Asian Terminals Incorporated
ISO 14001 & OHSAS 18001 certified
Delivering reliable and consistent services.

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Manila, Philippines 1018
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November 15, 2010

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

Attention : **MS. JANET ENCARNACION**
Head-Disclosure Department

RE : SEC Form 17-Q (September 30, 2010)

Gentlemen,

We submit our SEC Form 17-Q for the third quarter of 2010.

Thank you.

Truly yours,

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

111122010000688

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632)726-0931 to 39 Fax:(632)725-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No.	0000133653
Company Name	ASIAN TERMINALS INC. 2
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	111122010000688
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SEC Number: 133653
File Number: ______

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

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

(632) 528-6000
(Telephone Number)

December 31
Calendar Year Ending
(Month & Day)

SEC Form 17-Q
Form Type

____
Amendment Designation (if applicable)

September 30, 2010
Period Ended Date

____
(Secondary License Type and File Number)

cc: Philippine Stock Exchange

SEC FORM 17-Q

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

1. For the quarter ended : **September 30, 2010**
2. Commission identification Number : **133653**
3. BIR Tax Identification No. : **330-000-132-413-V**
4. Exact name of issuer as specified in its charter : **ASIAN TERMINALS, INC.**
5. Province, country or other jurisdiction of incorporation or organization: **Manila, Philippines**
6. Industry Classification Code :____________ (SEC Use Only)
7. Address of issuer's principal office : **A. Bonifacio Drive South Harbor, Port Area, Manila**
8. Issuer's telephone number, including area code : **528-6000 (telephone number), 1018 (area code)**
9. Former name, former address and former fiscal year, if changed since last report: **A. Bonifacio Drive, South Harbor Port Area, Manila**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

    Yes [X] No [ ]

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

    Philippine Stock Exchange Common Shares

12. Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

With reference to the attached interim financial statements:

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

New Standards, Amendments to Standards and Interpretations Effective 2010

- Revised PFRS 3, *Business Combinations* (2008), incorporates the following changes that are likely to 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 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.

The adoption of the above new or revised standards and amendments to standards did not have a material effect on the Company's consolidated financial statements.

Other Information

The Company has a Board of Investments (BOI) registration under the Omnibus Investments Code of 1987 (Executive Order No. 226) as a new operator of a domestic passenger terminal and container yard in South Harbor, Manila. The Income Tax Holiday incentive (ITH) under this registration was until August 2009.

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

Consolidated Results of Operations for the nine months ended September 30, 2010

Net income for the nine months ended September 30, 2010 amounted to P1,665.4 million, 100.9% higher than P828.8 million for the same period last year. Earnings per share was P0.83 this year, up from P0.41 last year.

Continuing Operations

Income from continuing operations were up by 61.6% to P1,188.4 million in the nine months of 2010 from P735.5 million in the same period last year.

Revenues in the nine months of 2010 grew by 23.6% to P3,407.7 million from P2,756.9 million in the same period last year. Revenues from ports operations increased by 23.2% to P3,326.5 million this year from P2,701.2 million last year and revenues from non-ports operations increased by 45.7% to P81.2 million this year from P55.7 million last year.

In ports operations, revenues from South Harbor international container were higher by 21.6% and international non-container were up by 69.4% due to increase in international trade at the Port of Manila. Moreover, pursuant to PPA Memorandum Circular No. 05-2009, tariff on cargo-related services for foreign containerized and non-containerized at South Harbor was increased by 15%, 8% effective on May 8, 2009 and 7% effective January 1, 2010. Revenues from South Harbor domestic terminal operations increased by 24.6% and revenues from Port of Batangas Phase 1 operations went up by 16.9%.

Cost and expenses in the nine months of 2010 amounted toP1,770.3 million, 13.0% higher than P1,566.6 million in the same period last year. Labor costs increased by 10.5% to P619.6 million this year from P560.6 million last year mainly due to volume factor. Equipment running costs went up by 41.0% to P326.9 million in 2010 from P231.8 million last year due to higher costs of electricity and fuel and lubricants as a result of increases in volumes and in prices/rates. In addition, equipment repairs and maintenance costs were up due to increase operational requirements. General transport costs of P33.3 million were 49.4% higher than P22.3 million last year due mainly to higher volume in non-ports operations. Facilities-related expenses rose by 34.4% to P31.8 million in 2010 from P23.7 million in 2009 due to higher expenses for road and building maintenance. Other expenses totaled P315.2 million in 2010, 36.9% higher than P230.2 million last year, due to higher Processing expenses (brokerage, wharfage, etc.), Security, health, environment and safety expenses and Management fees, among others.

Depreciation and amortization in the nine months of 2010 went down by 4.7% to P294.6 million from P309.1 million in the same period last year brought about by disposals and end of life of certain property and equipment. Taxes and licenses of P67.2 million this year was lower by 25.9% against last year of P90.6 million mainly on account of application of tax credits. Rentals of P43.2 million in 2010 decreased by 20.7% from P54.4 million in 2009 as included last year was space rental for a non-recurring transaction. Insurance of P38.4 million in 2010 declined by 12.5% from P43.9 million in 2009 due to decrease in insurance premium and to foreign exchange rate factor.

Finance costs in the nine months of 2010 decreased by 66.8% to P73.3 million from P220.6 million in the same period last year due to the significant reduction of interest bearing loans to P850 million as of end September 2010 from P1.85 billion as of end September 2009. Finance income slightly increased by 2.0% to P25.1 million this year from P24.6 million last year. Others-net of P22.5 million in the nine months of 2010 were 22.1% lower than P28.9 million in the same period last year due to foreign exchange loss.

Income before income tax for the nine months of 2010 was up by 57.5% to P1,611.7 million from P1,023.1 million for the same period last year. Provision for income tax of P423.3 million in the nine months of 2010 increased by 47.1% from P287.6 million in the same period last year.

Discontinued Operations

On August 9, 2010, the Company concluded the sale of all its shares in the outstanding capital stock of Mariveles Grain Corporation (MGC) to Philippine Grain International Corporation at a price in excess of the Company's recorded book value for MGC shares. The Company operated the Mariveles Grains Terminal (MGT), under its non-ports segment, on behalf of MGC. Net income from discontinued operations of MGT is reported in item 9 of the attached Selected Explanatory Notes.

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

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

In the nine months of 2010:

- There had been no known trend, demand, commitment, event or uncertainty that had or are reasonably expected to have a material favorable or unfavorable impact on the Company's liquidity or revenues from continuing operations, other than those discussed in this report.
- There had been no seasonal factor that had a material effect on the financial condition and results of operations.
- There had been no event known to management that could trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- There had been no material off-balance sheet transaction, arrangement, obligation (including contingent obligation), and other relationship of the Company with unconsolidated entity or other person created during the period that would address the past and would have a material impact on future operations.

Consolidated Financial Condition

Total assets of P9,377.0 million as of September 30, 2010 increased by 17.1% from P8,007.2 million as of December 31, 2009. Current assets grew by 189.4% to P3,941.7 million as of end September 30, 2010 from P1,361.9 million as of end 2009. Cash and cash equivalents were up by 239.5% to P2,764.6 million as of September 30, 2010 from P814.3 million as of December 31, 2009. Trade and other receivables were up by 186.2% to P945.1 million as of end September 30, 2010 from P330.2 million as of end 2009. The increase was on account of the balance in the escrow account from the sale of MGC and the balance of receivable on property insurance claims, both are expected to be collected within the first half of 2011. Spare parts and supplies rose by 10.9% to P156.8 million as of September 30, 2010 from P141.4 million as of December 31, 2009 in support of operational requirements and equipment maintenance program. Prepayments as of September 30, 2010 amounted to P75.3 million, slightly lower than P76.0 million as of December 31, 2009.

Total noncurrent assets decreased by 18.2% to P5,435.3 million as of September 30, 2010 from P6,645.3 million as of December 31, 2009. Investment in an associate went down by 5.9% to P61.0 million as of September 30, 2010 from P64.8 million as of December 31, 2009 due to cash dividend from the investment. Property and equipment-net of P386.6 million as of September 30, 2010 were lower by 77.5% from P1,718.2 million as of December 31, 2009 due to the derecognition of property and equipment in MGC. Additions to property and equipment, which were not subject of the service concession arrangement, totaled P20.7 million. Intangible assets-net went up by 3.5% to P4,881.5 million as of September 30, 2010 from P4,715.0 million as of December 31, 2009. Additions to intangible assets which consisted of civil works and cargo handling equipment that were subject of the service concession arrangement amounted to P447.3 million. Other noncurrent assets of P82.4 million as of end September 30, 2010 declined by 25.5% from P110.6 million as of end 2009 due to reductions in pension assets and in noncurrent prepayments.

Total liabilities amounted to P2,753.3 million as of September 30, 2010, up by 40.2% from P1,964.2 million as of December 31, 2009. Trade and other payables of P1,716.7 million as of end September 30, 2010 increased by 95.1% from P880.0 million as of end 2009 due to additional cash dividend of P500.0 million as approved by the Board of Directors on September 22, 2010, higher fees payable to the Philippine Ports

Authority and additional accruals for personnel costs, interest on outstanding borrowings and other expenses. Trade and other payables are covered by agreed payment schedules. Provisions for claims decreased by 11.4% to P46.9 million as of September 30, 2010 from P53.0 million as of December 31, 2009 due to settlement of certain claims. Income and other taxes payable amounted to P128.6 million as of September 30, 2010, up by 7.1% from P120.0 million as of December 31, 2009.

Interest-bearing loans and other financial liabilities (current and non-current) of P845.5 million as of September 30, 2010 were 6.5% lower than P904.0 million as of December 31, 2009 due to the termination of the derivative liability. Balance of interest-bearing loans was P850.0 million as of end September 2010. Of this amount, P550.0 million will mature on December 19, 2012 and P300 million will mature on December 13, 2014. On October 26, 2010, the Company issued a notice of prepayment of the P550 million loan. Prepayment will be made by December 20, 2010. After prepayment in December 2010, the balance of interest-bearing loans will be down to P300 million. All interest-bearing loans are denominated in Philippine Peso and are at fixed interest rates.

Consolidated Cash Flows

Net cash provided by operating activities increased by 14.7% to P1,567.8 million in the nine months of 2010 from P1,366.3 million in the same period last year due mainly to higher operating income.

Net cash from in investing activities in the nine months of 2010 was P1.490.4 million vs. net cash used in investing activities of P63.2 million last year This year included proceeds from sale of MGC of P1,793.8 million. Funds used in acquisitions of Property and Equipment and Intangibles totaled P468.0 million this year, up from P104.1 million last year.

Cash used in financing activities increased by 10.8% to P1,080.8 million this year vs. P975.8 million last year. There was no debt payment this year while P475.0 million was paid last year. Cash dividends paid this year was P1,080 million, up from P500 million last year.

Key Performance Indicators (KPI)

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

- ATIB's total assets were only 3.5% of the consolidated total assets
- Combined income before other income and expense for ATIB was only 8.6% of consolidated income before other income and expenses.

Consolidated KPI	Manner of Calculation	As of September 30		Discussion
		2010	2009	
Return on Capital Employed	Percentage of annualized income before other income (expenses) over capital employed (total asset less current liabilities less cash)	46.2%	31.6%	Increase resulted from higher income before other income and expenses.
Return on Stockholder's Equity	Percentage of annualized net income over total stockholders' equity	35.0%	20.1%	Increase resulted from higher net income.
Debt to equity ratio	Ratio of total liabilities over total stockholders' equity	0.42 : 1.00	0.55 : 1.00	Improved due to payment of debt and higher stockholders' equity.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	15 days	17 days	Improved as a result of accounts management initiatives.
Lost Time Injury	No. of lost time from injuries per standard manhours	0.95	0.72	On account of higher injuries.

Note: Income before other income and expenses is defined as Revenues less Costs and expenses.

PART II. OTHER INFORMATION

- On April 22, 2010, the Board of Directors of ATI approved a cash dividend of P0.29 per share to stockholders on record as of May 21, 2010. Dividends were paid on June 17, 2010.

- On August 9, 2010, the Company concluded the sale of all its shares in the outstanding capital stock of Mariveles Grain Corporation (MGC) to Philippine Grain International Corporation at a price in excess of the Company's recorded book value for MGC shares. Following the sale, the Company expects to focus on expanding and upgrading its other businesses and on growing its ability to generate revenue from existing and new port operations.

- On September 22, 2010, the Board of Directors of ATI approved a cash dividend of P0.25 per share to stockholders on record as of October 6, 2010. Dividends were paid on October 20, 2010. As of date of this report, the Company has ordinary shares only.

Submissions of SEC Form 17-C:

Date Filed	Reference	Particulars
January 15, 2010	SEC 17-C	Certification of compliance with the Manual on Corporate Governance
January 15, 2010	SEC 17-C	Certification of Attendance of Directors during Board Meetings for the year 2009
January 19, 2010	SEC 17-C	Appeal with the Central Board of Assessment Appeals (CBAA)
January 21, 2010	SEC 17-C	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 17, 2010	SEC 17-C	Notice of Guidelines for Nominations for Election to the Board
February 23, 2010	SEC 17-C	Election of Mr. Kwok Leung Law as Director and his appointment to Board Committees left vacant by the resignation of Mr. Lawrence Ho; 2010 Annual Stockholders' Meeting and record date; Signing of Credit Line Facility with Metrobank.
March 29, 2010	SEC 17-C	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
April 21, 2010	SEC 17-C	Signing of Revolving Committed Credit Line Facility with Security Bank
April 27, 2010	SEC 17-C	Dividend declaration, appointment of independent auditors, results of the 2010 Annual Stockholders' Meeting and Organizational Meeting
May 14, 2010	SEC 17-C	Receipt of Decision from RTC of Batangas City on the case of ATIB vs. RGB and Batangas PPA
June 7, 2010	SEC 17-C	Approval of the Proposed Sale of MGC and the holding of a Special Stockholders' Meeting on July 30, 2010 for the approval of the proposed sale. Fixing of record date on July 1, 2010
August 3, 2010	SEC 17-C	Result of the Special Stockholders' Meeting (July 30, 2010) where more than 2/3 of the outstanding capital stock of ATI approved to offer and sell the shares of MGC to a third party purchaser
August 12, 2010	SEC 17-C	Conclusion of the sale of MGC to Philippine Grain International Corporation
September 23, 2010	SEC 17-C	Cash Dividend Declaration

SIGNATURES

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

ASIAN TERMINALS, INCORPORATED
by:

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

Date : November 12, 2010

Principal Financial/Accounting Officer:

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

Date : November 12, 2010

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

		September 2010 (Unaudited)		December 2009 (Audited)
		(In Thousands)		
ASSETS				
Current Assets				
Cash and cash equivalents	P	**2,764,573**	P	814,339
Trade and other receivables - net		**945,054**		330,175
Spare parts and supplies - at net realizable value		**156,812**		141,422
Prepaid expenses		**75,298**		76,012
Total Current Assets		**3,941,737**		1,361,948
Noncurrent Assets				
Investment in an associate - at equity		**61,011**		64,828
Property and equipment - net		**386,619**		1,718,179
Intangible assets - net		**4,881,502**		4,715,033
Other financial assets		**23,701**		25,958
Deferred tax assets - net		**-**		10,721
Other noncurrent assets		**82,435**		110,579
Total Noncurrent Assets		**5,435,268**		6,645,298
TOTAL ASSETS	P	**9,377,006**	P	8,007,246
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	P	**1,716,663**	P	880,031
Current portion of interest-bearing loans other financial liabilities		**-**		16,378
Provisions for claims		**46,948**		53,014
Income and other taxes payable		**128,568**		120,011
Total Current Liabilities		**1,892,179**		1,069,434
Noncurrent Liabilities				
Interest bearing loans and other financial liabilities - net of current portion		**845,517**		887,631
Pension liability		**9,025**		7,138
Deferred tax liabilities		**6,596**		-
Total Noncurrent Liabilities		**861,137**		894,769
Equity Attributable to Equity Holders of the Parent				
Capital stock		**2,000,000**		2,000,000
Additional paid in capital		**264,300**		264,300
Retained earnings		**4,358,000**		3,773,393
Other reserves		**747**		4,692
		6,623,047		6,042,385
Non-controlling Interest		**642**		658
Total Equity		**6,623,689**		6,043,043
TOTAL LIABILITIES AND EQUITY	P	**9,377,006**	P	8,007,246

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

		For the third quarter Ended September 30			For the nine months Ended September 30	
		2010	2009		2010	2009
REVENUES	P	1,068,488	P 964,075	P	3,407,714	P 2,756,902
COSTS AND EXPENSES		(611,899)	(516,154)		(1,770,253)	(1,566,643)
OTHER INCOME AND EXPENSES						
Finance cost		(25,084)	(58,047)		(73,284)	(220,573)
Finance income		13,547	5,393		25,060	24,574
Others - net		5,533	8,830		22,486	28,878
INCOME BEFORE INCOME TAX		450,585	404,097		1,611,723	1,023,138
INCOME TAX EXPENSE						
Current		98,029	116,314		419,029	292,007
Deferred		(1,147)	(461)		4,302	(4,415)
		96,882	115,853		423,331	287,592
INCOME FROM CONTINUING OPERATIONS		353,703	288,244		1,188,392	735,546
DISCONTINUED OPERATIONS						
Net income from discontinued operations (net of income tax)		399,637	20,678		477,029	93,278
NET INCOME	P	753,340	P 308,922	P	1,665,421	P 828,824
Attributable To:						
Owners of the Parent Company	P	753,058	308,864	P	1,664,607	P 828,403
Non-controlling interest		282	58		814	421
	P	753,340	P 308,922	P	1,665,421	P 828,824
Basic/Diluted Earnings Per Share Attributable to Owners of the Parent Company	P	0.38	P 0.15	P	0.83	P 0.41

ASIAN TERMINALS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the third quarter ended September 30				For the nine months ended September 30			
	2010		2009		2010		2009	
	(In Thousands)				*(In Thousands)*			
Net income for the period	P	**753,340**	P	308,924	P	**1,665,421**	P	828,824
Other comprehensive income								
Fair value gain on cash flow hedges		**-**		7,122		**-**		15,833
Tax on items taken directly to equity		**-**		(2,137)		**-**		(4,750)
Other comprehensive income, net of tax		**753,340**		313,909		**1,665,421**		839,907
Total comprehensive income for the period	P	**753,340**	P	313,909	P	**1,665,421**	P	839,907
Attributable To:								
Equity holders of the parent	P	**753,058**	P	313,850	P	**1,664,607**	P	839,486
Minority interests		**282**		59		**814**		421
	P	**753,340**	P	313,909	P	**1,665,421**	P	839,907

ASIAN TERMINALS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings Appropriated for Port Development	Retained Earnings Unappropriated	Other Reserves	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2010	**P 2,000,000**	**P 264,300**	**P 500,000**	**P 3,273,393**	**P 4,692**	**P 6,042,385**	**P 658**	**P 6,043,043**
Appropriations for the period	**-**	**-**	**500,000**	**(500,000)**	**-**	**-**	**-**	**-**
Cash dividends - P0.29 a share for ATI	**-**	**-**	**-**	**(580,000)**	**-**	**(580,000)**	**(830)**	**(580,830)**
Cash dividends - P0.25 a share for ATI	**-**	**-**	**-**	**(500,000)**	**-**	**(500,000)**	**-**	**(500,000)**
Change in equity of a subsidiary	**-**	**-**	**-**	**-**	**(3,945)**	**(3,945)**	**-**	**(3,945)**
Net income for the period	**-**	**-**	**-**	**1,664,607**	**-**	**1,664,607**	**814**	**1,665,421**
Balance at September 30, 2010	**P 2,000,000**	**P 264,300**	**P 1,000,000**	**P 3,358,000**	**P 747**	**P 6,623,047**	**P 642**	**P 6,623,689**
Balance at January 1, 2009	P 2,000,000	P 264,300	P 500,000	P 2,611,716	(P 57,136)	P 5,318,880	P 681	P 5,319,561
Cash dividends - P0.25 a share for ATI	-	-	-	(500,000)	-	(500,000)	(830)	(500,830)
Net income for the period	-	-	-	828,403	-	828,403	421	828,824
Fair value gain on cash flow hedge	-	-	-	-	11,083	11,083	-	11,083
Balance at September 30, 2009	P 2,000,000	P 264,300	P 500,000	P 2,940,119	P (46,053)	P 5,658,366	P 272	P 5,658,638

ASIAN TERMINALS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the third quarter ended September 30		For the nine months ended September 30	
	2010	2009	**2010**	2009
	(In Thousands)		*(In Thousands)*	
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**P 860,808**	P 433,162	**P 2,149,576**	P 1,150,568
Adjustments for:				
Depreciation and amortization	**104,072**	114,733	**377,084**	360,157
Finance cost	**27,957**	58,059	**76,814**	220,609
Finance income	**(14,914)**	(5,665)	**(26,879)**	(26,156)
Net gains on derivative instruments	**(51,936)**	(6,431)	**(59,445)**	(15,717)
Net unrealized foreign exchange loss	**25,177**	3,779	**27,096**	8,637
Equity in net earnings of an associate	**(4,891)**	(3,926)	**(14,040)**	(12,360)
Income from insurance claim	**-**	-	**(199,173)**	-
Loss (gain) on disposals of:				
Property and equipment	**279**	(26)	**266**	(486)
Intangible Assets	**-**	1,151	**(446)**	1,495
Gain on sale of discontinued operation, net of income tax	**(326,553)**	-	**(326,553)**	-
Amortization of noncurrent prepaid rental	**246**	322	**890**	967
Reversal of losses on receivables	**(84)**	(997)	**(84)**	(526)
Operating income before working capital changes	**620,162**	594,161	**2,005,106**	1,687,188
Provisions for:				
Inventory obsolescence	**-**	-	**(1,680)**	-
Decrease (increase) in:				
Trade and other receivables	**(571,453)**	37,524	**(573,428)**	28,961
Spare parts and supplies	**(13,768)**	(6,588)	**(21,412)**	(13,517)
Prepaid expenses	**2,278**	36,472	**(151,699)**	13,162
Increase (decrease) in:				
Trade and other payables	**561,879**	71,735	**841,369**	110,956
Provisions for claims	**(2,059)**	2,525	**(6,066)**	7,535
Taxes payables	**(35,677)**	(11,628)	**14,218**	44,123
Cash generated from operations	**561,363**	724,201	**2,106,408**	1,878,408
Finance cost paid	**(3,047)**	(56,955)	**(50,900)**	(218,802)
Income tax paid	**(238,768)**	(120,560)	**(487,708)**	(293,306)
Net cash provided by operating activities	**319,547**	546,686	**1,567,800**	1,366,300
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	**(19,419)**	(6,537)	**(20,735)**	(31,280)
Intangible assets	**(329,275)**	(12,220)	**(447,302)**	(72,845)
Finance income received	**11,473**	5,158	**22,318**	27,075
Increase in other noncurrent assets	**4,827**	4,075	**11,382**	10,962
Proceeds from insurance claim	**-**	-	**108,318**	-
Proceeds from disposals of:				
Property and Equipment	**-**	936	**13**	1,961
Intangible assets	**-**	101	**446**	667
Proceeds from disposal of discontinued operation	**1,793,818**	-	**1,793,818**	-
Decrease in deposits	**4,343**	117	**4,245**	301
Dividends received	**-**	-	**17,857**	-
Net cash provided by (used in) investing activities	**1,465,767**	(8,370)	**1,490,360**	(63,159)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Long-term debt	**-**	-	**-**	(475,000)
Cash dividends	**(500,000)**	-	**(1,080,000)**	(500,000)
Cash dividend to minority interests	**(830)**	(830)	**(830)**	(830)
Cash used in financing activities	**(500,830)**	(830)	**(1,080,830)**	(975,830)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,284,484**	537,486	**1,977,330**	327,311
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(25,177)**	(3,779)	**(27,096)**	(8,638)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,505,266**	967,153	**814,339**	1,182,187
CASH & CASH EQUIVALENTS AT END OF YEAR	**P 2,764,573**	P 1,500,860	**P 2,764,573**	P 1,500,860

SELECTED
EXPLANATORY NOTES
September 30, 2010
(Amounts in Thousands)

1. Segment Information

Information with regard to the Company's significant business segments of continuing operations is presented below:

	As of and for the nine months ended September 30, 2010			As of and for the nine months ended September 30, 2009		
	Ports	Non-Ports	Total	Ports	Non-Ports	Total
Revenues	P 3,326,521	P 81,193	P 3,407,714	P 2,701,160	P 55,742	P 2,756,902
Intangible Assets (excluding goodwill)	4,839,442	-	4,839,442	4,708,593	-	4,708,593
Property and equipment - net	324,536	62,083	386,619	320,379	65,822	386,202
Total assets	9,290,188	86,818	9,377,006	7,032,294	108,483	7,140,777
Total liabilities	2,711,404	41,912	2,753,316	2,751,223	36,824	2,788,047
Capital expenditures						
Intangible Assets	447,302	-	447,302	72,845	-	72,845
Property and equipment	12,016	552	12,569	27,063	574	27,638
Depreciation and amortization	291,379	3,243	294,622	305,986	3,116	309,103
Noncash expenses (income) other than depreciation and amortization	(1,703)	-	(1,703)	(1,401)	-	(1,401)

2. Trade Receivables - net

Presented below is the aging of the Company's trade receivables - net.

	As of September 30, 2010	As of December 31, 2009
Up to 6 months	**P269,951**	P322,354
Over 6 months to 1 year	-	-
Over 1 year	-	-
Total	**P269,951**	P322,354

3. Property and Equipment

A summary of property and equipment follows:

	Port facilities and equipment	Bulk grain terminal	Leasehold improvements	Furnitures, fixtures and equipment	Transportation and other equipment	Construction in-progress	September 30, 2010	December 31, 2009 Audited
Cost								
Balance at beginning of year	197,400	2,037,260	581,158	480,330	130,595	29,943	**3,456,686**	3,290,466
Additions	(600)	-	1,853	6,782	13,033	(333)	**20,735**	56,561
Disposals	-	-	-	(413)	(560)		**(973)**	(5,936)
Reclassifications	1,354	7,482	-	17,151	-	(28,382)	**(2,395)**	121,085
Retirements	(33,016)	(2,044,742)	(63,790)	(15,153)	(15,031)		**(2,171,732)**	(5,490)
Balance at end of year	**165,138**	**-**	**519,221**	**488,697**	**128,037**	**1,228**	**1,302,321**	3,456,686
Accumulated depreciation and amortization								
Balance at beginning of year	128,559	756,196	306,373	457,110	92,269		**1,738,507**	1,576,269
Additions	182	86,922	10,617	11,333	9,173	-	**118,227**	129,359
Disposals	-	-	-	(350)	(343)	-	**(693)**	(4,461)
Reclassification	1,098	607	-	(21,976)	-	-	**(20,271)**	42,830
Retirements	(18,919)	(843,725)	(38,695)	(7,878)	(10,851)		**(920,068)**	(5,490)
Balance at end of year	108,920	-	278,295	438,239	90,248	-	**915,702**	1,738,507
Net book value	56,218	-	240,926	50,458	37,789	1,228	**386,619**	1,718,179

4. Intangible Assets

		September 30, 2010		December 31, 2009 (Audited)
Goodwill	P	**42,060**	P	42,060
Service concession		**4,839,442**		4,672,973
Total	P	**4,881,502**	P	4,715,033

The movements of service concession are as follows:

Cost				
Balance at beginning of year	P	**7,432,086**	P	7,334,973
Additions		**447,302**		120,197
Derecognition		**(23,808)**		(23,084)
Balance at end of year		**7,855,580**		7,432,086
Accumulated amortization				
Balance at beginning of year		**2,759,113**		2,436,628
Amortization for the year		**258,857**		343,407
Reclass		**21,976**		-
Derecognition		**(23,808)**		(20,923)
Balance at end of year		**3,016,138**		2,759,113
Carrying amount	P	**4,839,442**	P	4,672,973

Service concession represents property and equipment which is the subject of the concession arrangement that will be transferred to the Philippine Ports Authority at the end of the operating contracts.

5. Trade and Other Payables

		September 30, 2010		December 31, 2009 (Audited)
Trade	P	**45,288**	P	56,191
Accrued expenses		**581,688**		499,488
Due to government agencies		**244,739**		228,933
Shippers' and brokers' deposits		**30,357**		30,693
Due to related parties		**6,265**		-
Dividends payable		**479,933**		6,738
Others		**328,393**		57,988
Total	P	**1,716,663**	P	880,031

6. Interest bearing loans and other financial liabilities

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

Long-term Debt

There was no movement of long-term debt during the six-month period.

Additional information on the Company's long-term debt as of September 30, 2010:

	Outstanding Amount	Maturity Date(s)	Interest rate
Syndicated FFRN-Tranche 3	300,000	December 13, 2014	Applicable 10-year MART1 plus spread
Syndicated FRN	550,000	December 19, 2012	Applicable 7-year MART 1plus spread
Total	850,000		
Less current portion	-0-		
Long-term debt – net of current portion	P850,000		

As of end September 30, 2010, the Company had no outstanding foreign debt.

All long-term debts are at fixed interest rates.

Derivative Liabilities

		September 30, 2010		December 31, 2009 (Audited)
Current - Foreign currency option	P	-	P	16,378
Noncurrent - Foreign currency option		-		43,067
Total	P	-	P	59,445

Financial Liabilities

		September 30, 2010		December 31, 2009 (Audited)
Current				
Derivative liabilities	P	-	P	16,378
Noncurrent				
Long term debt		850,000		850,000
Debt issue cost		(4,483)		(5,436)
Derivative liabilities		-		43,067
Total	P	845,517	P	904,009

7. Financial Risk Management Objectives and Policies

The Company's principal financial instruments, other than derivatives, comprise of 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 investments and derivative instruments.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, credit risk, and liquidity risk. The Board of Directors reviews and agrees on policies for managing each of these risks.

Interest Rate Risk

The Company's exposure to the risk changes in market interest rates relates primarily to the Company's 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 amounts calculated by reference to an agreed-upon notional principal amount. These derivative instruments are designated to hedge underlying debt obligations.

As of September 30, 2010 all of the Company's borrowings are at a fixed rate of interest, therefore, a change in market interest rate at the reporting date would not affect net income.

Liquidity Risk

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

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

As of September 30, 2010	**Carrying Amount**	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Interest-bearing loans and other financial liabilities	P845,517	P-	P15,076	P75,381	P1,112,376	P-	P1,202,833
Trade and other payables	1,716,663	165,009	706,417	845,237	-	-	1,716,663
Total	**P2,562,180**	**P165,009**	**P721,493**	**P920,618**	**P1,112,376**	**P-**	**P2,919,496**
As of December 31, 2009 (Audited)	Carrying Amount	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and other financial liabilities	P904,009	P-	P17,669	P89,166	P1,155,443	P-	P1,262,278
Trade and other payables	880,031	178,645	205,750	495,636	-	-	880,031
Total	P1,784,040	P178,645	P223,419	P584,802	P1,155,443	P-	P2,142,309

Credit Risk
The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. A regular 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 and cash equivalents, nontrade receivables, deposits, available-for-sale investments 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.

As of September 30, 2010, 98% of the total trade and other receivables which are neither past due nor impaired are of high grade quality and the remaining 2% 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 are as follows:

	As of September 30, 2010	As of December 31, 2009
Assets:		
Cash and cash equivalents	US$3,846	US$5,461
Trade and other receivables	7,519	673
	11,365	6,134
Liabilities:		
Trade and other payables	6,394	1,264
Net foreign currency-denominated assets	**US$4,971**	US$4,870
Peso equivalent	**P218,125**	P225,021

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

Increase/Decrease in U.S. dollar Exchange Rate	Effect on Income Before Income Tax	Effect on Equity
September 30, 2010		
+5%	**P10,906**	**P7,634**
-5%	**(10,906)**	**(7,634)**
December 31, 2009		
+5%	P11,251	P7,876
-5%	(11,251)	(7,876)

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

The Company considers capital to include 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 to capital shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the period ended September 30, 2010.

The table below shows the capital structure of the Company.

	As of September 30, 2010	As of December 31, 2009
Capital Stock	P2,000,000	P2,000,000
Additional paid-in capital	264,300	264,300
Retained Earnings	4,358,000	3,773,393
Other reserves	747	4,692
TOTAL	**P6,623,047**	P6,042,385

8. 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 September 30, 2010		As of December 31, 2009	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial assets:				
Loans and receivables:				
Cash and cash equivalents	P2,764,572	P2,764,572	P814,339	P814,339
Trade and other receivables	945,054	945,054	330,175	330,175
Deposits	21,049	27,759	23,306	28,819
	3,730,675	3,737,385	1,167,820	1,173,333
Available-for-sale financial assets	2,652	2,652	2,652	2,652
	P3,733,327	**P3,740,047**	P1,170,472	P1,175,985
Financial liabilities:				
Financial liabilities at FVPL-Derivative liabilities	P-	P-	P59,445	P59,445
Other financial liabilities:				
Trade and other payables	1,716,663	1,716,663	880,031	880,031
Interest-bearing loans and borrowings (Fixed rate)	845,517	1,013,518	844,564	1,013,311
	2,562,180	2,730,181	1,724,595	1,893,342
	P2,562,180	**P2,730,180**	P1,784,040	P1,952,787

Fair Value of Financial Instruments

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

a. 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 discounts rates used range from 4.38% to 5.37% in 2010.

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 available-for-sale investments. The fair values of unlisted 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 discounted using the prevailing market rate of interest for a similar instrument. The discount rate used 6.37% in 2010.

b. Derivative instruments

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 rates and historical volatility rate.

Derivative Not Accounted for as Hedge

- Embedded Currency Derivatives

  The Company has entered into an agreement with Provincial Government of 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 the 1993 contract (before taking into account adjustments resulting from changes in the foreign exchange rates) amounted to P296.8 million.

  On July 27, 2010, the agreement with Provincial Government of Province of Bataan was terminated.

Fair Value Changes on Derivatives

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

	As of September 30, 2010	As of December 31, 2009
Balance, beginning	P59,445	P107,382
Net changes in fair value of derivatives:		
Designated as accounting hedges	-	(24,655)
Not designated as accounting hedges	(50,313)	(6,690)
	9,132	76,037
Less fair value of settled instruments	9,132	16,592
Balance, end	**P-**	P59,445

Fair Value Hierarchy

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

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., 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).

	Level 1	Level 2	Level 3
As of September 30, 2010			
Available-for-sale financial assets	**P933**	**P-**	**P1,719**
As of December 31, 2009			
Available-for-sale financial assets	P933	P-	P1,719
Financial Liabilities at FVPL – Derivative liabilities	P-	P59,445	P-

9. Discontinued operation

On August 9, 2010, the Company sold its 100%-owned subsidiary Mariveles Grain Corporation (MGC). Management expects to focus on expanding and upgrading its other business and growing its ability to generate revenues from new and existing port operations. This segment was not a discontinued operation as of December 31, 2009 and the comparative statements of income and statements of comprehensive income were re-presented to show the discontinued operations separately from continuing operations.

Results of operations of the discontinued operations are as follows:

	2010	2009 (As restated)
Revenues	**P226,000**	P344,933
Costs and expenses	**(225,580)**	(241,408)
Other income and expenses	**210,880**	23,905
Income before income tax	**211,300**	127,430
Income tax expense	**60,824**	34,152
Net income from operations	**150,476**	93,278
Gain from sale of discontinued operations	**326,553**	-
Net income from discontinued operations	**P477,029**	P93,278

(pls. revise income tax expense)

Cash flows provided by (used in) discontinued operation are as follows:

	2010	2009
Net cash provided by (used in) operating activities	**(P33,263)**	P167,836
Net cash provided by (used in) investing activities	**1,790,428**	(1,317)
Net cash provided by (used in) financing activities	**-**	-
Net cash provided by (used in) discontinued operation	**P1,757,165**	P166,519

Effects of disposal on the financial position of the Group are as follows:

Assets	
Cash	**P98**
Receivables	**297,180**
Prepaid expenses	**152,109**
Inventories	**7,703**
Property and equipment - net	**1,010,645**
	1,467,735
Liabilities	
Income and other taxes payable	**P372**