

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)

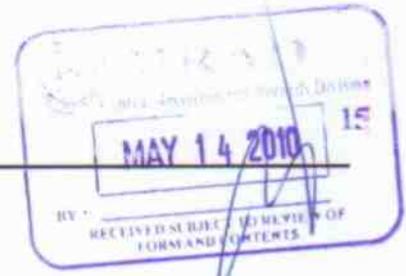
March 31, 2010

Period Ended Date

(Secondary License Type and File Number)

cc: Philippine Stock Exchange

ASIAN TERMINALS, INCORPORATED
Securities and Exchange Commission



SEC FORM 17-Q

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

1. For the quarter ended : **March 31, 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 [] 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.
- 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 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.

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 Financial Condition and Results of Operations

Consolidated Results of Operations for the three months ended March 31, 2010

Net income for the three months ended March 31, 2010 increased by 43.5% to P324.9 million from P226.5 million for the same period last year. Earnings per share were up to P0.16 this year from P0.11 last year.

Revenues grew by 24.9% to P1,167.3 million in the first quarter 2010 from P934.4 million in the same period last year. Revenues from ports operations increased by 34.3% to P1,074.8 million this year from P800.5 million last year while revenues from non-ports operations decreased by 31.0% to P92.5 million this year from P134.0 million last year. The decrease in revenues in non-ports operations was due to lower volumes and unfavorable foreign exchange rates.

In ports operations, mainly as a result of the improvement in international trade at the Port of Manila, revenues from South Harbor international container were up by 28.2% and international non-container were up by 143.5%. 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 Port of Batangas Phase 1 operations were higher by 72.5% and revenues from South Harbor domestic terminal operations were higher by 3.2%.

Cost and expenses in the first quarter of 2010 increased by 21.7% to P698.3 million from P573.9 million in the same period last year. Labor costs went up by 13.5% to P217.0 million this year from P191.2 million last year due mainly to volume factor. Equipment running costs of P111.0 million in the first quarter of 2010 were higher by 21.0% due to increase in prices of fuel and lubricants and in equipment repairs and maintenance in support of operational requirements. Rentals of P39.8 million rose by 36.0% due to volume and commodity-related equipment rentals. Other expenses totaled P160.6 million in the first quarter of 2010, 84.5% higher than P87.1 million in the same period last year, due to increases in General transport expenses, Professional fees, Claims, Travel, Brokerage and other processing costs and Management fees, among others.

Depreciation and amortization declined by 1.2% to P115.6 million in the first quarter of 2010 from P117.0 million last year mainly on account of the derecognition of some intangible assets. Taxes and licenses of P38.9 million this year were lower by 3.5% against P40.3 million last year. Insurance of P15.4 million decreased by 10.8% due to lower premium and to foreign exchange rate factor.

Finance costs in the first quarter of 2010 amounted to P24.3 million, 66.0% lower compared to P71.3 million in the same period last year as interest bearing loans significantly went down to P850.0 million as of March 2010 vs. P2.3 billion as of end March 2009. Finance income went down by 57.3% to P4.4 million from P10.4 million due to lower balance of cash and cash equivalents and to lower interest rates. As of March 31, 2010, Cash and cash equivalents was P1.3 billion, lower than P1.5 billion as of March 31, 2009. Due to foreign exchange rate factor, net gains on derivative instruments of P6.4 million this year were higher than P4.2 million last year. Others-net of P4.6 million in the first quarter of 2010, decreased by 63.4% from P12.7 million in the same period last year. The amount of others-net included foreign exchange losses of P5.2 million this year, compared to foreign exchange gains of P3.9 million last year.

For the quarter ended March 31, 2010, Earnings before income tax of P460.2 million were 45.4% higher than P316.5 million for the same period last year. Provision for income tax this in the first quarter this year increased by 50.3% to P135.3 million from P90.0 million in the same period last year.

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 first three 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 net sales/revenues from continuing operations, other than those discussed in this report.
- There had been no significant element of income or loss that did not arise from the Company's continuing operations.
- There had been no seasonal factor that had a material effect on the financial condition and results of operations.
- There had been no event known to management that could trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation, other than the alleged delinquent real property taxes discussed in Part II of this report under Submissions of SEC Form 17-C.
- 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 P8,522.1 million as of March 31, 2010 were 6.4% higher than P8,007.2 million as of December 31, 2009. Current assets went up by 39.4% to P1,898.8 million as of end March 2010 from P1,361.9 million as of end 2009. Cash and cash equivalents increased by 56.4% to P1,273.6 million as of March 31, 2010 compared to P814.3 million as of December 31, 2009. Trade and other receivables declined by 13.1% to P286.9 million as of end March 2010 from P330.2 million as of end 2009 brought about by improvement in collections. Spare parts and supplies rose by 5.7% to P149.5 million as of March 31, 2010 from P141.4 million as of December 31, 2009 in line with the program for equipment maintenance. Prepayments as of March 31, 2010 amounted to P188.8 million as of March 31, 2010, higher than P76.0 million as of December 31, 2009, mainly due to prepayments of local taxes and of insurance.

Total noncurrent assets slightly went down by 0.3% to P6,623.2 million as of March 31, 2010 from P6,645.3 million as of December 31, 2009. Investment in an associate grew by 6.6% to P69.1 million as of March 31, 2010 from P64.8 million as of December 31, 2009 due to equity in net earnings taken up in 2010. Property and equipment-net went down by P25.7 million to P1,692.5 million as of March 31, 2010 from P1,718.2 million as of December 31, 2009 mainly on account of depreciation for the year. Additions to property and equipment, which were not subject of the service concession arrangement, totaled P3.5 million. Intangible assets went up by 0.2% to P4,725.5 million as of March 31, 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 P96.9 million. Other noncurrent assets of P101.1 million as of end March 2010 decreased by 8.6% from P110.6 million as of end 2009 mainly on account of provisions for pension in the first quarter of 2010.

Total liabilities increased by 9.7% to P2,154.1 million as of March 31, 2010 from P1,964.2 million as of December 31, 2009. Trade and other payables of P933.8 million as of end March 2010 were up by 6.1% from P880.0 million as of end 2009. Trade and other payables are covered by agreed

payment schedules. Provisions for claims went down by 8.2% to P48.7 million as of March 31, 2010 from P53.0 million as of December 31, 2009. Income and other taxes payable amounted to P265.9 million as of March 31, 2010, up from P120.0 million as of December 31, 2009 mainly due to the addition of income tax for the first quarter of 2010.

Interest-bearing loans and other financial liabilities (current and non-current) declined by 0.7% to P897.9 million as of March 31, 2010 from P904.0 million as of December 31, 2009 due to decrease in derivative liability. All interest-bearing loans are denominated in Philippine Peso. All long-term debts are at fixed interest rates.

Consolidated Cash Flows

Net cash provided by operating activities grew by 45.8% to P556.4 million in the first quarter of 2010 from P381.5 million in the same period last year on account of higher operating income, increase in trade and other payables and lower finance cost paid.

Net cash used in investing activities of P93.1 million rose by 172.4%, mainly due to higher additions to intangible assets of P96.9 million in the first quarter of 2010 against P33.6 million in the same period last year.

On net cash used in financing activities, there was no loan amortization due in the first quarter of 2010 while there was P25.0 million payment in the same period 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. were not material and the Company's subsidiary Mariveles Grain Corporation has not started commercial operations as of end March 2010. As of end March 2010:

- ATIB's total assets were only 3.8% of the consolidated total assets
- MGC's total assets were 15.4% of the consolidated total assets
- Combined income before other income and expense for ATIB and MGC was only 9.4% of consolidated income before other income and expenses.

Consolidated KPI	Manner of Calculation	As of March 31		Discussion
		2010	2009	
Return on Capital Employed	Percentage of annualized income before other income (expenses) over running average of operating assets	30.0%	22.0%	Increase resulted from higher income before other income and expenses.
Return on Stockholder's Equity	Percentage of annualized net income over total stockholders' equity	20.9%	16.7%	Increase resulted from higher net income.
Debt to equity ratio	Ratio of total liabilities over total stockholders' equity	0.34 : 1.00	0.61 : 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	2.11	No lost time resulting from injuries in the current period.

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

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 payable on June 17, 2010. As of date of this report, the Company has ordinary shares only.

Submissions of SEC Form 17-C:

Appeal with the Central Board of Assessment Appeals (CBAA) (SEC Form 17-C filed January 19, 2010)

On January 15, 2010, ATI filed with the Central Board of Assessment Appeals (CBAA) an appeal from the order of the Local Board of Assessment Appeals of Bataan (LBAA) dismissing the previous appeal filed by ATI questioning the Notice Re-assessment issued by the Provincial Assessor of Bataan on some real properties located at the Mariveles Grain Terminal.

To date, the appeal of ATI is still pending with the CBAA.

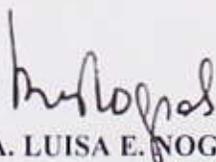
Other Submissions of SEC Form 17-C were:

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 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

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.

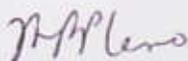
ASIAN TERMINALS, INCORPORATED
by:



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

Date : May 14, 2010

Principal Financial/Accounting Officer:



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

Date : May 14, 2010

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

	March 31, 2010 (Unaudited)	December 31, 2009 (Audited)
	<i>(In Thousands)</i>	
ASSETS		
Current Assets		
Cash and cash equivalents	P 1,273,597	P 814,339
Trade and other receivables - net	286,919	330,175
Spare parts and supplies - at net realizable value	149,523	141,422
Prepaid expenses	188,780	76,012
Total Current Assets	1,898,820	1,361,948
Noncurrent Assets		
Investment in an associate - at equity	69,106	64,828
Property and equipment - net	1,692,529	1,718,179
Intangible assets - net	4,725,522	4,715,033
Other financial assets	26,237	25,958
Deferred tax assets - net	8,800	10,721
Other noncurrent assets	101,053	110,579
Total Noncurrent Assets	6,623,247	6,645,298
TOTAL ASSETS	P 8,522,067	P 8,007,246
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	P 933,827	P 880,031
Current portion of interest-bearing loans other financial liabilities	15,721	16,378
Provisions for claims	48,683	53,014
Income and other tax payable	265,926	120,011
Total Current Liabilities	1,264,157	1,069,434
Noncurrent Liabilities		
Interest bearing loans and other financial liabilities - net of current portion	882,197	887,631
Pension liability	7,767	7,138
Total Noncurrent Liabilities	889,963	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	4,098,044	3,773,393
Other reserves	4,692	4,692
	6,367,036	6,042,385
Non-controlling Interest	911	658
Total Equity	6,367,947	6,043,043
TOTAL LIABILITIES AND EQUITY	P 8,522,067	P 8,007,246

ASIAN TERMINALS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Unaudited, In Thousands, Except Per Share Data)

		For the three months Ended March 31	
		2010	2009
REVENUES	P	1,167,312	P 934,426
COSTS AND EXPENSES		(698,324)	(573,876)
OTHER INCOME AND EXPENSES			
Finance cost		(24,268)	(71,328)
Finance income		4,439	10,390
Net gains on derivative instruments		6,403	4,191
Others - net		4,648	12,705
INCOME BEFORE INCOME TAX		460,209	316,508
INCOME TAX EXPENSE			
Current		133,384	88,768
Deferred		1,921	1,257
		135,305	90,025
NET INCOME	P	324,904	P 226,483
Attributable To:			
Owners of the Parent Company	P	324,652	P 226,387
Non-controlling interest		253	96
	P	324,904	P 226,483
Basic/Diluted Earnings Per Share Attributable to Owners of the Parent Company	P	0.16	P 0.11

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

For the three months ended March 31				
		2010	2009	
<i>(In Thousands)</i>				
Fair value gain on cash flow hedges	P	-	P	656
Tax on items taken directly to equity		-		(198)
Net Income recognized directly in equity		-		458
Net income for three months		324,904		226,483
Total recognized income and expense for the year	P	324,904	P	226,941
Attributable To:				
Equity holders of the parent	P	324,652	P	226,845
Minority interests		253		96
	P	324,904	P	226,941

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

	Common Stock		Additional Paid-in Capital		Retained Earnings		Other Reserves		Total	Non-controlling Interests		Total Equity				
	P		P		P		P			P						
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
Net income for the period		-		-		-		324,652		-		324,652		253		324,904
Balance at March 31, 2010	P	2,000,000	P	264,300	P	500,000	P	3,598,045	P	4,692	P	6,367,037	P	911	P	6,367,947
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
Net income for the period		-		-		-		226,387		-		226,387		96		226,483
Other comprehensive income																
Fair value gain on cash flow hedge, net of tax		-		-		-		-		458		458		-		458
Balance at March 31, 2009	P	2,000,000	P	264,300	P	500,000	P	2,838,103	P	(56,678)	P	5,545,725	P	777	P	5,546,502

ASIAN TERMINALS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31

	2010		2009	
	<i>(In Thousands)</i>			
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	P	460,209	P	316,508
Adjustments for:				
Depreciation and amortization		115,584		117,002
Finance cost		24,268		71,328
Finance income		(4,438)		(10,390)
Net losses on derivative instruments		(6,402)		(4,191)
Net unrealized foreign exchange loss		4,023		396
Equity in net earnings of an associate		(4,278)		(4,198)
Loss (gain) on disposals of:				
Property and equipment		-		(92)
Intangible Assets		-		344
Amortization of noncurrent prepaid rental		322		322
Operating income before working capital changes		589,340		487,029
Decrease (increase) in:				
Trade and other receivables		43,550		31,636
Spare parts and supplies		(8,101)		(9,413)
Prepaid expenses		(112,769)		(76,970)
Asset held for sale		-		(1,876)
Increase (decrease) in:				
Trade and other payables		36,240		(40,313)
Provisions for claims		(4,330)		4,069
Taxes payables		12,531		7,802
Cash generated from operations		556,460		401,964
Finance cost paid		(46)		(20,433)
Net cash provided by operating activities		556,414		381,531
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and Equipment		(3,503)		(14,814)
Intangible assets		(96,919)		(33,600)
Finance income received		3,854		11,307
Increase in other noncurrent assets		3,477		2,629
Proceeds from disposals of:				
Property and Equipment		-		648
Intangible assets		-		566
Decrease in deposits		(41)		(924)
Net cash used in investing activities		(93,133)		(34,188)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Long-term debt		-		(25,000)
Cash used in financing activities		-		(25,000)
NET INCREASE IN CASH				
AND CASH EQUIVALENTS		463,281		322,343
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH				
AND CASH EQUIVALENTS		(4,023)		(397)
CASH & CASH EQUIVALENTS				
AT BEGINNING OF YEAR		814,339		1,182,187
CASH & CASH EQUIVALENTS				
AT END OF YEAR	P	1,273,597	P	1,504,133

**SELECTED
EXPLANATORY NOTES
March 31, 2010
(Amounts in Thousands)**

1. Segment Information

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

	As of and for the three months ended March 31, 2010			As of and for the three months ended March 31, 2009		
	Ports	Non-Ports	Total	Ports	Non-Ports	Total
Revenues	P 1,074,824	P 92,464	P 1,167,288	P 800,470	P 133,957	P 934,426
Intangible Assets (excluding goodwill)	4,683,461	-	4,683,461	4,841,537	-	4,841,537
Property and equipment - net	320,729	1,371,800	1,692,529	265,934	1,435,017	1,700,951
Total assets	6,909,647	1,612,420	8,522,067	7,148,175	1,807,390	8,953,565
Total liabilities	1,880,013	274,107	2,154,120	3,039,948	367,115	3,407,063
Capital expenditures						
Intangible Assets	96,919	-	96,919	33,600	-	33,600
Property and equipment	2,987	516	3,503	13,662	1,152	14,814
Depreciation and amortization	97,591	17,994	115,584	98,756	18,246	117,002
Noncash expenses (income) other than depreciation and amortization	43	-	-	-	-	-

2. Trade Receivables - net

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

	As of March 31, 2010	As of December 31, 2009
Up to 6 months	P280,837	P322,354
Over 6 months to 1 year	-	-
Over 1 year	-	-
Total	P280,837	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	March 31, 2010	December 31, 2009 (Audited)
Cost								
Balance at beginning of year	P 197,400	P 2,037,290	P 581,158	P 480,330	P 130,595	P 29,943	P 3,456,686	P 3,200,466
Additions	429	-	87	2,256	678	76	3,503	50,590.66
Disposals	-	-	-	-	-	-	-	(5,936.13)
Reclassifications	-	1,467	-	2,829	-	(4,315)	0	121,065.44
Retirements	-	-	-	-	-	-	-	(5,489.82)
Balance at end of year	197,829	2,038,747	581,225	485,414	131,271	25,703	3,460,189	3,456,686
Accumulated depreciation and amortization:								
Balance at beginning of year	120,569	756,196	306,373	457,110	92,269	-	1,738,507	1,576,268.74
Additions	2,949	15,176	3,781	4,090	3,171	-	29,153	129,359.09
Disposals	-	-	-	-	-	-	-	(4,481.30)
Reclassification	-	-	-	-	-	-	-	42,830.24
Retirements	-	-	-	-	-	-	-	(5,489.82)
Balance at end of year	129,508	771,372	310,154	461,206	95,440	-	1,767,660	1,738,507
Net book value	P 68,321	P 1,267,375	P 271,069	P 24,208	P 35,831	P 25,703	P 1,692,529	P 1,718,179

4. Intangible Assets

		March 31, 2010		December 31, 2009 (Audited)
Goodwill	P	42,060	P	42,060
Service concession		4,683,461		4,672,973
Total	P	4,725,522	P	4,715,033

The movements of service concession are as follows:

		March 31, 2010		December 31, 2009 (Audited)
Cost				
Balance at beginning of year	P	7,432,086	P	7,334,973
Additions		96,919		120,197
Derecognition		(1,372)		(23,084)
Balance at end of year		7,527,633		7,432,086
Accumulated amortization				
Balance at beginning of year		2,759,113		2,436,628
Amortization for the year		86,431		343,407
Derecognition		(1,372)		(20,923)
Balance at end of year		2,844,172		2,759,113
Carrying amount	P	4,683,461	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

		March 31, 2010		December 31, 2009 (Audited)
Trade	P	54,494	P	56,191
Accrued expenses		535,058		499,488
Due to government agencies		227,274		228,933
Shippers' and brokers' deposits		54,533		30,693
Due to related parties		7,725		-
Others		54,742		64,725
Total	P	933,827	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 three-month period

Additional information on the Company's long-term debt as of March 31, 2010:

	Outstanding Amount	Maturity Date(s)	Interest rate
Syndicated FFRN-Tranche 3	P300,000	December 13, 2014	Applicable 10-year MART1 plus spread
Syndicated FRN	550,000	December 19, 2012	Applicable 7-year MART1 plus spread
Total	850,000		
Less current portion	0		
Long-term debt – net of current portion	P850,000		

The Company had no outstanding foreign debt.

All long-term debts are at fixed interest rates.

Derivative Liabilities

	March 31, 2010		December 31, 2009 (Audited)	
Current - Foreign currency option	P	15,721	P	16,378
Noncurrent - Foreign currency option		37,322		43,067
Total	P	53,043	P	59,445

Financial Liabilities

	March 31, 2010		December 31, 2009 (Audited)	
Current				
Derivative liabilities	P	15,721	P	16,378
Noncurrent				
Long term debt		850,000		850,000
Debt issue cost		(5,125)		(5,436)
Derivative liabilities		37,322		43,067
Total	P	897,918	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 March 31, 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 March 31, 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	P897,917	P-	P17,612	P88,566	P1,149,648	P-	P1,255,826
Trade and other payables	933,827	174,704	216,922	542,201	-	-	933,827
Total	P1,831,744	P174,704	P234,534	P630,767	P1,149,648	P-	P2,189,653
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 not 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 March 31, 2010, 97% of the total trade and other receivables which are neither past due nor impaired are of high grade quality and the remaining 3% 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 March 31, 2010	As of December 31, 2009
Assets:		
Cash and cash equivalents	US\$4,901	US\$5,461
Trade and other receivables	871	673
	5,772	6,134
Liabilities:		
Trade and other payables	119	1,264
Net foreign currency-denominated assets	US\$5,653	US\$4,870
Peso equivalent	P255,364	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
March 31, 2010		
+5%	P12,768	P8,938
-5%	(12,768)	(8,938)
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 March 31, 2010.

The table below shows the capital structure of the Company.

	As of March 31, 2010	As of December 31, 2009
Capital Stock	P2,000,000	P2,000,000
Additional paid-in capital	264,300	264,300
Retained Earnings	4,098,044	3,773,393
Other reserves	4,692	4,692
TOTAL	P6,367,036	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 March 31, 2010		As of December 31, 2009	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets:				
Loans and receivables:				
Cash and cash equivalents	P1,273,597	P1,273,597	P814,339	P814,339
Trade and other receivables	286,919	286,919	330,175	330,175
Deposits	23,585	28,799	23,306	28,819
	1,584,101	1,589,315	1,167,820	1,173,333
Available-for-sale financial assets	2,652	2,652	2,652	2,652
	P1,586,753	P1,591,967	P1,170,472	P1,175,985
Financial liabilities:				
Financial liabilities at FVPL- Derivative liabilities	P53,043	P53,043	P59,445	P59,445
Other financial liabilities:				
Trade and other payables	933,827	933,827	880,031	880,031
Interest-bearing loans and borrowings (Fixed rate)	844,875	1,036,484	844,564	1,013,311
	1,778,702	1,970,311	1,724,595	1,893,342
	P1,831,745	P2,034,354	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 3.96% to 6.30% 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 rates used are 5.70% and 8.17% in 2010.

b. Derivative instruments

The fair values of the interest rate swap were 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 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.

The derivative liability reported for these embedded foreign currency option as of March 31, 2010 amounted to P53.0 million.

Fair Value Changes on Derivatives

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

	As of March 31, 2010	As of December 31, 2009
Balance, beginning	P 59,445	P107,382
Net changes in fair value of derivatives:		
Designated as accounting hedges	-	(24,665)
Not designated as accounting hedges	(2,475)	(6,990)
	56,970	76,037
Less fair value of settled instruments	3,927	16,592
Balance, end	P 53,043	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 March 31, 2010			
Available-for-sale financial assets	P933	P-	P1,719
Financial Liabilities at FVPL – Derivative liabilities	P-	P53,043	P-
As of December 31, 2009			
Available-for-sale financial assets	P933	P-	P1,719
Financial Liabilities at FVPL – Derivative liabilities	P-	P53,043	P-