ASIAN TERMINALS INC.
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

November 14, 2011

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, 2011)

Gentlemen,

We submit our SEC Form 17-Q for the third quarter of 2011.

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, 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, 2011
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, 2011**
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 January 1, 2011

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

- *Improvements to PFRSs 2010* contain 11 amendments to 6 standards and 1 interpretation.

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

Effective January 1, 2013

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

After consideration of the result of its impact evaluation, the Company has decided not to early adopt PFRS 9 (2009) or PFRS 9 (2010) for its 2011 annual financial reporting. The Company shall conduct in early 2012 another impact evaluation using the outstanding balances of financial statements as of December 31, 2011. The decision whether to early adopt either PFRS 9 (2009) or PFRS (2010) for the 2012 financial reporting shall be disclosed in the Company's interim financial statements report as of March 31, 2012. If the Company decides to early adopt the subject standard for its 2012 reporting, the interim report as of March 31, 2012 will reflect the application of the requirements under the said standard and will contain a qualitative and quantitative discussion of the result of the Company's impact evaluation.

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, 2011

A. Continuing Operations

Revenues in the nine months ended September 30, 2011 of P3,292.4 million were 3.4% lower than P3,407.7 million in the same period last year. In South Harbor, revenues from international containers rose by 1.3% or P33.7 million despite lower volumes on account of favorable container mix and increases in revenues for storage and other services. Revenues from domestic terminal operations were higher by 14.3% or P 34.3 million due to increases in cargo volumes and in number of passengers. Revenues from international non-containers were lower by 44.8% or P112.6 million due to decrease in volumes of rice and steel cargoes. In Port of Batangas Phase 1, revenues were lower by 13.5% or P37.6 million due to volume factor. The revenues from Port of Batangas Container Terminal A-1 in Phase II in the nine months of 2011 were not significant. The contract for the management, operation, maintenance, development and promotion of this terminal was signed on March 25, 2010. Based on the Notice to Proceed dated June 16, 2010, start or operations was July 1, 2010.

Cost and expenses in the nine months of 2011 amounted to P1,784.1 million, slightly up by 0.8% compared to P1,770.3 million in the same period last year. Equipment running costs went up by 9.7% to P358.5 million in 2011 from P326.9 million in 2010 due to increases in prices of fuel, lubricants, and electricity, including costs of equipment repairs and maintenance. Depreciation and amortization this year rose by 5.2% to P309.8 million from P294.6 million last year mainly on account of additions to intangible assets. Taxes and licenses of P101.2 million in 2011 were higher by 50.7% compared to P67.2 million in 2010 due to higher local taxes and documentary stamp tax. Security, health, environment and safety costs increased by 5.3% to P56.2 million this year from P53.3 million last year due to increases in security posts, rates of security guards and site cleaning costs. Insurance costs were up by 33.7% to P51.4 million in 2011 from P38.4 million in 2010 due to increases in rates and in coverages. General transport costs of P47.0 million this year were 41.2% higher than P33.3 million in 2010 due to volume-related increase in trucking costs.

Labor costs decreased by 3.9% to P595.6 million this year from P619.6 million last year mainly on account of volume factor. Management fees this year of P71.1 million were 24.9% lower than P94.7 million last year due to lower net income. Rentals decreased by 6.2% to P40.5 million in 2011 from P43.2 million in 2010 due to volume-related reductions in equipment rentals. Facilities-related expenses of P30.4 million this year were lower by 4.6% compared to P31.8 million in 2010 due to decrease in IT expenses. Professional fees were down by 29.9% to P16.2 million in 2011 from P23.0 million in 2010 as last year included non-recurring engagements of surveyors in relation to insurance claims. Other expenses of P106.4 million this year were below by 26.2% vs. P144.2 million last year, due to volume related reductions in processing-related expenses (brokerage, wharfage, transfer costs, etc.) and to decreases in claims and communication costs, among others.

Finance costs in 2011 dropped by 50.9% to P36.0 million from P73.3 million in 2010 due to the significant reduction of interest bearing loans to P300 million as of end September 2011 from P850 million as of end September 2010. Finance income went up to P61.2 million this year from P25.1 million last year due to increase in average cash and cash equivalents this year vs. last year and to interest income from an escrow account. Others-net was P84.1 million in 2011, P22.5 million in 2010 due to gain on disposal of intangible assets and to insurance claims.

Income before income tax in the nine months of 2011 of P1,617.5 million was 0.4% higher than P1,611.7 million in the same period last year. Provision for income tax increased to P466.0 million in the nine months of 2011 from P423.3 million in the same period last year.

Income from continuing operations amounted to P1,151.5 million for the nine months ended September 30, 2011, 3.1% lower than P1,188.4 million for the same period last year.

B. Discontinued Operations

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

After the discontinued operations in MGT, the significant unit in the non-port segment, the remaining unit did not meet the criteria for a reportable segment, hence, was combined with the ports segment.

Income from discontinued operations amounted to P477.0 million in the 9 months of last year. The results of the discontinued operations in MGT are reported in item 2 of the attached Selected Explanatory Notes.

With the foregoing, Net income for the nine months ended September 30, 2011 amounted to P1,151.5 million, 30.9% lower than P1,664.6 million for the same period last year. Earnings per share this year was P0.58, last year was P0.83.

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 2011:

- 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 significant element of income 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.
- 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 as of September 30, 2011 of P9,499.7 million was 3.3% higher than P9,198.9 million as of December 31, 2010. Current assets were slightly up by 0.3%, P3,451.7 million as of end September 30, 2011 vs. P3,439.9 million as of end 2010. Cash and cash equivalents of P2,834.0 million as of September 30, 2011 was 22.5% higher than P2,313.4 million as of December 31, 2010. Trade and other receivables-net significantly decreased by 59.0% to P360.3 million as of end September 30, 2011 from P877.9 million as of end 2010 due to reduction in trade receivables and collections from the escrow account and insurance. Receivable from escrow account was down to P54.7 million as of end September 2011 from P309.8 million as of end 2010 and receivable from insurance was down to P103.5 million as of end September 2011 from P293.8 million as of end 2010. On account of improved collections, trade receivables-net, of P193.0 million as of end September 2011 were 27.0% lower than P264.6 million as of end 2010. Spare parts and supplies-net of P173.7 million as of September 30, 2011 were 13.4% higher than P153.2 million as of December 31, 2010. The increase was in support of operational requirements and equipment maintenance program. Prepaid expenses as of September 30, 2011 amounted to P83.6 million, 12.4% down from P95.5 million as of December 31, 2010 due to amortizations of prepaid insurance premiums and rentals.

Total noncurrent assets went up by 5.0% to P6,048.0 million as of September 30, 2011 from P5,759.0 million as of December 31, 2010. Investment in an associate of P54.6 million as of September 30, 2011 decreased by 18.2% from P66.7 million as of December 31, 2010 due to cash dividend received from an associate. Property and equipment-net of P407.7 million as of September 30, 2011 decreased by 1.2% from P412.5 million as of December 31, 2010 mainly due to depreciation for the period. Additions to property and equipment which were not subject of the service concession arrangement totaled P37.0 million. Intangible assets-net increased to P5,420.1 million as of September 30, 2011 from P5,184.9 million as of December 31, 2010. Additions to intangible assets which consisted of cargo handling equipment and civil works that were subject of the service concession arrangement totaled to P506.7 million. Other noncurrent assets increased to P105.9 million as of end September 30, 2011 from P33.9 million as of December 31, 2010 due to increase in input taxes from additions to property and equipment and intangible assets.

Total liabilities decreased by 12.4% to P1,865.5 million as of September 30, 2011 from P2,129.6 million as of December 31, 2010. Trade and other payables declined by 8.5% to P1,423.3 million as of end September 30, 2011 from P1,554.9 million as of end 2010 due to payments on equipment acquisitions and payments to government agencies. Trade and other payables are covered by agreed payment schedules. Provisions for claims went down by 10.3% to P41.7 million as of September 30, 2011 from P46.5 million as of December 31, 2010 due to settlement of certain claims. Income and other taxes payable of P93.3 million as of September 30, 2011 was lower by 57.4% compared with P219.0 million as of December 31, 2010 due to various tax payments and lower income tax due in the 3rd quarter of 2011.

Interest-bearing loans (non-current) as of September 30, 2011 amounted to P298.3 million, P298.0 million as of December 31, 2010. The remaining interest-bearing loan which will mature in December 2014 is denominated in Philippine Peso and is at fixed interest rate. This loan is eligible for prepayment in December 2011. There are no derivative liabilities as of September 30, 2011 and December 31, 2010.

Consolidated Cash Flows

Net cash provided by operating activities in the nine months of 2011 amounted to P1,723.1 million, 9.9% higher than P1,567.8 million in the same period last year due to, among others, decrease in trade and other receivables as a result of collections on previous year's receivables from insurance and escrow fund and improved collections on trade receivables, net of decrease in trade and other payable mainly as a result payments on equipment acquisitions.

Net cash used in investing activities amounted to P523.7 million this year, while Net cash provided by investing activities was P1,490.4 million in the same period last year. Additions to property and equipment and intangible assets totaled P543.6 million this year, up from P468.0 million last year. Included last year were proceeds from sale of MGC of P1,793.8 million.

Net cash used in financing activities amounted to P600.8 million this year, 44.4% lower than P1,080.8 million last year. Cash dividends paid in 2011 was P600 million and in 2010 was P1.08 billion.

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 2011:

- ATIB's total assets were only 3.6% of the consolidated total assets
- Income before other income and expense for ATIB was only 6.9% of consolidated income before other income and expenses.

Consolidated KPI	Manner of Calculation	As of September 30		Discussion
		2011	2010	
Return on Capital Employed	Percentage of annualized income before other income and expenses over capital employed	26.8%	46.2%	Decrease resulted from lower income before other income and expenses during the period. 2010 included results from discontinued operations.
Return on Equity attributable to equity holders of the parent	Percentage of annualized net income over equity attributable to equity holders of the parent	20.9%	35.0%	Decrease resulted from decrease in net income and increase in average equity attributable to equity holders of the parent. 2010 included results from discontinued operations.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.24 : 1.00	0.42 : 1.00	Improved due to payment of prepayment of interest bearing loan in December 2010 and to increase in equity attributable to equity holders of the parent.
Days Sales in Receivables (DSR)	Gross trade receivables over revenues multiplied by number of days	11 days	15 days	Due to improved collection efforts.
Lost Time Injury	No. of lost time from injuries per standard man-hours	0.86	0.95	Improved as a result of extensive safety campaign and strict implementation of policy on health, safety and environment.

Note: Income before other income and expenses is defined as Revenues less Costs and expenses. Capital employed is defined as Total assets less Current liabilities.

PART II. OTHER INFORMATION

On April 28, 2011, the Board of Directors of ATI approved a cash dividend of P0.30 per share to stockholders on record as of May 12, 2011. Dividends were paid on June 2, 2011. As of date of this report, the Company has ordinary shares only.

Submissions of SEC Form 17-C:

Date Filed	Reference	Particulars
January 25, 2011	SEC 17-C	Certification of Attendance of Directors during Board Meetings for the year 2010
January 28, 2011	SEC 17-C	Certification of Compliance with the Manual on Corporate Governance
February 18, 2011	SEC 17-C	Notice of Guidelines for Nomination for Election to the Board
February 25, 2011	SEC 17-C	2011 Annual Stockholders' Meeting, Agenda and Record Date; Amendment of By-Laws
April 4, 2011	SEC 17-C	Appointment of Mr. Bastiaan Hokke as VP for ATI Batangas, Batangas Container Terminal and Inland Clearance Depot
May 2, 2011	SEC 17-C	Declaration of cash dividends, appointment of independent auditors, approval of the audited financial statements; ratification and approval of the ATI-POMS management agreement; results of the 2011 annual stockholders' meeting and organizational meeting
July 18, 2011	SEC 17-C	Election of Mr. Sasedharan Vasudevan as Vice President for South Harbor Operations and Engineering
October 17, 2011	SEC 17-C	Change of officers. Ms. Gloriann V. Magto to assume the position Corporate Treasurer, VP for Finance and Chief Financial Officer to be vacated by Ms. Ma. Luisa E. Nograles after October 31, 2011
October 21, 2011	SEC 17-C	Receipt of PPA Memorandum on Approved Tariff-Rate Increase on Vessel Related Container Handling Services

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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:

GLORIANN V. MAGTO
Vice President and Chief Financial Officer

Date : November 14, 2011

Principal Financial/Accounting Officer:

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

Date : November 14, 2011

ASIAN TERMINALS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		September 30, 2011 (Unaudited)		December 31, 2010 (Audited)
		(In Thousands)		
ASSETS				
Current Assets				
Cash and cash equivalents	P	2,834,004	P	2,313,353
Trade and other receivables - net		360,341		877,932
Spare parts and supplies - at net realizable valu(		173,673		153,156
Prepaid expenses		83,637		95,480
Total Current Assets		3,451,655		3,439,921
Noncurrent Assets				
Investment in an associate - at equity		54,576		66,679
Property and equipment - net		407,670		412,463
Intangible assets - net		5,420,089		5,184,870
Other financial assets		24,189		23,763
Deferred tax assets - net		35,599		37,284
Other noncurrent assets		105,880		33,941
Total Noncurrent Assets		6,048,003		5,759,000
TOTAL ASSETS	P	9,499,658	P	9,198,921
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	P	1,423,304	P	1,554,862
Provisions for claims		41,686		46,487
Income and other taxes payable		93,290		219,008
Total Current Liabilities		1,558,280		1,820,357
Noncurrent Liabilities				
Interest bearing loans and other financial liabilities - net of current portion		298,296		297,998
Pension liability		8,905		11,274
Total Noncurrent Liabilities		307,201		309,272
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		5,374,854		4,824,091
Other reserves		(5,820)		(20,001)
		7,633,334		7,068,390
Non-controlling Interest		843		902
Total Equity		7,634,177		7,069,292
TOTAL LIABILITIES AND EQUITY	P	9,499,658	P	9,198,921

See accompanying Notes to Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY

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	
	2011	2010	2011	2010
REVENUES	P 1,078,900	P 1,068,488	P 3,292,369	P 3,407,714
COSTS AND EXPENSES	(581,383)	(611,959)	(1,784,124)	(1,770,253)
OTHER INCOME AND EXPENSES				
Finance cost	(12,222)	(25,084)	(35,998)	(73,284)
Finance income	27,815	13,547	61,162	25,060
Others - net	3,832	5,533	84,097	22,486
INCOME BEFORE INCOME TAX	516,943	450,525	1,617,506	1,611,724
INCOME TAX EXPENSE				
Current	144,323	87,576	464,287	419,029
Deferred	3,294	(1,148)	1,685	4,302
	147,617	86,428	465,972	423,331
INCOME FROM CONTINUING OPERATIONS	369,326	364,097	1,151,534	1,188,393
INCOME FROM DISCONTINUED OPERATIONS - Net of Tax	-	389,243	-	477,029
NET INCOME	P 369,326	P 753,340	P 1,151,534	P 1,665,422
Attributable To:				
Owners of the Parent Company	369,105	753,058	P 1,150,763	P 1,664,607
Non-controlling interest	221	282	771	814
	P 369,326	P 753,340	P 1,151,534	P 1,665,421
Basic/Diluted Earnings Per Share Attributable to Owners of the Parent Company	P 0.18	P 0.38	P 0.58	P 0.83

See Notes to the Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY

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 Interest	Total Equity
Balance at January 1, 2011	P 2,000,000	P 264,300	P 1,000,000	P 3,824,091	(P 20,001)	P 7,068,390	P 902	P 7,069,292
Cash dividends - ₱0.30 a share for ATI				(600,000)		(600,000)	(830)	(600,830)
Net income for first nine months				1,150,763		1,150,763	771	1,151,534
Adjustment of other reserves					14,181	14,181		14,181
Balance at September 30, 2011	P 2,000,000	P 264,300	P 1,000,000	P 4,374,854	(P 5,820)	P 7,633,334	P 843	P 7,634,177
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
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 first nine months	-	-	-	1,664,607		1,664,607	814	1,665,421
Balance at September 30, 2010	P 2,000,000	P 264,300	P 500,000	P 3,858,000	P 747	P 6,623,047	P 642	P 6,623,689

ASIAN TERMINALS, INC. AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the third quarter ended September 30		For the nine months ended September 30	
	2011	2010	2011	2010
	(in thousands)		*(in thousands)*	
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	P 516,943	P 860,808	P 1,617,507	P 2,149,376
Adjustments for:				
Depreciation and amortization	108,543	104,072	309,801	377,084
Finance cost	12,222	27,957	35,998	76,814
Finance income	(27,815)	(14,914)	(61,162)	(26,879)
Net losses on derivative instruments	-	(51,936)	-	(59,445)
Contribution to retirement fund	(10,551)	-	(10,551)	-
Net unrealized foreign exchange losses	49,697	25,177	77,901	27,096
Equity in net earnings of an associate	(5,200)	(4,891)	(14,748)	(14,040)
Income from insurance claim	-	-	-	(199,173)
Loss (gain) on disposals of:				
Property and equipment	(87)	279	(110)	266
Intangible Assets	(65)	-	(7,918)	(446)
Gain on Sale of discontinued operation, net	-	(326,553)	-	(326,553)
Amortization of noncurrent prepaid rental	492	246	738	890
Impairment of losses on receivables	(12)	(84)	(12)	(84)
Operating income before working capital changes	644,166	620,162	1,947,444	2,005,107
Provisions (reversals) for:				
Inventory obsolescence	-	-	2,216	(1,680)
Decrease (increase) in:				
Trade and other receivables	79,826	(571,453)	517,309	(573,428)
Spare parts and supplies	(834)	(13,768)	(22,734)	(21,412)
Prepaid expenses	20,966	2,278	11,843	(151,699)
Increase (decrease) in:				-
Trade and other payables	384,918	561,879	(107,021)	841,369
Provisions for claims	(3,352)	(2,059)	(4,802)	(6,066)
Income and other taxes payable	(59,312)	(35,677)	(61,163)	14,218
Net cash generated from operations	1,066,378	561,362	2,283,092	2,106,410
Finance cost paid	(250)	(3,047)	(31,158)	(50,900)
Income tax paid	(168,190)	(238,768)	(528,842)	(487,708)
Net cash provided by operating activities	897,937	319,546	1,723,092	1,567,801
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and Equipment	(15,930)	(19,419)	(36,956)	(20,735)
Intangible assets	(296,724)	(329,275)	(506,683)	(447,302)
Finance income received	27,964	11,473	60,930	22,317
Decrease (increase) in other noncurrent assets	(27,684)	4,827	(79,393)	11,382
Proceeds from insurance claim	-	-	-	108,318
Proceeds from disposals of:				
Property and Equipment	146	1	169	14
Intangible assets	67	-	11,272	446
Disposal of discontinued operations, net	-	1,793,818	-	1,793,818
Decrease in deposits	169	4,343	101	4,245
Dividends received	21,494	-	26,851	17,857
Net cash provided by (used in) investing activities	(290,498)	1,465,769	(523,709)	1,490,339
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Cash dividends	-	(500,000)	(600,000)	(1,080,000)
Cash dividend to non-controlling interest	(830)	(830)	(830)	(830)
Cash used in financing activities	(830)	(500,830)	(600,830)	(1,080,830)
NET INCREASE IN CASH AND CASH EQUIVALENTS	606,609	1,284,484	598,553	1,977,329
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(49,697)	(25,177)	(77,902)	(27,096)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	2,277,093	1,505,266	2,313,353	814,339
CASH & CASH EQUIVALENTS AT END OF YEAR	P 2,834,004	P 2,764,573	P 2,834,004	P 2,764,573

SELECTED
EXPLANATORY NOTES
September 30, 2011
(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, 2011			As of and for the nine months ended September 30, 2010		
	Ports	Non-Ports	Total	Ports	Non-Ports	Total
		(In Thousands)			(In Thousands)	
Revenue	3,292,369	-	3,292,369	P 3,326,521	P + 81,193	P 3,407,714
Intangible Assets (excluding goodwill)	5,378,029	-	5,378,029	4,839,442	-	4,839,442
Property and equipment - net	407,670	-	407,670	324,536	62,083	386,619
Total assets	9,499,658	-	9,499,658	9,290,188	86,818	9,377,006
Total liabilities	1,865,481	-	1,865,481	2,711,404	41,912	2,753,316
Capital expenditures						
Intangible Assets	506,683	-	506,683	447,302	-	447,302
Property and equipment	36,956	-	36,956	12,016	8,719	20,735
Depreciation and amortization	309,801	-	309,801	291,379	85,706	377,084
Noncash expenses (income) other than depreciation and amortization	2,204	-	2,204	(23)	(1,680)	(1,703)

2. Discontinued operations

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

Results of operations of the discontinued operations are as follows:

	September 30, 2011	September 30, 2010
Revenues	**P** -	P 226,000
Costs and expenses	-	(225,580)
Other Income and expenses		210,880
Income before income tax	-	211,300
Income tax expense	-	60,824
Current	-	63,390
Deferred	-	(2,566)
Net Income from operations	-	150,476
Gain from sale of discontinued operations	-	326,553
Net income from discontinued operations	**P** -	P 477,029

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

CASH FLOW FROM (USED IN) DISCONTINUED OPERAITON

	2011	2010
Net cash provided by (used in) operating activities	-	(33,263)
Net cash provided by (used in) investing activities	-	1,790,428
Net cash provided by (used in) financing activities	-	-
Net cash provided by (used in) discontinued operation	**P** -	P 1,757,165

3. Trade Receivables - net

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

	As of September 30, 2011	As of December 31, 2010
Up to 6 months	P 193,008	P 264,560
Over 6 months to 1 year	-	-
Over 1 year	-	-
Total	P 193,008	P 264,560

4. Property and Equipment

A summary of property and equipment follows:

	Port facilities and equipment	Leasehold improvements	Furnitures, fixtures and equipment	Transportation and other equipment	Construction In-progress	September 30, 2011	December 31, 2010 (Audited)
Cost							
Balance at beginning of year	P 165,738	P 519,426	P 512,330	P 126,931	P 10,955	P 1,335,380	P 3,456,686
Additions	800	1,587	19,459	3,782	11,329	36,957	58,981
Disposals	-	-	(1,110)	(1,296)		(2,406)	(6,159)
Reclassifications	(600)	-	7,314	600	(7,314)	-	-
Retirements	-	-	(6,915)	(3,470)	-	(10,385)	(2,174,128)
Balance at end of year	165,938	521,013	531,078	126,547	14,970	1,359,546	1,335,380
Accumulated depreciation and amortization:							
Balance at beginning of year	111,822	281,030	442,143	87,921		922,917	1,738,507
Additions	8,797	8,352	16,197	8,346	-	41,691	130,628
Disposals	-	-	(1,051)	(1,296)	-	(2,347)	(5,880)
Reclassification	-	-	-	-	-	-	(21,976)
Retirements	-	-	(6,915)	(3,470)		(10,385)	(918,362)
Balance at end of year	120,619	289,382	450,374	91,501	-	951,876	922,917
Net book value	P 45,319	P 231,631	P 80,704	P 35,046	P 14,970	P 407,670	P 412,463

5. Intangible Assets

	September 30, 2011	December 31, 2010 (Audited)
Service concession	P 5,378,029	P 5,142,810
Goodwill	42,060	42,060
Total	P 5,420,089	P 5,184,870

The movements of service concession are as follows:

	September 30, 2011	December 31, 2010 (Audited)
Cost		
Balance at beginning of year	P 8,154,734	P 7,432,086
Additions	506,683	842,662
Derecognition	(44,103)	(120,014)
Balance at end of year	8,617,314	8,154,734
Accumulated amortization		
Balance at beginning of year	3,011,924	2,759,113
Amortization for the year	268,110	343,747
Derecognition	(40,749)	(90,936)
Balance at end of year	3,239,285	3,011,924
Carrying amount	P 5,378,029	P 5,142,810

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

6. Trade and Other Payables

		September 30, 2011		December 31, 2010 (Audited)
Trade	P	**344,701**	P	44,624
Equipment acquistions		**53,749**		605,699
Accrued expenses:				
Personal costs		**195,157**		151,949
Rental		**64,550**		61,043
Repairs and maintenance		**41,647**		33,118
Finance costs		**34,746**		25,757
Professional fees		**12,788**		23,018
Others		**262,071**		227,342
Due to government agencies		**281,834**		298,824
Shippers' and brokers' deposits		**33,765**		31,434
Due to related parties		**6,799**		9,621
Others		**91,497**		42,433
Total	P	**1,423,304**	P	1,554,862

7. Interest bearing loan

This account consists of long-term debt with details as follows:

	Outstanding Amount	Maturity Date	Interest rate
Syndicated FFRN-Tranche 3	P 300,000	December 13, 2014	Applicable 10-year MART1 plus spread
Less current portion	-		
Net	**P 300,000**		

The Company does not have any derivative instruments as of September 30, 2011 and December 31, 2010.

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

As of end September 30, 2011, the Company had no outstanding foreign debt.

The Company's long-term debt is at fixed interest rates.

Financial Liabilities

		As of September 30, 2011		As of December 31, 2010
Noncurrent				
Long term debt	P	**300,000**	P	300,000
Debt issue cost		**(1,704)**		(2,002)
Total	P	**298,296**	P	297,998

8. **Financial Risk Management Objectives and Policies**

The Company's principal financial instruments 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.

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

As of September 30, 2011, the Company's interest bearing financial instruments are its cash and cash equivalents and interest-bearing loan, which is at fixed interest rate.

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Company has no derivative instruments, therefore, a change in interest rates at the reporting date would not affect profit or loss.

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, 2011	**Carrying Amount**	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**>5 years**	**Total**
Interest-bearing loans	P 298,296	P -	P -	P -	P 391,645	P -	P 391,645
Trade and other payables	1,423,304	520,385	274,734	628,184	-	-	1,423,304
Total	**P 1,721,599**	**P 520,385**	**P 274,734**	**P 628,184**	**P 391,645**	**P -**	**P 1,814,949**
As of December 31, 2010 (Audited)	Carrying Amount	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Interest-bearing loans	P 297,998	P -	P -	P -	P 462,924	P -	P 462,924
Trade and other payables	1,554,862	486,700	287,917	780,245	-	-	1,554,862
Total	P 1,852,860	P 486,700	P 287,917	P 780,245	P 462,924	P -	P 2,017,786

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 of cash and cash equivalents, nontrade receivables, deposits, and available-for-sale investments, 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, 2011, 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 September 30, 2011	As of December 31, 2010
Assets:		
Cash and cash equivalents	**USD 971**	USD 2,254
Trade and other receivables	**2,218**	6,853
	3,188	9,107
Liabilities:		
Trade and other payables	**2,569**	12,901
Net foreign currency-denominated assets	**USD 619**	(USD 3,794)
Peso equivalent	**P 27,053**	(P 166,334)

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
June 30, 2011		
+5%	**P 1,353**	**P 947**
-5%	**(1,353)**	**(947)**
December 31, 2010		
+5%	P (8,317)	P (5,822)
-5%	8,317	5,822

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, 2011.

The Company is not subject to externally imposed capital requirements.

The table below shows the capital structure of the Company.

	As of September 30, 2011	As of December 31, 2010
Capital Stock	**P 2,000,000**	P 2,000,000
Additional paid-in capital	**264,300**	264,300
Retained Earnings	**5,374,854**	4,824,091
Other reserves	**(5,820)**	(20,001)
Total	**P 7,633,334**	P 7,068,390

9. 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, 2011		As of December 31, 2010	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets:				
Loans and receivables:				
Cash and cash equivalents	P 2,834,004	P 2,834,004	P 2,313,353	P 2,313,353
Trade and other receivables	360,341	360,341	877,932	877,932
Deposits	21,537	28,463	21,111	28,026
	3,215,883	3,222,808	3,212,396	3,212,396
Available-for-sale financial assets	2,652	2,652	2,652	2,652
	3,218,535	3,225,460	3,215,048	3,221,963
Financial liabilities:				
Trade and other payables	1,423,304	1,423,304	1,554,862	1,554,862
Interest-bearing loans and borrowings (Fixed rate)	298,296	408,709	297,998	413,873
	P 1,721,600	P 1,832,012	P 1,852,860	P 1,968,735

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 2.01% to 4.21% in 2011.

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 6.19% in 2011.

b. Derivative instruments

As of September 30, 2011 and December 31, 2010, respectively, the Company has no derivative financial instruments.

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, 2011			
Available-for-sale financial assets	**P 933**	**P -**	**P 1,719**
As of December 31, 2010			
Available-for-sale financial assets	P 933	P -	P 1,719

There have been no transfers from one level to another in 2011 and 2010.