



**ASIAN
TERMINALS
INC.**

ISO 14001 & OHSAS 18001 certified

Delivering reliable and consistent services.
August 15, 2011

**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**

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 (June 30, 2011)

Gentlemen,

We submit our SEC Form 17-Q for the second 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)

June 30, 2011

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 : **June 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).

The Company has not yet decided whether or not to early adopt PFRS 9 (2009) or PFRS 9 (2010) for its 2011 financial reports and therefore, the interim financial statements do not reflect the impact of the new standard. The Company is currently evaluation the impact of possible early adoption of PFRS 9 (2009) or PFRS 9 (2010) in its financial statements. If PFRS 9 (2009) or PFRS (2010) will be early adopted for its 2011 financial reports, there will be a change in the classification and measurement of the Company's available-for-sale (AFS) financial assets, which represents shares not traded in active markets.

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

Consolidated Results of Operations for the six months ended June 30, 2011

A. Continuing Operations

Revenues in the six months of 2011 amounted to P2,213.5 million, 5.4% lower than P2,339.2 million in the same period last year. In South Harbor, while volumes were lower this year vs. last year, revenues from international containers were on same level as last year due to favorable container mix. Revenues from domestic terminal operations rose by 18.7% or P28.9 million due to increases in cargo volumes and in number of passengers while revenues from international non-containers were lower by 50.0% or P96.6 million due to decrease in volumes of rice and steel cargoes. Revenues from Port of Batangas Phase 1 decreased by 12.8% or P24.6 million due to volume factor. The revenues from Port of Batangas Container Terminal A-1 in Phase II in the six 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. The Notice to Proceed dated June 16, 2010 allowed the Company to start and commence operations on July 1, 2010.

Cost and expenses in the first half of 2011 totaled P1,202.7 million, 3.8% higher than P1,158.3 million in the same period last year. Equipment running costs rose by 22.4% to P235.3 million in 2011 from P192.3 million in 2010 brought about by increases in prices of fuel and lubricants, rates of electricity and costs of equipment repairs and maintenance. Depreciation and amortization this year went up by 2.4% to P201.3 million from P196.6 million last year mainly due to acquisitions of intangible assets. Taxes and licenses amounted to P64.2 million in 2011, up by 25.7% from P51.1 million in 2010 due to higher local taxes. Security, health, environment and safety costs increased by 10.1% to P37.5 million this year from P34.1 million last year due to increases in security posts, in rates of security guards and in site cleaning costs. Insurance costs increased by 50.0% to P37.5 million in 2011 from P25.0 million in 2010 due to increases in rates and in coverage. General transport costs of P35.0 million this year were 59.7% higher than P21.9 million in 2010 due to volume-related increase in trucking costs. Facilities-related expenses went up by 17.7% to P22.9 million in 2011 from P19.4 million in 2010 due to building renovations, lighting improvements, road pavements and maintenance of wharves.

Labor costs were down by 4.9% to P399.0 million this year from P419.4 million last year due to volume factor. Management fees this year of P48.3 million were 14.8% lower than P56.7 million last year on account of lower net income. Rentals declined by 6.8% to P28.3 million in 2011 from P30.4 million in 2010 due to volume-related reductions in equipment rentals. Professional fees decreased by 33.8% to P10.3 million in 2011 from P15.5 million in 2010 as last year included non-recurring engagements of surveyors in relation to insurance claims. Other expenses of P80.9 million this year went down by 14.2% from P94.3 million last year, due to decreases in communication costs, and in processing-related expenses (brokerage, wharfage, etc.), among others.

Finance costs in 2011 decreased by 50.7% to P23.8 million from P48.2 million in 2010 due to the significant reduction of interest bearing loans to P300 million as of end June 2011 from P850 million as of end June 2010. Finance income increased to P33.3 million this year from P11.5 million last year due to higher cash and cash equivalents this year. As of end June 2011 balance of cash and cash equivalents rose to P2.3 billion from P1.5 billion as of end June 2010. Others-net amounted to P80.3 million in 2011, significantly higher than P17.0 million in 2010 due to property insurance claims.

Income before income tax in the first half of 2011 of P1,100.6 million was 5.2% lower than P1,161.2 million in the same period last year. Provision for income tax decreased to P318.4 million in the six months of 2011 from P336.9 million in the same period last year.

Income from continuing operations amounted to P782.2 million for the six months ended June 30, 2011, 5.1% lower than P824.3 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 P87.8 million in the 6 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 six months ended June 30, 2011 of P782.2 million was 14.2% lower than P912.1 million for the same period last year. Earnings per share this year was P0.39, last year was P0.46.

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 six 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 June 30, 2011 was P8,826.6 million, 4.0% lower than P9,198.9 million as of December 31, 2010. Current assets went down by 12.9% to P2,995.0 million as of end June 30, 2011 from P3,439.9 million as of end 2010. Cash and cash equivalents of P2,277.1 million as of June 30, 2011 was 1.6% lower than P2,313.4 million as of December 31, 2010. Trade and other receivables-net decreased by 49.8% to P440.5 million as of end June 30, 2011 from P877.9 million as of end 2010. The significant decrease was on account of collections from the escrow account and from insurance. Receivable from escrow account was down to P46.9 million as of end June 2011 from P309.8 million as of end 2010 and receivable from insurance was down to P171.3 million as of end June 2011 from P293.8 million as of end 2010. The remaining amounts will be collected in full in 2011. On account of improved collections, trade receivables-net, of P214.4 million as of end June 2011 were 18.9% lower than P264.6 million as of end 2010. Spare parts and supplies-net of P172.8 million as of June 30, 2011 were 12.9% higher than P153.2 million as of December 31, 2010 in support of operational requirements and equipment maintenance program. Prepaid expenses as of June 30, 2011 totaled P104.6 million, 9.6% up from P95.5 million as of December 31, 2010 due to prepayments of local taxes and additional creditable withholding taxes.

Total noncurrent assets increased by 1.3% to P5,831.5 million as of June 30, 2011 from P5,759.0 million as of December 31, 2010. Investment in an associate of P70.9 million as of June 30, 2011 increased by 6.3% from

P66.7 million as of December 31, 2010 due to equity in net earnings of an associate in 2011. Property and equipment-net of P406.2 million as of June 30, 2011 were lower by 1.5% against 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 P21.0 million. Intangible assets-net increased to P5,217.5 million as of June 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 amounted to P210.0 million. Other noncurrent assets increased to P73.9 million as of end June 30, 2011 from P33.9 million as of December 31, 2010 mainly due to increase in input taxes from additions to property and equipment and intangible assets.

Total liabilities amounted to P1,560.9 million as of June 30, 2011, 26.7% down from P2,129.6 million as of December 31, 2010. Trade and other payables declined by 33.8% to P1,028.7 million as of end June 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 3.1% to P45.0 million as of June 30, 2011 from P46.5 million as of December 31, 2010 due to settlement of certain claims. Income and other taxes payable of P176.5 million as of June 30, 2011 was lower by 19.4% compared with P219.0 million as of December 31, 2010 due to various tax payments and to lower income tax due in the 2nd quarter of 2011.

Interest-bearing loans (non-current) as of June 30, 2011 amounted to P298.2 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. There are no derivative liabilities as of June 30, 2011 and December 31, 2010.

Consolidated Cash Flows

Net cash provided by operating activities were down by 33.9% to P825.2 million in the six months of 2011 from P1,248.3 million in the same period last year due to decrease in trade and other payables as a result of payment on equipment acquisitions and payments to government agencies and to lower income before tax.

In the first half of 2011, Net cash used in investing activities amounted to P233.2 million while, in the same period last year, Net cash provided in investing activities was P24.6 million. Additions to property and equipment and intangible assets totaled P231.0 million this year, up from P119.3 million last year. Included last year were proceeds from insurance claim of P108.3 million.

Net cash used in financing activities was solely payment of dividends of P600.0 million this year and P580.0 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 June 2011:

- ATIB's total assets were only 4.6% of the consolidated total assets
- Income before other income and expense for ATIB was only 7.4% of consolidated income before other income and expenses.

Consolidated KPI	Manner of Calculation	As of June 30		Discussion
		2011	2010	
Return on Capital Employed	Percentage of annualized income before other income and expenses over capital employed	28.6%	32.3%	Decrease resulted from lower income before other income and expenses during the period.
Return on Equity attributable to equity holders of the parent	Percentage of annualized net income over equity attributable to equity holders of the parent	21.8%	29.4%	Decrease resulted from decrease in net income and increase in average equity attributable to equity holders of the parent.
Debt to equity ratio	Ratio of total liabilities over equity attributable to equity holders of the parent	0.21 : 1.00	0.37 : 1.00	Improved due to payment of interest bearing loan 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	13 days	18 days	Due to improved collection efforts.
Lost Time Injury	No. of lost time from injuries per standard manhours	0.85	0.69	On account of higher number of injuries.

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:

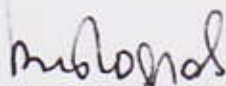
Date Filed	Reference	Particulars
January 25, 2011	SEC 17-C	Certification of Attendance of Directors during Board Meetings for the year 2010
January 28, 2011	SEC 17-C	Certification of Compliance with the Manual on Corporate Governance
February 18, 2011	SEC 17-C	Notice of Guidelines for Nomination for 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

ASIAN TERMINALS, INCORPORATED
Securities and Exchange Commission Form 17-Q

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.

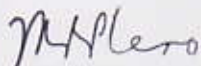
ASIAN TERMINALS, INCORPORATED
by:



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

Date : August 15, 2011

Principal Financial/Accounting Officer:



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

Date : August 15, 2011

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

	June 30, 2011 (Unaudited)		December 31, 2010 (Audited)	
	<i>(In Thousands)</i>			
ASSETS				
Current Assets				
Cash and cash equivalents	P	2,277,093	P	2,313,353
Trade and other receivables - net		440,487		877,932
Spare parts and supplies - at net realizable value		172,838		153,156
Prepaid expenses		104,602		95,480
Total Current Assets		2,995,020		3,439,921
Noncurrent Assets				
Investment in an associate - at equity		70,870		66,679
Property and equipment - net		406,179		412,463
Intangible assets - net		5,217,529		5,184,870
Other financial assets		24,175		23,763
Deferred tax assets - net		38,893		37,284
Other noncurrent assets		73,893		33,941
Total Noncurrent Assets		5,831,539		5,759,000
TOTAL ASSETS	P	8,826,559	P	9,198,921
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	P	1,028,685	P	1,554,862
Provisions for claims		45,037		46,487
Income and other taxes payable		176,469		219,008
Total Current Liabilities		1,250,191		1,820,357
Noncurrent Liabilities				
Interest bearing loans and other financial liabilities - net of current portion		298,192		297,998
Pension liability		12,495		11,274
Total Noncurrent Liabilities		310,687		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		5,005,748		4,824,091
Other reserves		(5,820)		(20,001)
		7,264,228		7,068,390
Non-controlling Interest		1,453		902
Total Equity		7,265,681		7,069,292
TOTAL LIABILITIES AND EQUITY	P	8,826,559	P	9,198,921

See accompanying Notes to Consolidated Financial Statements.

ASIAN TERMINALS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited, In Thousands, Except Per Share Data)

	For the second quarter Ended June 30				For the six months Ended June 30			
		2011		2010		2011		2010
REVENUES	P	1,094,845	P	1,239,859	P	2,213,469	P	2,339,226
COSTS AND EXPENSES		(597,460)		(597,716)		(1,202,740)		(1,158,294)
OTHER INCOME AND EXPENSES								
Finance cost		(12,045)		(23,941)		(23,777)		(48,200)
Finance income		17,823		7,326		33,346		11,513
Others - net		73,377		12,317		80,265		16,953
INCOME BEFORE INCOME TAX		576,540		637,844		1,100,563		1,161,199
INCOME TAX EXPENSE								
Current		164,038		177,205		319,963		331,454
Deferred		(1,706)		5,450		(1,608)		5,450
		162,332		182,655		318,355		336,903
INCOME FROM CONTINUING OPERATIONS		414,208		455,189		782,208		824,295
INCOME FROM DISCONTINUED OPERATIONS -								
Net of Tax		-		131,988		-		87,786
NET INCOME/TOTAL COMPREHENSIVE INCOME	P	414,208	P	587,177	P	782,208	P	912,081
Attributable To:								
Owners of the Parent Company		413,931		586,898	P	781,657	P	911,549
Non-controlling interest		277		280		551		532
	P	414,208	P	587,177	P	782,208	P	912,081
Basic/Diluted Earnings Per Share Attributable to Owners of the Parent Company	P	0.21	P	0.29	P	0.39	P	0.46

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		Unappropriated		Other Reserves		Total		Non-controlling Interest	
	P		P		P		P		P		P		P		P	
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		
Cash dividends - P0.30 a share for ATI								(600,000)				(600,000)		-		
Net income for first six months								781,657				781,657		551		
Adjustment of other reserves											14,181	14,181				
Purchase of ATIB shares												-				
Balance at June 30, 2011	P	2,000,000	P	264,300	P	1,000,000	P	4,005,748	(P	5,820)	P	7,264,228	P	1,453		
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		
Cash dividends - P0.29 a share for ATI		-		-		-		(580,000)		-		(580,000)				
Net income for the period		-		-		-		911,549				911,549		532		
Balance at June 30, 2010	P	2,000,000	P	264,300	P	500,000	P	3,604,942	P	4,692	P	6,373,934	P	1,190		

ASIAN TERMINALS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the second quarter ended June 30				For the six months ended June 30			
	2011		2010		2011		2010	
	<i>(in thousands)</i>				<i>(in thousands)</i>			
CASH FLOWS FROM OPERATING ACTIVITIES								
Income before income tax	P	576,539	P	828,559	P	1,100,563	P	1,288,768
Adjustments for:								
Depreciation and amortization		100,015		157,428		201,259		273,012
Finance cost		12,044		24,589		23,776		48,857
Finance income		(17,824)		(7,527)		(33,347)		(11,965)
Net losses on derivative instruments		-		(1,107)		-		(7,509)
Net unrealized foreign exchange losses (gains)		32,388		(2,104)		28,203		1,919
Equity in net earnings of an associate		(5,186)		(4,871)		(9,548)		(9,149)
Income from insurance claim		-		(199,173)		-		(199,173)
Gain on disposals of:								
Property and equipment		(12)		(13)		(23)		(13)
Intangible Assets		(6,528)		(446)		(7,853)		(446)
Amortization of noncurrent prepaid rental		-		322		246		644
Impairment of losses on receivables		-		(53)		-		-
Operating income before working capital changes		691,436		795,605		1,303,277		1,384,945
Provisions (reversals) for:								
Inventory obsolescence		1,108		(1,680)		2,216		(1,680)
Decrease (increase) in:								
Trade and other receivables		401,717		(45,525)		437,483		(1,975)
Spare parts and supplies		(12,055)		458		(21,899)		(7,643)
Prepaid expenses		61,187		(41,208)		(9,121)		(153,977)
Increase (decrease) in:								
Trade and other payables		(182,395)		243,250		(491,939)		279,490
Provisions for claims		(224)		324		(1,450)		(4,007)
Income and other taxes payable		35,365		37,365		(1,851)		49,895
Net cash generated from operations		996,140		988,588		1,216,714		1,545,048
Finance cost paid		(30,107)		(47,807)		(30,907)		(47,853)
Income tax paid		(360,651)		(248,940)		(360,651)		(248,940)
Net cash provided by operating activities		605,382		691,841		825,157		1,248,255
CASH FLOWS FROM INVESTING ACTIVITIES								
Acquisitions of:								
Property and Equipment		(15,700)		2,186		(21,027)		(1,317)
Intangible assets		(109,971)		(21,108)		(209,959)		(118,027)
Finance income received		17,730		6,991		32,968		10,844
Decrease (increase) in other noncurrent assets		4,221		3,078		(51,709)		6,555
Proceeds from insurance claim		-		108,318		-		108,318
Proceeds from disposals of:								
Property and Equipment		12		13		23		13
Intangible assets		9,821		446		11,205		446
Decrease (increase) in deposits		38		(58)		(68)		(99)
Dividends received		-		17,857		5,357		17,857
Net cash used in investing activities		(93,848)		117,723		(233,212)		24,590
CASH FLOWS FROM FINANCING ACTIVITIES								
Payments of:								
Cash dividends		(600,000)		(580,000)		(600,000)		(580,000)
Cash used in financing activities		(600,000)		(580,000)		(600,000)		(580,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(88,465)		229,564		(8,055)		692,845
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(32,388)		2,104		(28,205)		(1,919)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		2,397,946		1,273,597		2,313,353		814,339
CASH & CASH EQUIVALENTS AT END OF YEAR	P	2,277,093	P	1,505,265	P	2,277,093	P	1,505,265

**SELECTED
EXPLANATORY NOTES
June 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 six months ended June 30, 2011			As of and for the six months ended June 30, 2010		
	Ports	Non-Ports	Total	Ports	Non-Ports	Total
Revenue	2,213,469	-	2,213,469	2,287,565	219,704	2,507,269
Intangible Assets (excluding goodwill)	5,175,469	-	5,175,469	4,596,388	-	4,596,388
Property and equipment - net	406,179	-	406,179	322,174	1,073,802	1,395,976
Total assets	8,826,559	-	8,826,559	8,394,730	370,548	8,765,278
Total liabilities	1,560,878	-	1,560,878	1,905,558	484,596	2,390,154
Capital expenditures						
Intangible Assets	209,959	-	209,959	118,027	-	118,027
Property and equipment	21,027	-	21,027	(5,751)	7,068	1,317
Depreciation and amortization	201,259	-	201,259	194,436	78,576	273,012
Noncash expenses (income) other than depreciation and amortization	2,216	-	2,216	7	(1,680)	(1,673)

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:

	June 30, 2011		June 30, 2010	
Revenues	P	-	P	168,043
Costs and expenses		-		(264,658)
Other Income and expenses				224,184
Income before income tax		-		127,569
Income tax expense		-		39,783
Current		-		36,018
Deferred		-		3,765
Net Income from operations		-		87,786
Gain from sale of discontinued operations		-		-
Net income from discontinued operations	P	-	P	87,786

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

	2011		2010	
Net cash provided by (used in) operating activities	P	-		215,059
Net cash provided by (used in) investing activities		-		(5,409)
Net cash provided by (used in) financing activities		-		-
Net cash provided by (used in) discontinued operation	P	-	P	209,650

3. Trade Receivables - net

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

	As of June 30, 2011	As of December 31, 2010
Up to 6 months	P 214,438	P 214,438
Over 6 months to 1 year	-	-
Over 1 year	-	-
Total	P 214,438	P 214,438

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		June 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		980		12,544		2,869		3,834		21,027		58,981
Disposals		-		-		(906)		(498)		-		(1,404)		(6,159)
Reclassifications		(600)		-		7,314		600		(7,314)		-		-
Retirements		-		-		(2,460)		(1,305)		-		(3,765)		(2,174,128)
Balance at end of year		165,938		520,406		528,822		128,597		7,475		1,351,238		1,335,380
Accumulated depreciation and amortization:														
Balance at beginning of year		111,822		281,031		442,143		87,921		-		922,917		1,738,507
Additions		5,858		5,573		10,374		5,508		-		27,311		130,628
Disposals		-		-		(906)		(498)		-		(1,404)		(5,880)
Reclassification		-		-		-		-		-		-		(21,976)
Retirements		-		-		(2,460)		(1,305)		-		(3,765)		(918,352)
Balance at end of year		117,680		286,604		449,151		91,624		-		945,059		922,917
Net book value	P	48,258	P	233,802	P	79,671	P	36,973	P	7,475	P	406,179	P	412,463

5. Intangible Assets

	June 30, 2011		December 31, 2010 (Audited)	
Service concession	P	5,175,469	P	5,142,810
Goodwill		42,060		42,060
Total	P	5,217,529	P	5,184,870

The movements of service concession are as follows:

	June 30, 2011	December 31, 2010 (Audited)
Cost		
Balance at beginning of year	P 8,154,734	P 7,432,086
Additions	209,959	842,662
Derecognition	(37,724)	(120,014)
Balance at end of year	8,326,969	8,154,734
Accumulated amortization		
Balance at beginning of year	3,011,924	2,759,113
Amortization for the year	173,948	343,747
Derecognition	(34,372)	(90,936)
Balance at end of year	3,151,500	3,011,924
Carrying amount	P 5,175,469	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

	June 30, 2011	December 31, 2010 (Audited)
Trade	P 36,627	P 44,624
Equipment acquisitions	88,604	605,699
Accrued expenses:		
Personal costs	174,650	151,949
Rental	64,230	61,043
Repairs and maintenance	40,675	33,118
Finance costs	31,746	25,757
Professional fees	14,094	23,018
Security expenses	13,079	10,962
Safety and environment	2,198	3,530
Others	212,393	212,850
Due to government agencies	266,126	298,824
Shippers' and brokers' deposits	31,982	31,434
Due to related parties	6,598	9,621
Others	45,683	42,433
Total	P 1,028,685	P 1,554,862

7. Interest bearing loan

This account consists of long-term debt. The Company does not have any derivative instruments as of June 30, 2011 and December 31, 2010.

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 June 30, 2011:

	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		

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

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

Financial Liabilities

	June 30, 2011	December 31, 2010 (Audited)
Noncurrent		
Long term debt	P 300,000	P 300,000
Debt issue cost	(1,808)	(2,002)
Total	P 298,192	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 June 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 June 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 298,192	P -	P -	P -	P 401,827	P -	P 401,827
Trade and other payables	1,028,685	244,778	250,020	533,887	-	-	1,028,685
Total	P 1,326,877	P 244,778	P 250,020	P 533,887	P 401,827	P -	P 1,430,512

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 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 June 30, 2011, 96% of the total trade and other receivables which are neither past due nor impaired are of high grade quality and the remaining 4% 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 June 30, 2011	As of December 31, 2010
Assets:		
Cash and cash equivalents	USD 3,837	USD 2,254
Trade and other receivables	4,012	6,853
	<u>7,849</u>	<u>9,107</u>
Liabilities:		
Trade and other payables	3,374	12,901
Net foreign currency-denominated assets	USD 4,475	(USD 3,794)
Peso equivalent	P 193,899	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 9,695	P 6,786
-5%	(9,695)	(6,786)
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 June 30, 2011.

The Company is not subject to externally imposed capital requirements.

The table below shows the capital structure of the Company.

	As of June 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	5,005,748	4,824,091
Other reserves	(5,820)	(20,001)
Total	P 7,264,228	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 June 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 2,277,093	P 2,277,093	P 2,313,353	P 2,313,353
Trade and other receivables	440,487	440,487	877,932	877,932
Deposits	21,524	28,053	21,111	28,026
	2,739,104	2,745,633	3,212,396	3,219,311
Available-for-sale financial assets	2,652	2,652	2,652	2,652
	P 2,741,756	P 2,748,285	P 3,215,048	P 3,221,963
Financial liabilities:				
Trade and other payables	1,028,685	1,028,685	1,554,862	1,554,862
Interest-bearing loans and borrowings (Fixed rate)	298,192	396,721	297,998	413,873
	P 1,326,877	P 1,425,406	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 3.15% to 4.83% 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 7.20% in 2011.

b. Derivative instruments

As of June 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 June 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.