and ATIB continue to recognize the stevedoring, arrastre, storage, passenger terminal and other related terminal services revenues when the services are rendered.

As of December 31, 2008, there are no material contractual obligations related to asset restoration as ATI and ATIB will transfer the assets on an "as is" basis at the end of the term of the contracts.

The change in policy has been reflected in the consolidated financial statements on a retroactive basis in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, and comparative amounts have been restated beginning January 1, 2006, the earliest date included in the comparative consolidated financial statements.

The change in accounting policy had the following impact on the consolidated financial statements: a) recognition of intangible assets and derecognition of the port facilities and equipment, previously included in the "Property and equipment" account amounting to P4.89 billion, P4.55 billion and P4.69 billion, as of January 1, 2008, 2007 and 2006, respectively; and b) re-classification of port facilities and equipment depreciation expense to amortization expense amounting to P368.3 million and P390 million in 2007 and 2006, respectively.

Philippine Interpretation IFRIC 14, *PAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

This interpretation provides general guidance on how to assess the limit in PAS 19, *Employee Benefits*, on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement. The adoption of this interpretation does not have any impact on the Company's consolidated financial statements.

Amendments to *PAS 39, Financial Instruments: Recognition and Measurement*, and PFRS 7, *Financial Instruments: Disclosures*

This amendment permits an entity to reclassify non-derivative financial assets, other than those designated at fair value through profit or loss upon initial recognition, out of the trading category, in certain circumstances. The amendments also permit an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that otherwise would have met the definition of loans and receivables, if the entity has the intention and ability to hold that financial asset for the foreseeable future. The amendments to PAS 39 are effective from July 1, 2008. The adoption of this interpretation does not have any 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 significant element of income or loss that did not arise from the Company's continuing operations.
- 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 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 2009 is P803.4 million. 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 and new borrowings.

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, 2008. As of end 2008:

- ATIB's total assets were only 2.9% of the consolidated total assets
- MGC's total assets were 15.9% of the consolidated total assets
- Combined income before other income and expense for ATIB and MGC was only 9.5% of consolidated income before other income and expense*.

Consolidated KPI	Manner of Calculation	2008	2007	Discussion
Return on Capital Employed	Percentage of income before other income and expenses over average of operating assets	22.5%	22.4%	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	16.6%	15.1%	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	0.63:1.00	0.72:1.00	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	19 days	18 days	Slight increase due to revenue factor.
Lost Time Injury	Number of lost time from injuries per standard manhours	1.12	2.19	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, 2008*	*Year ended December 31, 2007*
Revenues	*P 3,959.4*	*P 3,916.7*
Net income	*851.0*	*722.8*
Total assets	*8,651.9*	*8,438.4*
Total liabilities	*3,332.4*	*3,538.5*

Information on Independent Accountant and External Audit Fees

The appointment of Manabat Sanagustin & Co. as the external auditors of Asian Terminals, Inc. for 2009 was approved by the shareholders during the annual meeting held on April 23, 2009. The same external auditors are being recommended for re-election at the scheduled annual Stockholders' meeting.

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:

	2009 (P'000)	2008 (P'000)
Audit Fees	3,725	4,000

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 were no engagements for tax and other services with Manabat Sanagustin & Co. in 2009 and 2008.

Audit Committee Pre-Approval Policy

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

Item 7. Financial Statements

The consolidated financial statements and supplementary schedules to the financial statements are hereto attached as Exhibit 3

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

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, 2010)

Name	Age	Position
Kun Wah Wong	55	Chairman
Eusebio H. Tanco	60	Director/President
Suhail Al Banna	52	Director
Glen C. Hilton	40	Director
Kwok Leung Law	46	Director
Efren L. Abu	60	Director

Monico V. Jacob	64	Director
Felino A. Palafox, Jr.	60	Director
Cesar B. Bautista	72	Director
Arsenio N. Tanco	81	Director
Ernst. T. A. Schulze	49	EVP-Technical
Ma. Luisa E. Nograles	50	Vice President for Finance and Chief Financial Officer
Rodolfo G. Corvite, Jr.	50	Corporate Secretary and Vice President for Administration, HR and HSES
Regina Barleta	50	Vice President for Marketing and Commercial
Sean L. Perez	44	Vice President for MGT
Ricardo Arturo L. Alvarez	45	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, 55, Chinese, is currently 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 was elected as a Director and Chairman of the Board during the Annual Stockholders' Meeting and Organizational Meeting last April 23, 2009.

Eusebio H. Tanco, 60, Filipino, is a Director, and President of the Company. In 2009, he became the Chairman of PhilPlans First, Inc. and Philhealthcare Inc.. He is also the executive committee chairman of STI, Inc. and the president of Philippines First Insurance Co., Mactan Electric Company and a member the board of United Coconut Chemicals, Inc, J & P Coats Manila Bay and Philippine Stock Exchange and the Chairman of Insurance Builders. 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, 52, UAE National, is a Director of the Company and formerly the Executive Vice-President for Technical. He has been a member of the Board since April 26, 2007. 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, specifically 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 concurrently serves as a Member of the Board of DP World Djen Djen and Djazair Port World in Algeria, as well as DP World Dakar in Senegal.

Glen Hilton, 40, 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. Mr, Hilton was elected as a Director during the Annual Stockholders' Meeting last April 23, 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 was elected to the Board last August 20, 2009.

Felino A. Palafox, Jr., 60, Filipino, has 36 years of experience in the field of planning and architecture. He is the Principal Architect-Urban Planner, Founder and Managing Partner of Palafox Associates. Arch. Palafox, Jr. managed his firm for the past 20 years and carried out architectural projects in 30 countries. His firm made it to number 94 in the world's Top 200 Architectural Firms by the World Architecture Magazine, making it to the Southeast Asian architectural firm to enter in the rankings. 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 from the Harvard University, Cambridge, Massachusetts, USA 2003. He was elected to the Board last August 20, 2009.

Mr. Arsenio Tanco, 81, 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.

Mr. Kwok Leung Law[1], 46, Chinese, is presently the Finance Director of DP World Southeast Asia. He was formerly the Finance Director for Saigon Premier Container Terminal (DPWorld) in HCMC, Vietnam. In 2003, Mr. Law became the Chief

[1] Mr. Kwok Leung Law was elected during the Board Meeting on February 18, 2010 to occupy the seat vacated by Mr. Lawrence Ho, who resigned last December 11, 2009. Mr. Law was also appointed as member of the Audit and Executive Committees. He will serve for the unexpired term of Mr. Ho.

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 was elected to the Board last February 18, 2010.

Efren L. Abu 59, Filipino, is an independent director of the Company. He is the Special Envoy to Brunei, Indonesia, Malaysia and the Philippines-East Asean Growth Area. He is a retired General of the Armed Forces of the Philippines and the Chief of Staff of the AFP from October 2004 to August 2005. He was the Chairman of the AFP-RSBS (October 2004 to August 2005), AFP Savings and Loan Association (October 2004 to August 2005), AFP Mutual Benefit Association Inc. (October 2004 to August 2005) and Trustee of AFP-RSBS (November 2003 to August 2005). Gen. Abu graduated from the Philippine Military Academy in 1972 with a Bachelor of Science degree and obtained his Masters in Business Administration from the University of the Philippines in 1980. He went to Kings College, University of London for his Masters of Arts in War Studies. He has been a member of the Board since April 26, 2007. He is currently a member of the Company's Compensation Committee and Nomination Committee.

Cesar B. Bautista, 72, Filipino, is an independent Director of the Company. He was the former Ambassador of the Philippines to the United Kingdom, Ireland and Iceland for the period 1998 to 2003. He was formerly the Secretary of Trade and Industry during the presidency of His Excellency Fidel V. Ramos. He co-chairs the Presidential Task Force for Globally Competitive Service Industries and the National Competitive Council; chairs the English Speaking Union (Philippine Chapter); sits in the Board of Institute of Corporate Directors, European IT Services Foundation, Institute of Solidarity for Asia, Foundation for Global Concerns, Foundation for IT in Education; is an independent director in a number of companies such as the Pilipinas Shell, BAYANTEL; Phil Ratings Services; Philam Insurance, Maxicare Health Management Inc., PHINMA, Pacific Activated Carbon Corp., St. James Ventures Inc., and is an Advisory Director of Unilever Philippines. He is also the Chairman of CIBI Information, Inc. He has been a Director of the Company since 2006. He is currently the Chairman of the Company's Audit Committee and a member of the Executive Committee.

Ernst T.A. Schulze, 49, 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. Before joining the Company, he was engaged as Director GMP at Le Havre, France (2004-2008) 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 holds both Master and Bachelor's degree in Science, Majors in transport technology and maritime economics.

Ma. Luisa E. Nograles, 50, 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., 50, Filipino, is the Corporate Secretary since 1997 and Vice-President for HR, HSES 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.

Regina Barleta[2], 50, Filipino, is the Vice President for Commercial and Marketing. Prior to joining the Company, she was connected with Maersk Filipinas Inc., where she served as General Manager for Philippine Operations for 25 years. Ms. Barleta obtained her degree in Bachelor of Arts Major in Communication Arts from Mary Knoll College.

Sean James L. Perez, 44, Filipino, is the Vice President Mariveles Grain Terminal. Prior to this he was the Company's Vice-President for Marketing, Commercial and MGT from October 2008 to January 2010. He had also been 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, 45, 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. He has held various senior management positions in container terminals during the last fifteen (15) years, in the Dominican Republic in Haina and Caucedo.

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 directors 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 P40 million in 2009 and P42 million in 2008. The projected annual compensation in 2010 is P43 million.

[2] Ms. Regina Barleta was appointed as VP for Marketing and Commercial effective January 2010.

The total annual compensation of all other officers and directors in 2009 and 2008 amounted to P55 million. The projected annual compensation in 2010 is P58 million.

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 MGT				
Rodolfo G. Corvite Vice President for HR, HSES, and Administration				
Regina R. Barleta Vice President for Marketing and Commercial				
CEO and most highly compensated officers	2010 (Projected)	39	4	43
All other officers* and directors as a group unnamed	2010 (Projected)	53	5	58

*Managers and up

		(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 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 up

		(in millions of pesos)		
Name and Principal Position	Year	Salary	Bonus	Total
Eusebio H. Tanco President				
Suhail Al Banna Executive Vice President - Technical				
Ernst T. A. Schulze Vice President for South Harbor International Operations				
Roberto Gifuni Vice President for Engineering				
Ma. Luisa E. Nograles Vice President for Finance				

Sean Perez Vice President for Domestic and Outports Operations				
Rodolfo G. Corvite Vice President for Administration and Legal				
CEO and most highly compensated officers	2008 (Actual)	39	3	42
All other officers* and directors as a group unnamed	2008 (Actual)	51	4	55

*Managers and up

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

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

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

Item 11. Security Ownership of Certain Beneficial Owners and Management (as of 31 March 2010)

1. Security Ownership of Certain Record and Beneficial Owners

As of March 31, 2010, 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.[4] 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%

[3] Directors' per diem amounted to Php2,675,000.00 (for 2009) and Php2,915,000.00 (for 2008). 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.
[4] Please refer to Item 5 (a) (5).

Common	Philippine Seaport, Inc. 6776 Ayala Avenue Makati City (Stockholder)	Philippine Seaport, Inc.	Filipino	196,911,524	9.85%
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.)[5] G/F MKSE Bldg. 6767 Ayala Ave., Makati City (Stockholder)	(Beneficial Owners unknown to Issuer)	Non-Filipino	141,875,494	7.09%
Common	SG Holdings Inc. 18/F SBC Bldg. 6776 Ayala Ave. Makati City (Stockholder)	SG Holdings, Inc	Filipino	130,000,000	6.50%
Common	Kayak Holdings, Inc. 18/F SBC Building Ayala Ave., Makati City (Stockholder)	Kayak Holdings, Inc.	Filipino	112,000,000	5.60%

2. Security Ownership of Management

Owners of record of ATI shares among Management as of March 31, 2010, 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-	Monico 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 6,050,000/indirect	Filipino	1.07%
-do-	Arsenio N. Tanco	133,333/direct 3,338,667(indirect)	Filipino	.17%
-do-	Efren L. Abu (independent director)	1000/direct	Filipino	.00%
-do-	Cesar B. Bautista (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%
-do-	Teodoro L. Locsin Jr.	1/direct	Filipino	.00%
-do-	Artemio V. Panganiban	1/direct	Filipino	.00%
	TOTAL	25,018,371		1.25%

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.

[5] As of March 31, 2010, no PCD Participant has more than 5% of any class of registrant's voting securities.

Item 12. Certain Relationships and Related Transactions

The Company has a management agreement with P & O Management Services, Phils., Inc. (POMS) for a period of five years or until August 31, 2010. Forty percent (40%) of the outstanding capital stock of POMS is owned by P&O Australia Ltd. (POAL). As of March 31, 2010, 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 March 31, 2010) of the outstanding capital stock of ATI. (Please refer to Note 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. Tanco is President.

On February 11, 2010, ATI engaged Global Resource for Outsourced Workers, Inc. (GROW), to provide manpower services farmed out by ATI. Atty. Monico V. Jacob is the Chairman of GROW. The contract is effective for one (1) year commencing on the date of execution, subject to yearly renewal for a like period.

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 15, 2010.

The Company commits to the principles and best practices of governance to attain its goals and objectives. To ensure good governance, a system has been established that monitors and evaluates the performance of the Company and its Management. The Company's Manual on Corporate Governance contains the specific principles which institutionalize good corporate governance in the organization.

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, 2009
Exhibit 2	Financial Statements and Schedules

*Please refer to the September 30, 2009 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 27, 2009	Dividend declaration, appointment of Manabat and Sanagustin as independent auditors, and results of the 2009 Annual Stockholders' Meeting and Organizational Meeting

May 4, 2009	Mr. Gifuni's completion of contract
May 22, 2009	Filing of Complaint for Injunction by ATI Batangas (ATIB) against RGB Gemini Maritime Services, Inc. and Batangas PPA
June 5, 2009	Update on Complaint filed by ATIB against RGB Gemini (RTC granted the 20-day TRO against the withholding of the payment of Php10 per passenger to ATIB, but denied the TRO on the operation of RGB.
August 25, 2009	Resignation as Directors of Messrs. Nilo Peña, Remy Tigulo and Roberto Garcia and election of Messrs. Monico Jacob, Arsenio Tanco and Felino Palafox, Jr.
October 26, 2009	Appointment to the vacancies in the Board Committees of newly-elected directors.
December 15, 2009	Resignation of Mr. Lawrence Ho as Director
January 15, 2010	Certification of compliance with the Manual on Corporate Governance
January 15, 2010	Certification of Attendance of Directors during Board Meetings for the year 2009
January 19, 2010	Filing with the Central Board of Assessment Appeals, an appeal from the order of the Local Board of Assessment Appeals of Bataan (LBAA)
January 21, 2010	Receipt from the Philippine Ports Authority of the Notice of Award of Contract for the Management, Operation, Development and Promotion of Container Terminal "A-1" in Phase II of the Port of Batangas, for a period of twenty-five (25) years.
February 23, 2010	Election of Mr. Kwok Leung Law as Director and his appointment to Board Committees left vacant by the resignation of Mr. Lawrence Ho; Schedule of the 2010 Annual Stockholders' Meeting and record date; Signing of Credit Line Facility.
March 29, 2010	Signing of the Contract for the Management, Operation, Maintenance, Development and Promotion of Container Terminal "A-1" in Phase II of the Port of Batangas

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 2010.

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

SUBSCRIBED AND SWORN to before me this APR 15 2010 day of April 2010 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

Notary Public

ATTY. RYAN JOHN T. YEBAN
NOTARY PUBLIC, UNTIL DEC. 31, 2011
PTR NO. 8236322, JAN. 6, 2010, MANILA
IBP NO. 794202, JAN. 6, 2010, CALMANA
ROLL OF ATTORNEY NO. 57279
MCLE COMPLIANCE NO. 111-0004826

Doc. No. 015
Page No. 11
Book No. 1
Series of 2010.

Exhibit 2

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

ASIAN TERMINALS, INC. AND SUBSIDIARIES

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 14001 & OHSAS 18001 certified
Delivering reliable and consistent services.

Asian Terminals Incorporated Head Office,
A. Bonifacio Drive, Port Area,
Manila, Philippines 1018
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 of December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009. 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., 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

MAR 1 9 2010

SUBSCRIBED AND SWORN TO before me this ___ day of March 2010, the signatories exhibiting to me their respective Community Tax Certificates/Passports, 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

Doc. No. 025;
Page No. 05;
Book No. I;
Series of 2010.

ATTY. RYAN JOHN T. YEBAN
NOTARY PUBLIC, UNTIL DEC. 31, 2011
PTR NO. 8236322, JAN. 6, 2010, MANILA
IBP NO. 794202, JAN. 6, 2010, CALMANA
ROLL OF ATTORNEY NO. 57279
MCLE COMPLIANCE NO. 111-0004826

COVER SHEET

1 3 3 6 5 3

S.E.C. Registration Number

ASIAN TERMINALS, INC. AND SUBSIDIARIES

(Company's Full Name)

A. Bonifacio Drive, Port Area Manila

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

Ma. Luisa E. Nograles	528-6000
Contact Person	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

S T A M P S

Remarks = pls. use black ink for scanning purposes.

ASIAN TERMINALS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008

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

Branches · Subic · Cebu · Bacolod · Iloilo

Telephone +63 (2) 885 7000
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. and Subsidiaries
A. Bonifacio Drive
Port Area, Manila

We have audited the accompanying consolidated financial statements of Asian Terminals, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2009 and 2008, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The accompanying consolidated financial statements of Asian Terminals, Inc. and Subsidiaries as at December 31, 2007, were audited by other auditors whose reports thereon dated March 4, 2008, expressed an unqualified opinion on those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 Subsidiaries as of December 31, 2009 and 2008, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

MANABAT SANAGUSTIN & CO., CPAs

JOSE P. JAVIER, JR.
Partner
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SEC Accreditation No. 0678-A
Tax Identification No. 112-071-224
BIR Accreditation No. 08-001987-16-2007
 Issued December 11, 2007; Valid until December 10, 2010
PTR No. 2092699MB
 Issued January 7, 2010 at Makati City

February 18, 2010
Makati City, Metro Manila

ASIAN TERMINALS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Thousands)

		December 31	
	Note	2009	2008
ASSETS			
Current Assets			
Cash and cash equivalents	*7, 29*	**P814,339**	P1,182,187
Trade and other receivables - net	*8, 29*	**330,175**	296,697
Spare parts and supplies - at net realizable value		**141,422**	129,303
Prepaid expenses	*9, 14*	**76,012**	111,835
Asset held for sale	*10*	**-**	78,255
Total Current Assets		**1,361,948**	1,798,277
Noncurrent Assets			
Investment in an associate - at equity	*11*	**64,828**	47,056
Property and equipment - net	*12*	**1,718,179**	1,714,197
Intangible assets - net	*13*	**4,715,033**	4,940,405
Other financial assets	*14, 29*	**25,958**	25,571
Deferred tax assets - net	*15*	**10,721**	37,322
Other noncurrent assets	*14, 16, 24*	**110,579**	89,085
Total Noncurrent Assets		**6,645,298**	6,853,636
		P8,007,246	P8,651,913

LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*17, 23, 29*	**P880,031**	P794,010
Current portion of interest-bearing loans and other financial liabilities	*19, 29*	**16,378**	661,710
Provisions for claims	*18*	**53,014**	43,305
Income and other taxes payable		**120,011**	65,546
Total Current Liabilities		**1,069,434**	1,564,571
Noncurrent Liabilities			
Interest-bearing loans and other financial liabilities - net of current portion	*19, 29*	**887,631**	1,757,725
Pension liability	*24*	**7,138**	10,056
Total Noncurrent Liabilities		**894,769**	1,767,781

Forward

	Note	2009	2008
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		**3,773,393**	3,111,716
Other reserves		**4,692**	(57,136)
		6,042,385	5,318,880
Non-controlling Interest		**658**	681
Total Equity		**6,043,043**	5,319,561
		P8,007,246	P8,651,913

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

(With Comparative Figures for 2007)

(In Thousands, Except Per Share Data)

	Note	**2009**	2008	2007
REVENUES		**P4,212,743**	P3,959,414	P3,916,678
COSTS AND EXPENSES	*21, 23, 24*	**(2,399,322)**	(2,492,911)	(2,481,037)
OTHER INCOME AND EXPENSES				
Finance cost	*22*	**(293,719)**	(276,163)	(358,711)
Finance income	*22*	**33,786**	36,755	59,294
Net gains (losses) on derivative instruments		**23,281**	(12,032)	51,802
Others - net	*22*	**38,154**	57,570	(84,108)
INCOME BEFORE INCOME TAX		**1,614,923**	1,272,633	1,103,918
INCOME TAX EXPENSE	*15*			
Current		**452,408**	391,619	328,948
Deferred		**81**	30,010	52,205
		452,489	421,629	381,153
NET INCOME		**P1,162,434**	P851,004	P722,765
Attributable to:				
Owners of the Parent Company		**P1,161,677**	P850,502	P722,461
Non-controlling interest		**757**	502	304
		P1,162,434	P851,004	P722,765
Basic/Diluted Earnings Per Share Attributable to Owners of the Parent Company	*25*	**P0.58**	P0.43	P0.36

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008
(With Comparative Figures for 2007)
(In Thousands)

	Note	**2009**	2008	2007
NET INCOME FOR THE YEAR		**P1,162,434**	P851,004	P722,765
OTHER COMPREHENSIVE INCOME				
Actuarial gains (losses)	*24*	**63,743**	103,983	(35,697)
Fair value gains on cash flow hedges	*29*	**24,655**	28,319	22,413
Change in equity of a subsidiary		**-**	(14,181)	-
Tax on items taken directly to equity	*15*	**(26,520)**	(48,995)	2,612
Other comprehensive income for the year, net of tax		**61,878**	69,126	(10,672)
TOTAL COMPREHENSIVE INCOME		**P1,224,312**	P920,130	P712,093
Attributable to:				
Owners of the Parent Company		**P1,223,505**	P919,565	P711,763
Non-controlling interest		**807**	565	330
		P1,224,312	P920,130	P712,093

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008
(With Comparative Figures for 2007)
(In Thousands)

	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, 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	**-**	**-**	**-**	**-**	**44,570**	**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**	**P3,273,393**	**P4,692**	**P6,042,385**	**P658**	**P6,043,043**
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

Forward

	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, 2007	P2,000,000	P264,300	P500,000	P2,018,743	(P115,500)	P4,667,543	P710	P4,668,253
Cash dividends - P0.24 a share for ATI	-	-	-	(480,000)	-	(480,000)	(474)	(480,474)
Net income for the year	-	-	-	722,461	-	722,461	304	722,765
Other comprehensive income								
Actuarial gains (losses), net of tax	-	-	-	-	(23,229)	(23,229)	26	(23,203)
Fair value gains on cash flow hedges, net of tax	-	-	-	-	14,568	14,568	-	14,568
Decline in fair market value of available-for-sale financial assets, net of tax	-	-	-	-	(2,037)	(2,037)	-	(2,037)
Balance at December 31, 2007	P2,000,000	P264,300	P500,000	P2,261,204	(P126,198)	P4,899,306	P566	P4,899,872

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008
(With Comparative Figures for 2007)
(In Thousands)

	Note	**2009**	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P1,614,923**	P1,272,633	P1,103,918
Adjustments for:				
Depreciation and amortization	*12, 13*	**472,766**	473,101	502,429
Finance cost	*22*	**293,719**	276,163	358,711
Finance income	*22*	**(33,786)**	(36,755)	(59,294)
Net gains (losses) on derivative instruments		**(23,281)**	12,032	(51,802)
Contributions to retirement funds	*24*	**-**	(24,440)	(46,023)
Net unrealized foreign exchange losses (gains)		**14,070**	(20,260)	(33,010)
Equity in net earnings of an associate	*11*	**(17,772)**	(10,848)	(7,094)
Loss (gain) on disposals of:				
Property and equipment		**(620)**	(20)	2,651
Intangible assets		**1,495**	(1,019)	(449)
Amortization of noncurrent prepaid rental		**1,288**	1,288	1,288
Write-down of spare parts and supplies to net realizable value		**-**	-	840
Impairment (reversal of) losses on receivables		**(1,285)**	(1,309)	450
Operating income before working capital changes		**2,321,517**	1,940,566	1,772,615
Decrease (increase) in:				
Trade and other receivables		**(34,334)**	(20,778)	24,824
Spare parts and supplies		**(12,119)**	7,427	(17,684)
Prepaid expenses		**35,823**	9,697	(22,181)
Increase (decrease) in:				
Trade and other payables		**107,142**	28,305	112,416
Provisions for claims		**9,793**	(206)	13,907
Income and other taxes payable		**18,813**	(23,633)	3,119
Cash generated from operations		**2,446,635**	1,941,378	1,887,016
Finance cost paid		**(283,947)**	(273,292)	(364,813)
Income tax paid		**(416,757)**	(356,382)	(361,442)
Net cash provided by operating activities		**1,745,931**	1,311,704	1,160,761

Forward

	Note	2009	2008	2007
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	*12*	**(P56,561)**	(P36,101)	(P60,838)
Intangible assets	*13*	**(120,197)**	(360,404)	(718,025)
Finance income received		**34,974**	37,550	60,348
Decrease (increase) in other noncurrent assets		**14,661**	12,024	(21,229)
Proceeds from disposals of:				
Property and equipment		**2,095**	1,341	5,606
Intangible assets		**667**	1,029	865
Decrease in deposits		**482**	63	5,844
Decrease in available-for-sale financial assets		**-**	-	99
Net cash used in investing activities		**(123,879)**	(344,498)	(727,330)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Long-term debt		**(1,475,000)**	(150,000)	(850,000)
Cash dividends	*20*	**(500,000)**	(500,000)	(480,000)
Cash dividend to non-controlling interest		**(830)**	(451)	(474)
Cash used in financing activities		**(1,975,830)**	(650,451)	(1,330,474)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(353,778)**	316,755	(897,043)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(14,070)**	20,271	33,016
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,182,187**	845,161	1,709,188
CASH AND CASH EQUIVALENTS AT END OF YEAR	*7*	**P814,339**	P1,182,187	P845,161

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(With Comparative Figures for 2007)

1. Corporate Information

Asian Terminals, Inc. (ATI or the Parent Company) and its subsidiaries, ATI Batangas, Inc. (ATIB) and Mariveles Grain Corporation (MGC), 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. Its Non-Port business consists of a logistics business in Calamba, Laguna and a bulk grain terminal in Mariveles, Bataan. 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 18, 2010.

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. Mariveles Grain Terminal (MGT)

ATI has the right to develop and operate a bulk grain terminal in Mariveles, Bataan for a period of 20 years until 2013. A 20-year lease agreement with the Province of Bataan covering the land occupied by the bulk grain terminal 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 24, 2007, the Permit to Operate was transferred from ATI to MGC. Notwithstanding, ATI continues to operate the bulk grain terminal until such time that MGC is ready to commence its operations.

c. 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. The Passenger Terminal Building 2 will be turned over to ATIB upon termination of the existing Permit to Operate on May 7, 2010. This Lease Agreement is until 2015.

ATIB has been issued a temporary Permit to Operate the Container Terminal "A-1", Phase II of the Port of Batangas effective until the public bidding has been completed and contract has been awarded to the winning bidder.

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.

d. 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

<u>Statement of Compliance</u>
The consolidated financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

<u>Basis of Measurement</u>
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 pesos (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, ATIB, and MGC as of December 31 of each year. ATIB is a 98.82% owned subsidiary and MGC is a 100% owned subsidiary. The financial statements of ATIB and MGC 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 and MGC are 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 represent 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. Acquisitions of non-controlling interest are accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognized as goodwill.

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.

Adoption of New Standards, Amendments to Standards and Interpretations

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 PFRS.

New Standard, Revised Standards, Amendments to Standards and Interpretations Adopted in 2009

The following are the amendments to standards and interpretations which are effective starting January 1, 2009, and have been applied in preparing these 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.

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

The Company will adopt the following new or revised standards, amendments to standards and interpretations on the respective effective dates:

<u>To be Adopted on January 1, 2010</u>

- Revised PFRS 3, *Business Combinations* (2008), incorporates the following changes that may be relevant to the Company's operations:

  - The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
  - Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
  - Transaction costs, other than share and debt issue costs, will be expensed as incurred.
  - Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognized in profit or loss.
  - Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

- Revised PAS 27, *Consolidated and Separate Financial Statements* (2008), requires accounting for changes in ownership interests by the Company in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Company loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss.

- *Improvements to PFRSs 2009,* include 15 amendments to 12 standards. Some of these amendments may have significant implications for current practice. In particular, the amendments to PAS 17 *Leases* may affect the classification of leases of land and buildings, particularly in jurisdictions in which such leases often are for a long period of time.

<u>To be Adopted on January 1, 2011</u>

- *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.

To be Adopted on January 1, 2013

- PFRS 9 *Financial Instruments*, is the first standard issued as part of a wider project to replace PAS 39. PFRS 9 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. The guidance in PAS 39 on impairment of financial assets and hedge accounting continues to apply.

The adoption of the above new or revised standards, amendments to standards and interpretations will not have a material effect on the Company's consolidated financial statements. However, additional disclosures will be included when the above revised standards, amendments to standards and interpretations, as applicable, are adopted in 2010, 2011 and 2013.

Cash and Cash Equivalents
Cash and cash equivalents comprise of cash in banks and on hand and short-term investments with an original maturity 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 Cotobato 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 reflects 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.

Asset Held for Sale

Noncurrent assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and expected to be completed within one year from classification and the asset is available for immediate sale in its present condition.

Assets held for sale are measured at the lower of carrying value and fair value less costs to sell.

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

Port facilities and equipment includes spare parts that the Company expects to use for more than one period. 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 on 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 value 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 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 are 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. A financial liability (or a part of a financial liability) is derecognized when the obligation is extinguished. 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) investment, 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 investment 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 trade and other receivables and deposits (see Notes 8 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 FVPL, HTM 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 is the Company's derivative liability (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.

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 value 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 assets 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 values of plant and equipment, and intangible assets with definite useful lives and asset held for sale are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value 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 reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as 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
These 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 Transaction
The consolidated financial statements are presented in PHP, which is also 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, using the balance sheet liability method, 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.

Segment Reporting

The Company's operating business 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. The Company reviews annually the estimated useful lives of property and equipment and intangible assets 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. The carrying amount of property and equipment is P1.7 billion as of December 31, 2009 and 2008, and intangible assets are P4.7 billion and P4.9 billion as of December 31, 2009 and 2008, respectively (see Notes 12 and 13).

Asset Impairment. The Company assesses impairment on property and equipment, intangible assets, asset held for sale 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, asset held for sale and investment in an associate. The carrying amounts of investment in an associate are P64.8 million and P47.1 million as of December 31, 2009 and 2008, respectively. There were no accumulated impairment losses as of December 31, 2009 and 2008 (see Notes 11, 12 and 13).

Impairment of Receivables. The Company maintains an allowance for doubtful accounts 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 receivable's 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 P330.2 million and P296.7 million as of December 31, 2009 and 2008, respectively. The allowance for doubtful accounts amounted to P24.1 million and P25.5 million as of December 31, 2009 and 2008, respectively (see Note 8).

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 P174.4 million and P162.3 million as of December 31, 2009 and 2008, respectively. The net realizable values of spare parts and supplies are lower than cost by P33.0 million as of December 31, 2009 and 2008. The carrying amounts of spare parts and supplies are P141.4 million and P129.3 million as of December 31, 2009 and 2008, 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, 2009 and 2008. The carrying amounts of deferred tax assets (gross of deferred tax liabilities) are P124.0 million and P140.4 million as of December 31, 2009 and 2008, respectively (see Note 15).

Provision 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 P53.0 million and P43.3 million as of December 31, 2009 and 2008, 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, 2009 and 2008 amounted to P77.4 million and P39.9 million, respectively, pension liability recognized by ATIB as of December 31, 2009 and 2008 amounted to P7.1 million and P10.1 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, 2009 and 2008 (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 primary 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, finished goods and related information from point of origin to point of consumption. There are no intersegment revenues in 2009, 2008 and 2007.

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

	2009			2008			2007		
	Ports	**Non-Port**	**Total**	Ports	Non-Port	Total	Ports	Non-Port	Total
					(In Thousands)				
Revenue	**P3,695,188**	**P517,555**	**P4,212,743**	P3,568,383	P391,031	P3,959,414	P3,465,124	P451,554	P3,916,678
Intangible assets (excluding goodwill)	**4,672,973**	**-**	**4,672,973**	4,898,345	-	4,898,345	4,891,099	-	4,891,099
Property and equipment - net	**328,902**	**1,389,277**	**1,718,179**	262,086	1,452,111	1,714,197	332,263	1,545,362	1,877,625
Total assets	**7,795,841**	**211,405**	**8,007,246**	8,362,878	289,035	8,651,913	5,759,584	2,678,827	8,438,411
Total liabilities	**1,702,192**	**262,011**	**1,964,203**	2,990,462	341,890	3,332,352	3,194,832	343,707	3,538,539
Capital expenditures									
Intangible assets	**120,197**	**-**	**120,197**	360,404	-	360,404	718,025	-	718,025
Property and equipment	**47,161**	**9,400**	**56,561**	30,170	5,931	36,101	33,038	27,800	60,838
Depreciation and amortization	**400,533**	**72,233**	**472,766**	390,517	82,584	473,101	425,398	77,031	502,429
Noncash expenses (income) other than depreciation and amortization	**(1,285)**	**-**	**(1,285)**	(1,309)	-	(1,309)	-	1,290	1,290

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

The carrying amounts of investment in SCIPSI of P64.8 million and P47.1 million as of December 31, 2009 and 2008, respectively, and related equity in net earnings of P17.8 million and P10.8 million in 2009 and 2008, respectively, are included in the Ports segment (see Note 11).

7. Cash and Cash Equivalents

	2009	2008
	(In Thousands)	
Cash on hand and in banks	**P235,579**	P120,354
Short-term investments	**578,760**	1,061,833
	P814,339	P1,182,187

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.

8. Trade and Other Receivables

	Note	**2009**	2008
		(In Thousands)	
Trade receivables		**P337,479**	P299,195
Receivable from pension fund		**8,337**	9,756
Amounts due from related parties	*23*	**1,438**	1,807
Other receivables		**7,020**	11,472
		354,274	322,230
Allowance for impairment losses		**(24,099)**	(25,533)
		P330,175	P296,697

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, 2007	P12,896	P14,558	P27,454
Provisions during the year	2,964	-	2,964
Reversals during the year	(1,309)	(2,964)	(4,273)
Write-offs during the year	(612)	-	(612)
Balance at December 31, 2008	13,939	11,594	25,533
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	**P17,208**	**P6,891**	**P24,099**

As of December 31, 2009 and 2008, the aging analysis of trade and other receivables is as follows:

2009

			Past Due but Not Impaired				
	Total	**Neither Past Due nor 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**

2008

			Past Due but Not Impaired				
	Total	Neither Past Due nor Impaired	<30 days	30-60 days	61-90 days	Over 90 days	Past Due and Impaired
				(In Thousands)			
Trade receivables	P299,195	P215,836	P53,187	P -	P -	P13,612	P16,560
Advances and other nontrade receivables	23,035	3,272	3,727	5,965	1,098	-	8,973
	P322,230	P219,108	P56,914	P5,965	P1,098	P13,612	P25,533

9. Prepaid Expenses

	Note	**2009**	2008
		(In Thousands)	
Taxes		**P47,175**	P52,574
Rental	*14*	**11,817**	9,201
Insurance		**7,741**	42,518
Others		**9,279**	7,542
		P76,012	P111,835

10. Asset Held for Sale

With the approval of management in 2008, ATIB reclassified one of its cranes as asset held for sale (see Note 12). Efforts to sell the asset have commenced, and management expected the sale to happen within 2009. However, in January 2009, management decided to retain the asset.

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 P64.8 million and P47.1 million as of December 31, 2009 and 2008, respectively.

The following table illustrates summarized financial information of SCIPSI:

	2009	2008
	(In Thousands)	
Current assets	**P152,309**	P98,864
Noncurrent assets	**25,060**	25,548
Total assets	**P177,369**	P124,412
Current liabilities	**P19,900**	P17,224
Noncurrent liabilities	**3,436**	3,476
Total liabilities	**P23,336**	P20,700
Revenue	**P170,707**	P142,881
Expenses	**120,940**	112,502
Net income	**P49,767**	P30,379

12. Property and Equipment

The movements in this account are as follows:

2009

	Note	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	*10*	**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	*10*	**42,830**	**-**	**-**	**-**	**-**	**-**	**42,830**
Retirement		**-**	**(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**

2008

	Note	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		P189,557	P2,034,533	P578,941	P462,245	P119,922	P14,461	P3,399,659
Additions		-	1,446	-	13,693	17,633	3,329	36,101
Disposals		-	-	-	(398)	(10,144)	-	(10,542)
Reclassifications	*10*	(121,085)	14,750	-	153	1,905	(16,810)	(121,087)
Retirements		-	(15,570)	-	1,542	363	-	(13,665)
Balance at end of year		68,472	2,035,159	578,941	477,235	129,679	980	3,290,466
Accumulated depreciation and amortization								
Balance at beginning of year		103,497	641,663	277,582	422,219	77,073	-	1,522,034
Additions		1,164	70,812	14,935	19,469	13,573	-	119,953
Disposals		-	-	-	(358)	(8,865)	-	(9,223)
Reclassifications	*10*	(42,830)	-	-	-	-	-	(42,830)
Retirement		-	(15,570)	-	1,542	363	-	(13,665)
Balance at end of year		61,831	696,905	292,517	442,872	82,144	-	1,576,269
Net book value		P6,641	P1,338,254	P286,424	P34,363	P47,535	P980	P1,714,197

No borrowing costs were capitalized in 2009 and 2008.

13. Intangible Assets

	2009	2008
	(In Thousands)	
Service concession	**P4,672,973**	P4,898,345
Goodwill	**42,060**	42,060
	P4,715,033	P4,940,405

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

	2009	2008
	(In Thousands)	
Cost		
Balance at beginning of year	**P7,334,973**	P7,001,196
Additions	**120,197**	360,404
Derecognition	**(23,084)**	(26,627)
Balance at end of year	**7,432,086**	7,334,973
Accumulated amortization		
Balance at beginning of year	**2,436,628**	2,110,097
Amortization for the year	**343,407**	353,148
Derecognition	**(20,922)**	(26,617)
Balance at end of year	**2,759,113**	2,436,628
Carrying amount	**P4,672,973**	P4,898,345

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 2009. The Company capitalized borrowing costs of P12.0 million in 2008. The unamortized capitalized borrowing costs as of December 31, 2009 and 2008 amounted to P272.0 million and P283.4 million, respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 10.55% in 2008.

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 discount rate applied to cash flow projections is 11.67% in 2009 and 10.43% in 2008. Management believes that no reasonably possible change in the key assumptions would cause the carrying value of the investment in ATIB to which the goodwill relates to materially exceed its recoverable amount.

14. Other Financial Assets

	Note	2009	2008
		(In Thousands)	
Deposits	*29*	**P23,306**	P22,919
Available-for-sale financial assets	*29*	**2,652**	2,652
		P25,958	P25,571

Deposits mainly represent payments related to property leases and utilities. This account includes noninterest-bearing rental deposits on two lease agreements 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%. The carrying values of these deposits at amortized cost amounted to P6.4 million and P5.6 million as of December 31, 2009 and 2008, 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 P12.2 million and P13.4 million as of December 31, 2009 and 2008, respectively. The current portion of such prepaid rental, presented under "Prepaid expenses - rental" amounted to P1.3 million as of December 31, 2009 and 2008.

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:

	2009	2008
	(In Thousands)	
Deferred tax assets:		
Pension	**P54,109**	P53,657
Derivative instruments	**17,833**	32,215
Accrued operating lease	**14,645**	23,571
Provisions for claims and others	**14,548**	11,752
Excess of cost over net realizable value of spare parts and supplies	**9,890**	9,890
Impairment losses on receivables	**6,647**	7,378
Unrealized foreign exchange losses	**4,221**	-
Rental deposit	**2,076**	1,950
	123,969	140,413
Less deferred tax liabilities:		
Capitalized borrowing costs and custom duties	**86,126**	90,102
Pension	**25,481**	-
Debt issue costs	**1,641**	3,884
Unrealized foreign exchange gains	**-**	6,078
Depreciation	**-**	3,027
	113,248	103,091
Net deferred tax assets	**P10,721**	P37,322

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

	2009	2008	2007
		(In Thousands)	
Actuarial gains (losses)	**P19,123**	P37,851	(P12,494)
Changes in fair value of interest rate swap	**7,397**	11,144	7,845
Changes in fair value of available-for-sale financial assets	**-**	-	2,037
Income tax expense (benefit) reported in equity	**P26,520**	P48,995	(P2,612)

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

	2009	2008	2007
Statutory income tax rate	**30.00%**	35.00%	35.00%
Changes in income tax rate resulting from:			
Nondeductible expenses and others	**0.21**	0.45	0.83
Income subjected to final tax	**(1.23)**	(2.04)	(1.76)
Income tax holiday (ITH) incentives availed (see Note 26)	**(0.63)**	(1.22)	0.46
Others	**(0.33)**	(0.54)	-
Effect of change in income tax rate	**-**	1.48	-
Effective income tax rate	**28.02%**	33.13%	34.53%

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 32% to 35% starting November 1, 2005 and 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 38% to 42% starting November 1, 2005 and to 33% starting January 1, 2009.

16. Other Noncurrent Assets

	Note	**2009**	2008
		(In Thousands)	
Prepaid expenses	*14*	**P33,188**	P49,137
Pension asset	*24*	**77,391**	39,948
		P110,579	P89,085

17. Trade and Other Payables

	Note	**2009**	2008
		(In Thousands)	
Trade		**P56,191**	P97,563
Accrued expenses:			
Rental		**99,610**	92,314
Personnel costs		**106,752**	91,680
Finance costs	*19*	**26,633**	37,073
Others		**266,494**	192,077
Due to government agencies	*27*	**228,933**	191,440
Shippers' and brokers' deposits		**30,693**	39,717
Due to related parties	*23*	**6,342**	6,526
Others		**58,383**	45,620
		P880,031	P794,010

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

- Trade payables are noninterest-bearing and are normally settled on 30 to 60-day terms.
- Accrued finance costs is 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

	2009	2008
	(In Thousands)	
Balance at beginning of year	**P43,305**	P51,692
Provisions during the year	**13,612**	10,523
Payments during the year	**(3,903)**	(18,910)
Balance at end of year	**P53,014**	P43,305

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

	2009	2008
	(In Thousands)	
Current		
Bilateral Loan:		
Tranche 2	**P -**	P25,000
Syndicated fixed and floating rate notes (FFRN):		
Tranche 3	**-**	600,000
	-	625,000
Unamortized debt issue costs	**-**	(4,507)
	P -	P620,493
NonCurrent		
Syndicated FFRN:		
Tranche 1	**P -**	P400,000
Tranche 3	**300,000**	300,000
Syndicated fixed rate notes (FRN)	**550,000**	1,000,000
	850,000	1,700,000
Unamortized debt issue costs	**(5,436)**	(8,440)
	P844,564	P1,691,560

ATI prepaid certain long-term debts totaling P850 million in 2009, with pretermination penalty of P42.5 million.

The P550 million and P300 million long-term debts as of December 31, 2009 will mature in December 2012 and 2014, respectively.

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

Syndicated FFRN - Tranches 1 to 3 are 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 3-year and 5-year floating rate notes, and 5-year and 10-year fixed notes starting at the end of the 2nd and 3rd year, and 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.

Bilateral Loan - Tranche 2 is payable in equal semi-annual payments.

Syndicated FRN is payable in lump sum at various maturities. Starting from the Interest Payment Date falling at the end of the third year from the Issue Date in respect of the 5-year fixed rate notes; and starting from the Interest Payment Date falling at the end of the fourth year from the Issue Date in respect of the 7-year fixed rate notes, the Issuer may, but is not required to, redeem in whole and not a part of any of the outstanding 5-year or 7-year fixed rate notes plus accumulated interest and on any Interest Payment Date falling thereafter.

Interest rate per annum on long-term debts ranges from 6.60% to 14.74% in 2009, 6.46% to 14.74% in 2008 and 6.19% to 14.74% in 2007.

All of the Company's long-term debts are unsecured loans.

Some of the foregoing 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, 2009.

Derivative Liabilities

	Note	**2009**	2008
		(In Thousands)	
Current:			
Foreign currency option		**P16,378**	P16,560
Interest rate swap		**-**	24,657
		16,378	41,217
Noncurrent:			
Foreign currency option		**43,067**	66,165
Interest rate swap		**-**	-
		43,067	66,165
	29	**P59,445**	P107,382

20. Equity

Common Stock - P1 Par Value
The Company has authorized and issued capital stock of 2,000,000,000 common shares as of December 31, 2009 and 2008.

Retained Earnings
The balance of the Company's retained earnings includes the subsidiaries and an associate's undistributed net earnings of P232.2 million and P200.9 million as of December 31, 2009 and 2008, respectively, which are available for distribution only upon declaration of dividends by such subsidiaries and associate to the Parent Company. Cash dividends are distributed yearly since 2000.

Other Reserves

	2009	2008	2007
		(In Thousands)	
Balance at beginning of year	**(P57,136)**	(P126,198)	(P115,500)
Net gains (losses) recognized directly in equity	**61,878**	69,126	(10,672)
Amount attributable to minority interests	**(50)**	(64)	(26)
Balance at end of year	**P4,692**	(P57,136)	(P126,198)

21. Costs and Expenses

	Note	**2009**	2008	2007
			(In Thousands)	
Labor costs	*23, 24*	**P784,913**	P834,688	P816,761
Equipment running		**380,977**	475,147	444,082
Depreciation and amortization	*12, 13*	**472,766**	473,101	502,429
Taxes and licenses		**142,831**	130,249	137,102
Rental	*27*	**133,746**	124,086	103,305
Security, health, environment and safety		**82,304**	83,178	78,347
Insurance		**68,311**	71,499	84,093
Facilities-related expenses		**35,163**	34,604	39,855
General transport		**32,803**	33,159	35,880
Entertainment, amusement and recreation		**3,134**	3,055	2,997
Others	*4, 23*	**262,374**	230,145	236,186
		P2,399,322	P2,492,911	P2,481,037

Labor costs include salaries, benefits and pension expense.

Port related expenses account for 84% in 2009, 85% in 2008 and 84% in 2007 of the total costs and expenses.

Spare parts and supplies used and included under equipment running amounted to P110.2 million, P128.1 million and P124.5 million in 2009, 2008 and 2007, respectively.

22. Other Income and Expenses

Finance cost is broken down as follows:

	Note	**2009**	2008	2007
			(In Thousands)	
Interest on bank loans	*19*	**P283,947**	P274,886	P360,379
Interest component of pension expense	*24*	**2,261**	(4,230)	(8,179)
Amortization of debt issue costs	*19*	**7,511**	5,507	6,511
		P293,719	P276,163	P358,711

Finance income is broken down as follows:

	Note	**2009**	2008	2007
			(In Thousands)	
Interest on cash in banks and short-term investments	*7*	**P32,917**	P36,004	P58,645
Accretion of rental deposits		**869**	751	649
		P33,786	P36,755	P59,294

Others consisted of the following:

	Note	**2009**	2008	2007
			(In Thousands)	
Foreign exchange gains (losses) - net		**(P6,527)**	P16,680	(P120,720)
Equity in net earnings of an associate	*11*	**17,772**	10,848	7,094
Lease and other income - net		**26,909**	30,042	29,518
		P38,154	P57,570	(P84,108)

23. Related Party Transactions

The Company, in the normal course of business, has transactions with related parties consisting of the following:

a. The Parent Company has a management agreement with POMS for a period of five years until August 31, 2010. The terms of the agreement provide for the payment of a monthly management fee equivalent to 5% of ATI's consolidated net income before income tax of the immediately preceding month. Management fees (included under other costs and expenses in the consolidated statements of income) incurred for the years ended December 31, 2009, 2008 and 2007 amounted to P70.9 million, P55.9 million and P48.7 million, respectively. Accrued management fees (included under "Trade and other payables" account in the consolidated statements of financial position) amounted to P6.3 million and P4.7 million as of December 31, 2009 and 2008, respectively.

b. Advances to DP World South East Asia Regional Office and SCIPSI for reimbursable expenses.

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

	2009	2008	2007
		(In Thousands)	
Short-term employee benefits	**P82,582**	P85,625	P77,147
Post-employment pension benefits	**1,222**	3,305	2,978
	P83,804	P88,930	P80,125

24. Pensions

The following tables summarize the component 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**		
	2009	2008	2007	**2009**	2008	2007
			(In Thousands)			
Current service cost	**P19,543**	P26,319	P24,439	**P1,578**	P1,588	P1,467
Interest cost	**28,846**	28,890	26,914	**2,408**	2,552	2,582
Expected return on plan assets	**(28,133)**	(34,058)	(35,907)	**(860)**	(1,614)	(1,768)
Pension expense	**P20,256**	P21,151	P15,446	**P3,126**	P2,526	P2,281
Actual return on plan assets	**P59,254**	(P9,484)	P7,188	**P1,409**	(P2,282)	P548

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**		
	2009	2008	2007	**2009**	2008	2007
			(In Thousands)			
Present value of pension obligation	**(P278,165)**	(P272,644)	(P375,683)	**(P18,017)**	(P22,337)	(P31,002)
Fair value of plan assets	**355,556**	312,592	316,816	**10,879**	12,281	15,015
Pension asset (liability)	**P77,391**	P39,948	(P58,867)	**(P7,138)**	(P10,056)	(P15,987)

Changes in the Present Value of Pension Obligation

	ATI			**ATIB**		
	2009	2008	2007	**2009**	2008	2007
			(In Thousands)			
Present value of pension obligation at beginning of year	**P272,644**	P375,683	P349,541	**P22,337**	P31,002	P31,873
Interest cost	**28,846**	28,890	26,914	**2,408**	2,552	2,582
Current service cost	**19,543**	26,319	24,439	**1,578**	1,588	1,467
Benefits paid	**(16,290)**	(19,180)	(35,625)	**(2,812)**	(452)	(266)
Actuarial loss (gain)	**(26,578)**	(139,068)	10,414	**(5,494)**	(12,353)	(4,654)
Present value of pension obligation at end of year	**P278,165**	P272,644	P375,683	**P18,017**	P22,337	P31,002

Changes in the Fair Value of Plan Assets

	ATI			ATIB		
	2009	2008	2007	**2009**	2008	2007
			(In Thousands)			
Fair value of plan assets at beginning of year	**P312,592**	P316,816	P299,230	**P12,281**	P15,015	P14,732
Expected return on plan assets	**28,133**	34,058	35,907	**860**	1,614	1,768
Contributions	**-**	24,440	46,023	**-**	-	-
Benefits paid	**(16,290)**	(19,180)	(35,625)	**(2,812)**	(452)	(266)
Actuarial gain (loss)	**31,121**	(43,542)	(28,719)	**550**	(3,896)	(1,219)
Fair value of plan assets at end of year	**P355,556**	P312,592	P316,816	**P10,879**	P12,281	P15,015

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

	ATI			ATIB		
	2009	2008	2007	**2009**	2008	2007
Bonds	**80.4%**	79.4%	100.0%	**68.8%**	75.4%	100.0%
Equities	**10.2%**	11.5%	-	**10.5%**	9.1%	-
Others	**9.4%**	9.1%	-	**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 gains recognized in the consolidated statements of comprehensive income is P35.4 million as of December 31, 2009 and cumulative amount of actuarial losses recognized in the consolidated statements of comprehensive income is P28.3 million and P132.3 million as of December 31, 2008 and 2007, respectively.

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

	ATI			ATIB		
	2009	2008	2007	**2009**	2008	2007
Discount rate at end of year	**9.6%**	10.6%	7.7%	**9.7%**	10.8%	8.2%
Expected rate of return on plan assets at end of year	**10.0%**	9.0%	10.8%	**10.0%**	7.0%	10.8%
Salary increase rate	**5.0%**	7.0%	8.0%	**5.0%**	7.0%	8.0%

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

	ATI				
	2009	2008	2007	2006	2005
			(In Thousands)		
Present value of pension obligation	**P278,165**	P272,644	P375,683	P349,541	P193,957
Fair value of plan assets	**355,556**	312,592	316,816	299,230	237,333
Excess (deficit)	**77,391**	39,948	(58,867)	(50,311)	43,376
Experience adjustments on plan liabilities	**13,398**	(34,162)	(9,974)	5,776	-

	ATIB				
	2009	2008	2007	2006	2005
			(In Thousands)		
Present value of pension obligation	**P18,017**	P22,337	P31,002	P31,873	P14,108
Fair value of plan assets	**10,879**	12,281	15,015	14,732	10,859
Excess (deficit)	**(7,138)**	(10,056)	(15,987)	(17,141)	(3,249)
Experience adjustments on plan liabilities	**3,638**	(2,432)	4,099	(498)	-

The Company expects to pay P0.9 million in contributions to defined benefit plans in 2010.

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

Basic EPS is computed as follows:

	2009	2008	2007
(a) Net income attributable to owners of the Parent Company (in thousands)	**P1,161,677**	P850,502	P722,461
(b) 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/b)	**P0.58**	P0.43	P0.36

The Parent Company does neither have potential common share nor 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 and P1.7 million in 2009 and 2008, respectively. No ITH incentive was availed in 2007 due to taxable loss position of DTO.

27. Commitments and Contingencies

a. On October 26, 2005, in consideration of the cargo traffic at the South Harbor and the intervening events which prevented the Parent Company from faithfully implementing its original commitment under the 1999 Master Plan for South Harbor, the PPA approved the revised South Harbor Master Plan where the Parent Company committed to invest US$50.6 million from 2005 to 2008 or an aggregate of US$129 million from 1998 to 2008, for the rehabilitation, development and expansion of the South Harbor facilities and purchase of equipment. On October 19, 2007, the Parent Company has committed to PPA to invest US$300.5 million from 2009 to 2022, for the rehabilitation, development and expansion of the South Harbor facilities in accordance with the Investment Plan in the Third Supplemental to the Cargo

Handling Contract. 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 Parent Company the opportunity of a fair return on investment.

b. The Parent Company entered into several lease and sublease agreements covering its buildings and land where its bulk grain terminal is located. The future minimum rentals payable under operating leases as of December 31 are as follows:

	2009	2008
	(In Thousands)	
Within one year	**P42,867**	P38,319
After one year but not more than five years	**107,646**	140,420
	P150,513	P178,739

c. 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:

	2009	2008
	(In Thousands)	
Within one year	**P10,581**	P9,798
After one year but not more than five years	**45,780**	44,019
After more than five years	**98,890**	111,232
	P155,251	P165,049

d. 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. 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 2009, 2008 and 2007 amounted to P860.4 million, P832.9 million and P828.2 million, respectively.

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

Storage Operations

	2009	2008
	(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	**1,287,917**	1,342,917
	P1,562,917	P1,617,917

Arrastre Operations

	2009	2008
	(In Thousands)	
Within one year	**\$4,600**	\$4,600
After one year but not more than five years	**27,200**	22,800
After more than five years	**210,750**	219,750
	\$242,550	\$247,150

e. 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:

	2009	2008
	(In Thousands)	
Within one year	**P19,294**	P14,985
After one year but not more than five years	**56,902**	47,060
After more than five years	**10,903**	14,747
	P87,099	P76,792

f. 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.

g. The Company has an undrawn committed borrowing facility amounting to P500 million as of December 31, 2009 and 2008.

h. As of December 31, 2009 and 2008, the Company has no finance leases or guarantees issued to third parties.

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

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 such as trade and other receivables 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 exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with floating interest rates.

The Company's policy is to manage its interest cost using a mix of fixed and variable rate debts. To manage this mix, the Company enters into interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amount calculated by reference to an agreed-upon notional principal amount. These derivative instruments are designated to hedge underlying debt obligations. As of December 31, 2009, all interest-bearing loans are at fixed rate, therefore, a change in market interest rate at the reporting date would not affect net income. As of December 31, 2008, after taking into account the effect of interest rate swap, 95% of the Company's borrowings are at a fixed rate of interest.

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 at December 31, 2009	**Carrying amount**	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
		Contractual Cash Flows					
				(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**

As at December 31, 2008	**Carrying amount**	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
		Contractual Cash Flows					
				(In Thousands)			
Interest-bearing loans and other financial liabilities	P2,419,435	P -	P69,741	P1,674,131	P1,298,771	P -	P3,042,643
Trade and other payables	794,010	158,053	186,398	449,559	-	-	794,010
Total	P3,213,445	P158,053	P256,139	P2,123,690	P1,298,771	P -	P3,836,653

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, available-for-sale 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, 95% are of high grade quality and the remaining 5% are of standard quality.

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:

	2009	2008
	(In Thousands)	
Assets:		
Cash and cash equivalents	**US$5,461**	US$7,513
Trade and other receivables	**673**	947
	6,134	8,460
Liabilities:		
Trade and other payables	**1,264**	157
Net foreign currency-denominated assets	**US$4,870**	US$8,303
Peso equivalent	**P236,772**	P394,583

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)	
2009			
	+5%	**P11,251**	**P7,876**
	-5%	**(11,251)**	**(7,876)**
2008			
	+5%	P19,729	P12,824
	-5%	(19,729)	(12,824)

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 paid-up 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, 2009 and 2008.

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

	2009	2008
	(In Thousands)	
Capital stock	**P2,000,000**	P2,000,000
Additional paid-in capital	**264,300**	264,300
Retained earnings	**3,773,393**	3,111,716
Other reserves	**4,692**	(57,136)
Total	**P6,042,385**	P5,318,880

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, 2009 and 2008.

		2009		2008	
	Note	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
			(In Thousands)		
Financial assets:					
Loans and receivables:					
Cash and cash equivalents	*7*	**P814,339**	**P814,339**	P1,182,187	P1,182,187
Trade and other receivables - net	*8*	**330,175**	**330,175**	296,697	296,697
Deposits	*14*	**23,306**	**28,819**	22,919	28,430
		1,167,820	**1,173,333**	1,501,803	1,507,314
Available-for-sale financial assets	*14*	**2,652**	**2,652**	2,652	2,652
		P1,170,472	**P1,175,985**	P1,504,455	P1,509,966
Financial liabilities:					
Financial liabilities at FVPL:					
Derivative liabilities	*19*	**P59,445**	**P59,445**	P107,382	P107,382
Other financial liabilities:					
Trade and other payables	*17*	**880,031**	**880,031**	794,010	794,010
Interest-bearing loans and borrowings	*19*				
Floating rate		**-**	**-**	623,260	623,260
Fixed rate		**844,564**	**1,013,311**	1,688,793	2,022,811
		844,564	**1,013,311**	2,312,053	2,646,071
		P1,784,040	**P1,952,787**	P3,213,445	P3,547,463

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 4.39% to 6.38% in 2009 and 6.04% to 7.02% in 2008.

For variable rate loans that re-price every three months, the carrying value approximates the fair value because of recent and regular re-pricing based on current market rates.

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 are 5.53% and 8.27% in 2009 and 6.70% and 8.32% in 2008.

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.

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 during the year. 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, 2009 and 2008 amounted to nil and P24.7 million, respectively. 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 and P17.3 million as of December 31, 2009 and 2008, respectively.

Hedge Effectiveness Results
As of December 31, 2009 and 2008, the effective mark-to-market value changes on the Company's cash flow hedges that were deferred in equity amounted to nil and P17.3 million, respectively, net of tax. 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 is as follows:

	2009	2008
	(In Thousands)	
Balance at the beginning of year	**(P17,259)**	(P34,433)
Net changes in fair value of derivative	**17,259**	17,174
Balance at end of year	**P -**	(P17,259)

Derivative Not Accounted for as Hedges

- Embedded Currency Derivatives

  The Company has entered into 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 derivative liability reported for these embedded foreign currency options as of December 31, 2009 and 2008 amounted to P59.4 million and P82.7 million, respectively.

Fair Value Changes on Derivatives

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

	Note	**2009**	2008
		(In Thousands)	
Balance at beginning of year		**P107,382**	P123,670
Net changes in fair value of derivatives:			
Designated as accounting hedges		**(24,655)**	(28,319)
Not designated as accounting hedges		**(6,690)**	25,462
		76,037	120,813
Less fair value of settled instruments		**16,592**	13,431
Balance at end of year	*19*	**P59,445**	P107,382

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 at 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 -**

As at December 31, 2008	***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 -	P107,382	P -

There have been no transfers from one level to another in 2009 and 2008.

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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 18, 2010. 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 December 11, 2007; Valid until December 10, 2010
PTR No. 2092699MB
Issued January 7, 2010 at Makati City

February 18, 2010
Makati City, Metro Manila

ASIAN TERMINALS, INC. AND SUBSIDIARIES
Schedule E. Intangible Assets - Other Assets
December 31, 2009
(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	P 42,060	P -	P	P -	P -	P 42,060
Service Concession	4,898,345	120,197	(343,407)	(2,162)		4,672,973
						-
						-
						-
						-
						-
						-
						-
	P 4,940,405	P 120,197	P (343,407)	P (2,162)	P -	P 4,715,033

ASIAN TERMINALS, INC. AND SUBSIDIARIES
Schedule F. Long-term Debt
December 31, 2009
(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)		-	844,564	Refer to Note 19 to the consolidated financial statements for details.

ASIAN TERMINALS, INC. AND SUBSIDIARIES
Schedule I. Capital Stock
December 31, 2009
(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	15,630	1,346,532

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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, 2009, and have issued our report thereon dated February 18, 2010.

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
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SEC Accreditation No. 0678-A
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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, 2008, as previously reported		2,386,279,107
Adjustments:		
Less: Recognized deferred tax assets	(19,337,870)	
Add: Fair value adjustments gain on derivative instruments not accounted for as accounting hedge	110,339,943	91,002,073
Unappropriated Retained Earnings available for dividend declaration as of December 31, 2008, as restated		2,477,281,180
Add: Net income actually earned/realized during the period		
Net income during the period closed to Retained Earnings	1,112,587,574	
Add: Non-actual/unrealized losses		
Realized deferred tax assets	3,522,165	
Less: Non actual/unrealized income		
Fair value adjustments gain on derivative instruments not accounted for as accounting hedge	23,281,365	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	170	
Net income actually earned during the period		1,092,828,204
Less: Dividend declarations during the period		500,000,000
Total Retained Earnings available for dividend as of December 31, 2009		**3,070,109,384**