COVER SHEET

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO
SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [ ] Preliminary Information Statement
   [**X**] Definitive Information Statement

2. Name of Registrant as specified in its charter
   International Container Terminal Services, Inc.

3. Province, country or other jurisdiction of incorporation or organization
   Manila, Philippines

4. SEC Identification Number **147212**

5. BIR Tax Identification Code **000-323-228**

6. Address of Principal Office **3F ICTSI Administration Building**
   Manila International Container Terminal
   South Access Road, Manila, Philippines
   Postal Code **1012**

7. Registrant's telephone number, including area code (**632) 245-4101**

8. Date, time and place of the meeting of security holders
   April 21, 2016, 10:00 a.m., Solaire Ballrooms 2 to 5, Solaire Resort and Casino, 1 Asean Avenue, Entertainment City, Parañaque City, Manila, Philippines

9. Approximate date on which the Information Statement is first to be sent or given to security holders
   March 30, 2016

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding as of January 31, 2016
Common Stock, P1.00 par value	**2,033,252,516**

Amount of consolidated debt outstanding as of **31 December 2014: US$1070.4 million**

11. Are any or all of registrant's securities listed in a Stock Exchange?

Yes ✓ No _____

Name of Stock Exchange: **Philippine Stock Exchange**
Class of Securities Listed: **Common Stock**

ICTSI MANAGEMENT IS NOT SOLICITING PROXIES FOR THIS ANNUAL STOCKHOLDERS' MEETING. PLEASE DO NOT SEND ICTSI MANAGEMENT YOUR PROXY.

ICTSI 2016 ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Stockholders' Meeting of International Container Terminal Services, Inc. (ICTSI) will be held at the Solaire Ballrooms 2 to 5 of the Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Parañaque City, Manila at 10:00 a.m. on Thursday, 21 April 2016, with the following agenda:

1. Call to order. The call is done to officially open the meeting.

2. Determination of existence of quorum. The presence of shareholders holding at least majority of the outstanding shares is required for the existence of a quorum.

3. Approval of the Minutes of the Annual Stockholders' Meeting held on 16 April 2015. Said minutes record the proceedings at the last stockholders' meeting prior to this meeting.

4. Chairman's Report. The Chairman's Report will present a summary of business operation of the corporation and its subsidiaries during preceding fiscal year.

5. Approval of the Chairman's Report and the 2015 Audited Financial Statements. Having heard the report, the shareholders are asked to approve the Chairman's Report and the Audited Financial Statements.

6. Approval/ratification of acts, contracts, investments and resolutions of the Board of Directors and Management since the last Annual Stockholders' Meeting. Said acts, contracts, investments and resolutions are summarized in Item 15 of the Information Statement (SEC Form 20-IS) to be furnished to the shareholders and approval thereof by the stockholders is sought.

7. Election of Directors. The incumbent directors are named in Item 5 of the Information Statement, together with their respective profiles and qualifications. The directors of the corporation are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting, and until their respective successors have been elected and qualified.

8. Appointment of External Auditors. The appointment of the external auditor named in Item 7 of the Information Statement is being sought.

9. Other matters. Any other matter which may be brought to the attention of the stockholders may be raised.

10. Adjournment. This is done to officially end the meeting.

The dividend policy of the Corporation is described in the section entitled "Dividends and Dividend Policy" in Item 15 of the Information Statement.

The Board of Directors fixed 18 March 2016 as the record date for the purpose of determining the Stockholders entitled to notice and to vote.

Registration starts at **9:00 a.m.** Please bring your identification documents (e.g. SSS, driver's license, passport) to facilitate registration.

Should you be unable to attend the meeting, but wish to be represented, you may send us a Proxy (in the form attached as "Schedule 1" to the Information Statement). For Stockholders whose shareholdings are lodged with the Philippine Central Depository, please secure a certification from your respective brokers and send it to us on or before **8 April 2016**.

Proxy validation will be held at the Harbour Lounge, 4/F ICTSI Administration Building, South Access Road, MICT, Port of Manila on **14 April 2016 at 10:00 a.m.**

Manila, 23 February 2016.

FOR THE BOARD OF DIRECTORS

RAFAEL T. DURIAN
Corporate Secretary

PART I.A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

The Annual Stockholders' Meeting of International Container Terminal Services, Inc. (ICTSI) will be held on April 21, 2016 in Solaire Ballrooms 2 to 5 of the Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Paranaque City, Manila at 10:00 a.m.

The address of the principal office of International Container Terminal Services, Inc. is ICTSI Administration Building, Manila International Container Terminal, South Access Road, Manila 1012, Philippines. This Information Statement will be mailed to Stockholders entitled to notice of and to vote at the Annual Stockholders' Meeting on or about March 30, 2016.

Item 2. Dissenters' Right of Appraisal

The matters to be acted upon at the Annual Stockholders' Meeting are not matters with respect to which a dissenting Stockholder may exercise his appraisal right under Section 81 of the Corporate Code.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

Other than election of Directors and ratification of acts of the Board of Directors and Management, there are no substantial interest, by security holdings or otherwise, of ICTSI, any Director or Officer thereof, any nominee for Director, or associate of any of the foregoing persons in any matter to be acted upon at the Annual Stockholders' Meeting.

None of the Directors of ICTSI has informed ICTSI in writing that he intends to oppose any action to be taken by ICTSI at this Annual Stockholders' Meeting.

Part I.B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of January 31, 2016, common shares issued and outstanding were 2,045,177,671 shares (including 11,925,155 treasury shares). While Preferred A and B shares outstanding as of the same date were 3,800,000 shares and 700,000,000 shares, respectively.

Voting/Non Voting Shares	Type of Securities	No. of Foreign Owned shares	No. of Local Owned shares	No. of Outstanding shares
Voting shares	Common shares	914,922,293	1,118,330,223	2,033,252,516
Voting shares	Preferred B shares	-	700,000,000	700,000,000
Total Outstanding Voting shares		914,922,293	1,818,330,223	2,733,252,516
Foreign Ownership Level of Total Outstanding Voting shares		**33.47%**		
Non Voting shares	Preferred A shares	3,800,000		
Foreign Ownership Level of Total Outstanding Voting and Non- Voting shares		**33.57%**		

Only Stockholders of record at the close of business on March 18, 2016 are entitled to notice and to vote at the Annual Stockholders' Meeting. The common stock and preferred B stock will vote on matters scheduled to be taken up at the Annual Meeting with each share being entitled to cast one (1) vote.

For the election of Directors, Stockholders entitled to vote may vote such number of shares for as many persons as there are Directors to be elected, or may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares shall equal or may distribute them on the same principle among as many candidates as they shall see fit.

Security Ownership of Certain Beneficial Owners and Management

Beneficial Owners

The following are known to the registrant to be directly or indirectly the record or beneficial owner of more than five (5) percent of registrant's voting securities as of January 31, 2016:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage*
Common	PCD Nominee Corporation (Non-Filipino) Makati Stock Exchange Bldg.,Ayala Avenue, Makati City 1200	Deutsche Bank Manila - Clients' Acct. - 26/F Ayala Tower One Ayala Triangle, Makati City 1200 Represented by Carlos Dela Torre, Head of Securities and Custody Operations, only holds legal title as custodian in favor of various clients, and is not the beneficial owner of the lodged shares.	Foreign	348,559,437 (Lodged with PCD) Indirect	12.73%
Common	PCD Nominee Corporation (Non-Filipino) Makati Stock Exchange Bldg.,Ayala Avenue, Makati City 1200	The Hongkong& Shanghai Banking Corp. Ltd. – Clients' Acct. - 7/F HSBC Centre 3058 Fifth Avenue West Bonifacio Global City Taguig 1634 Represented by Maris Flores, Senior Vice President, HSBC Securities Services and Kathy Dela Torre, Senior Vice President Client Services, only holds a legal title as custodian, and is not the beneficial owner of the lodged shares.	Foreign	318,203,706 (Lodged with PCD) Indirect	11.63%
Common	Bravo International Port Holdings, Inc. 104 H.V. dela Costa St., 17-19 Floors Liberty Center Salcedo Village, Makati City 1200	Bravo International Port Holdings, Inc. represented by Enrique K. Razon, Jr.,	Filipino	279,675,000	10.22%
Common	PCD Nominee Corporation (Filipino) Makati Stock Exchange Bldg.,Ayala Avenue, Makati City 1200	AB Capital Securities, Inc., Units 1401-1403, 14th Floor, Tower One, Ayala Triangle, Ayala Avenue, Makati City 1200 Represented by Lamberto M. Santos, Jr. President; and Ericsson C. Wee, First Vice President, only holds a legal title as custodian and is not the beneficial owner of the lodged shares	Filipino	220,685,000 (Lodged with PCD) Indirect	8.06%
Preferred B	Achillion Holdings, Inc. 104 H.V. dela Costa St., 17-19 Floors Liberty Center Salcedo Village, Makati City 1200	Achillion Holdings, Inc. represented by Enrique K. Razon, Jr.	Filipino	700,000,000	25.57%

** Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shares of 2,737,052,516 (which excludes treasury shares) as of January 31, 2016*

Security Ownership of Management

As of January 31, 2016, the aggregate beneficial ownership of all Directors and executive officers totals to 1,696,336,098 shares, equivalent to 61.98 percent

Title of Class	Name	Number of shares and nature of beneficial ownership		Citizenship	Percentage [1]
Common & Preferred B	Enrique K. Razon, Jr.[2]	1,678,105,057	Direct and indirect	Filipino	61.31%[3]
Common	Andres Soriano III	9,150,481	Direct and indirect	American	0.33%
Common	Stephen A. Paradies	4,087,573	Direct	Filipino	0.15%
Common	Jose C. Ibazeta	3,008,560	Direct	Filipino	0.11%
Common	Silverio Benny J. Tan	426,700	Direct and indirect	Filipino	0.02%
Common	Jose Manuel M. De Jesus	379,350	Direct	Filipino	0.01%
Common	Octavio Victor R. Espiritu	300,000	Direct	Filipino	0.01%
Common	Fernando L. Gaspar	255,960	Direct	Filipino	0.01%
Common	Vivien F. Miñana	165,925	Direct	Filipino	0.01%
Common	Joseph R. Higdon	156,000	Direct	American	0.01%
Common	Jon Ramon M. Aboitiz	135,000	Direct	Filipino	0.00%
Common	Earl Eric Nestor H. Ferrer	77,640	Direct	Filipino	0.00%
Common	Jose Joel M. Sebastian	60,000	Direct	Filipino	0.00%
Common	Guillaume Lucci	21,212	Direct	French/American	0.00%
Common	Christian R. Gonzalez	2,850	Direct	Filipino	0.00%
Common	Martin L. O'Neil	2,790	Direct	American	0.00%
Common	Rafael T. Durian	1,000	Direct	Filipino	0.00%
-	Rafael Jose D. Consing, Jr.	-	-	Filipino	0.00%
-	Sandy Alipio	-	-	Filipino	0.00%
-	Lisa Marie Teresa Escaler	-	-	American	0.00%
-	Ton Van den Bosch	-	-	Dutch	0.00%
-	Benjamin M. Gorospe III	-	-	Filipino	0.00%

[1] *Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shares of 2,737,052,516 (which excludes treasury shares) as of January 31, 2016.*

[2] *Shares in the name of Enrique K. Razon, Jr. and Razon Group.*

[3] *The percentage ownership of Enrique K. Razon, Jr. and the Razon Group is at 61.40% if based on the total number of issued and outstanding common shares and preferred B voting shares of 2,733,252,516 (which excludes treasury shares and preferred A non-voting shares) as of January 31, 2016.*

Dealings with Company's shares

Directors are required to report their dealings in Company shares within three (3) business days from all ICTSI share-related transactions.

ICTSI discloses to the Philippine Stock Exchange (PSE) the ownership (direct and indirect) and any acquisition or disposal of ICTSI securities by ICTSI directors and officers pursuant to the PSE Revised Disclosures and Securities Regulations Code. Directors and officers are likewise prohibited from buying or selling ICTSI securities (e.g. shares of stock) during the period within which material non-public information is obtained and up to two (2) full trading days after the price sensitive information is disclosed.

The ICTSI shares held by its Directors in FY 2015 are as follows:

Directors	January 1, 2015	December 31, 2015
Enrique K. Razon, Jr.*	1,678,105,057	1,678,105,057
Andres Soriano III	150,050	9,150,481
Stephen A. Paradies	4,087,573	4,087,573
Jose C. Ibazeta	3,058,560	3,008,560
Octavio Victor R. Espiritu	300,000	300,000
Joseph R. Higdon	141,000	156,000
Jon Ramon M. Aboitiz	135,000	135,000

**Shares in the name of Enrique K. Razon, Jr. and Razon Group; consists of 978,105,057 common shares and 700,000,000 Preferred B shares*

Voting Trust Holders of 5% or More
Not applicable

Changes in Control
Not applicable

Item 5. Directors and Executive Officers
The following are information on the business experience of the members of the Board of Directors (the Board) and Executive Officers of ICTSI for the last five (5) years.

The members of the Board of Directors and executive officers of ICTSI as of January 31, 2016 are:

Office	Name	Citizenship	Age
Chairman of the Board and President	Enrique K. Razon, Jr.	Filipino	55
Director	Jon Ramon Aboitiz	Filipino	67
Director	Octavio Victor R. Espiritu*	Filipino	72
Director	Joseph R. Higdon*	American	74
Director	Jose C. Ibazeta	Filipino	73
Director	Stephen A. Paradies	Filipino	62
Director	Andres Soriano III	American	64
Executive Vice President	Martin L. O'Neil**	American / Irish	55
Senior Vice President and Chief Financial Officer	Rafael D. Consing, Jr.***	Filipino	47
Senior Vice President, Finance	Jose Joel M. Sebastian**	Filipino	52
Corporate Secretary	Rafael T. Durian	Filipino	82
Asst. Corporate Secretary	Silverio Benny J. Tan	Filipino	59
Asst. Corporate Secretary	Benjamin M. Gorospe III	Filipino	48

**Independent Director*
***Promoted last October 5, 2015*
****Promoted last October 5, 2015 and appointed as Compliance Officer last February 9, 2016*

The following are the regional heads and global corporate officers for the ICTSI group of companies as of January 31, 2016:

Office	Name	Citizenship	Age
Senior Vice President and Chief Administration Officer	Fernando L. Gaspar	Filipino	64
Senior Vice President, Regional Head-Asia Pacific & MICT	Christian R. Gonzalez*	Filipino	40
Vice President, Audit and Compliance	Sandy A. Alipio	Filipino	45
Vice President, Regional Head of Business Development-Asia Pacific	Jose Manuel M. de Jesus	Filipino	51
Vice President and Head of Human Resources	Lisa Marie Teresa Escaler	American	45
Vice President, Information Technology	Earl Eric Nestor H. Ferrer	Filipino	47
Vice President, Engineering	Guillaume Lucci	French/ American	39
Vice President, Corporate Affairs & Governance and Compliance Officer	Ton van den Bosch	Dutch	41
Vice President and Senior Administration Officer	Vivien F. Miñana	Filipino	51

**Promoted last November 9, 2015*

The following are the business experiences of ICTSI's directors and officers for the past five years:

Directors

***Enrique K. Razon, Jr.**, age 55, Filipino*

Mr. Razon has been a Director of International Container Terminal Services, Inc. (ICTSI)* since *December 1987* and has been its Chairman since 1995.

Concurrently, Mr. Razon is the Chairman and the President of ICTSI, ICTSI Warehousing, Inc., ICTSI Foundation, Inc., Razon Industries, Inc., Bloomberry Resorts Corporation*, Prime Metroline Holdings Inc., Quasar Holdings Inc., Falcon Investco Holdings Inc., Achillion Holdings Inc., Collingwood Investment Company Ltd., Bravo International Port Holdings Inc. and Provident Management Group, Inc.; the CEO and the Chairman of Bloomberry Resorts and Hotels, Inc.; the Chairman of Sureste Realty Corp., Monte Oro Resources and Energy, Inc. and Pilipinas Golf Tournament Inc.; a Director B of ICTSI Capital B.V.; and a Director of Sureste Properties, Inc., ICTSI (Hongkong) Ltd., Australian Container Terminals Ltd., Pentland International Holdings Ltd., CLSA Exchange Capital, Xcell Property Ventures, Inc. and Asian Tour.

Mr. Razon is a member of the American Management Association, the Management Association of the Philippines, the US Philippines Society, and the ASEAN Business Club, Philippines, Inc.

Mr. Razon received his Bachelor of Science degree, major in Business Administration, from the De La Salle University in 1980.

**Publicly-listed Corporation*

***Jon Ramon Aboitiz**, age 67, Filipino*

Mr. Aboitiz has been a Director of ICTSI* since *April 2008* and was appointed as a Member of the ICTSI Audit Committee in April 2010.

Mr. Aboitiz is also the Chairman of Aboitiz & Co., Inc., and Aboitiz Equity Ventures, Inc.*, an investment and Management enterprise, engaged in numerous and diverse business concerns ranging from Power-Generation and distribution, banking and financial services, real estate development, construction, food, ship building and cement. He became President of Aboitiz & Company in 1991 until 2008. He was President and CEO of Aboitiz Equity Ventures from 1993-2008.

Presently, he holds various positions in the Aboitiz Group including Vice Chairman of Aboitiz Power Corp.*, Vice Chairman of Union Bank of the Philippines* and Chairman of the Bank's Committees namely Executive Committee; Risk Management Committee; Vice Chairman Compensation and Remuneration Committee. Mr. Aboitiz is a Director of ICTSI* and is a member of its Audit Committee. He is also a Director of Bloomberry Resorts Corporation* and Chairman of its Audit Committee. He is Vice President and trustee for the Ramon Aboitiz Foundation, a trustee and a member of the Executive Committee of the Philippine Business for Social Progress and a member of the Board of Advisors of the Coca-Cola Export Corporation (Philippines).

Mr. Aboitiz began his career with the Aboitiz Group in 1970 right after graduating from the Sta. Clara University, California, with a degree of B.S. Commerce major in Management.

**Publicly-listed Corporation*

***Octavio Victor R. Espiritu**, age 72, Filipino*

Mr. Espiritu has been an independent Director of ICTSI* since *April 2002* and has served as the Chairman of the Audit Committee and a member of the Nomination Committee of ICTSI since February 2011 and also Chairman of Risk Management Committee since April 2015. He is also the Chairman of GANESP Ventures, Inc. and a Director of Bank of the Philippine Islands*, Philippine Dealing System Holdings Corp. and Subsidiaries, Phil Stratbase Consultancy Inc.

Mr. Espiritu was a three (3)-term former President of the Bankers Association of the Philippines, a former President and CEO of Far East Bank and Trust Company and the Chairman of the Board of Trustees of the Ateneo de Manila University for fourteen (14) years.

Mr. Espiritu received his primary, secondary, and college education from Ateneo de Manila University where he obtained his AB Economics degree in 1963. In 1966, at the age of 22, he received his Master's Degree in Economics from Georgetown University in Washington DC, USA.

**Publicly-listed Corporation*

***Joseph R. Higdon**, age 74, American*

Mr. Higdon has been an independent Director of ICTSI* since *April 2007*. He is also an independent Director of SM Investments Corporation*, Security Bank Corporation* and The Island Institute, a non-profit organization seeking to preserve island communities along the coast of Maine and Trekkers, a community based mentoring organization.

Mr. Higdon was the Senior Vice President of Capital Research and Management, a Los Angeles (USA)-based international investment management firm, until June 2006. He joined Capital Research and Management in 1974 and has covered Philippine stocks from 1989 to 2006. He was the Vice President of the New World Fund, which focused on companies doing business in emerging countries and was a Director of Capital Strategy Research.

Mr. Higdon received his Bachelor of Science degree, major in Political Science, from the University of Tennessee in 1968.

**Publicly-listed Corporation*

***Jose C. Ibazeta**, age 73, Filipino*

Mr. Ibazeta has been a Director of ICTSI* since *December 1987*. In 2009, he was named a Trustee and the Vice-

President of ICTSI Foundation, Inc. He was a member of ICTSI's Audit Committee until April 2010 and a member of ICTSI's Nomination Committee since February 2011. He also served as ICTSI's Treasurer until February 2007, when he was appointed as the President of the Power Sector Assets and Liabilities Management Corporation (PSALM) by the President of the Republic of the Philippines. He served as PSALM President and CEO from March 1, 2007 to March 30, 2010. In April 2010, he declined his nomination to be a Director of ICTSI by reason of his appointment as the Acting Secretary of the Department of Energy, a position he held from April 1, 2010 until June 30, 2010. He was reinstated as a Director of ICTSI in August 2010.

Mr. Ibazeta is a Consultant to the Chairman and a Director of A. Soriano Corp. He is likewise a Director of , A. Soriano Corp.*, Anscor Consolidated Corp., Anscor Property Holdings, Inc., Island Aviation, Inc., Minuet Realty Corp., Anscor Land, Inc., Phelps Dodge Philippine Energy Products Corp., Newco, Inc., Seven Seas Resorts and Leisure, Inc., A. Soriano Air Corp., Vicinetum Holdings, Inc., Vesper Industrial and Development Corp. and AG&P International Holdings, Ltd.; the Chairman of Island Aviation, Inc.; and a Director and the President of both Seven Seas Resorts and Leisure, Inc. and Pamalican Resort, Inc.

Mr. Ibazeta is a member of the Finance Committee of the Ateneo de Manila University and the Board of Trustees of Radio Veritas.

Mr. Ibazeta received his Bachelor of Science degree, major in Economics, from the Ateneo de Manila University in 1963, his Master´s Degree in Business Administration from University of San Francisco in 1968 and his MBA in Banking and Finance from New York University in 1975.

**Publicly-listed Corporation*

***Stephen A. Paradies**, age 62, Filipino*

Mr. Paradies has been a Director of ICTSI* since *December 1987*. He has been the Chairman of the Nomination Committee of ICTSI since February 2011 and is currently a member of ICTSI's Audit Committee and Stock Incentive Committee. He is also a Director of ICTSI Warehousing, Inc. Moreover, Mr. Paradies is the Senior Vice President/ Finance , Treasurer and Board Adviser of Aboitiz & Co., Inc. and Chairman/CEO of Hydro-Electric Development Corporation; a Director of Aboitiz Construction Group, Inc., Metaphil International, Inc., Prism Energy, Inc., Union Properties Inc. and Unionbank of the Philippines *.

Mr. Paradies received his Bachelor of Science degree, major in Business Management, from Santa Clara University, California, USA.

**Publicly-listed Corporation*

***Andres Soriano III**, age 64, American*

Mr. Soriano has been a Director of ICTSI since *July 1992* and is currently the Chairman of ICTSI's Compensation Committee. He is also the Chairman and Chief Executive Officer of A. Soriano Corporation*; the Chairman and President of Anscor Consolidated Corp.; the Chairman of the Andres Soriano Foundation, Inc., Phelps Dodge International Philippines, Inc., Phelps Dodge Philippines Energy Products Corp. and Seven Seas Resorts and Leisure, Inc; and a Director of , Cirrus Medical Staffing, Inc., Anscor Property Holdings, Inc., A. Soriano Air Corporation and the Manila Peninsula Hotel, Inc.

Mr. Soriano was formerly the President and Chief Operating Officer of San Miguel Corporation* and later, its Chairman and CEO. He was also the Chairman of Coca Cola (Philippines), Coca Cola Amatil (Australia) and Nestle (Philippines) and was a Director of SPI Technologies, Inc., eTelecare Global Solutions, Inc., G.E. Asian Advisory and Wharton East Asia Executive Board.

Mr. Soriano received a Bachelor of Science degree in Economics, with a major in Finance and International Business, from Wharton School of Finance and Commerce, University of Pennsylvania in 1972.

**Publicly-listed Corporation*

Executive Officers

Martin L. O'Neil, *age 55, American / Irish*

Martin O'Neil is the Executive Vice President of International Container Terminal Services, Inc. a position he assumed in October 2015. He previously served as Senior Vice-President and the Chief Financial Officer of ICTSI from 2006 to 2010, and then again from July 2013 up to October 2015. He is currently the Chairman of International Container Terminal Holdings, Inc. and ICTSI Ltd.; a Director of Tecon Suape S.A., ICTSI Georgia Corp., Sociedad Puerto Industrial del Aguadulce, ICTSI (Hong Kong) Limited, and Victoria International Container Terminal Ltd.

From 2001 to 2003, Mr. O'Neil was a founding Member and the Head of the London office of Telegraph Hill Communications Partners, a San Francisco based firm whose principal business was advising a small member of financial institutions on private equity investments and management of private equity portfolio companies. He was also a Managing Director of JP Morgan & Co. where, over a seventeen (17)-year period, he was active in a wide range of investment banking activities, including project finance, capital markets and mergers and acquisitions in New York, Hong Kong, and London. He was a Director of JP Morgan Capital Corporation, JP Morgan's private equity investment arm, for seven (7) years and it was during this time that he invested in and served as a Director of ICTSI International Holdings Corp. (IIHC). IIHC assembled a portfolio of eight (8) international ports in Mexico, Argentina, Saudi Arabia, Pakistan and Tanzania, before being sold to Hutchison Ports Holdings for a substantial profit in mid-2001. He joined JP Morgan & Co. in 1984.

Mr. O'Neil is a dual citizen of USA and Ireland and graduated from Harvard College in Cambridge, Massachusetts (USA), with a B.A. degree (cum laude) in 1983, and was also named a Harvard College Scholar. He currently serves as a member of Harvard's Committee on University Resources.

Rafael D. Consing, Jr.*, age 47, Filipino*

Mr. Rafael D. Consing Jr. is the Senior Vice President and Chief Financial Officer of International Container Terminal Services, Inc. He was appointed to the said position on October 5, 2015. He is also the Compliance Officer effective February 9, 2016. Prior to such role, he was the Vice President and Treasurer of ICTSI. Concurrently, he is the Deputy Chairman of ICTSI Ltd., Director B of ICTSI Capital B.V. and a member of the Board of Directors of the following ICTSI subsidiaries: DIPSSCOR, HIPS, MICTSI, SBITC, SBITHI, ICTSI Subic Inc., CPHI, IW Cargo Handlers, Inc., ICTSI Warehousing, Inc., Laguna Gateway Inland Container Terminal, Inc., PICT, ICTSI Africa (Pty) Ltd., Tecplata S.A., CMSA, Terminal Maritima De Tuxpan, S.A. de C.V. , SPIA, Global Procurement Ltd., ICTSI Honduras Ltd., Aeolina Investments Limited, Crixus Limited, International Container Terminal Holdings, Inc., ICTSI Georgia Corp. , ICTSI QFC LLC, ICTSI Project Delivery Services Co. Pte. Ltd., ICTSI South Asia Pte. Ltd. and ICTSI Far East Pte, Ltd. He is the Chairman of CGSA Transportadora S.L. and SPIA Spain S.L. He is the Director A of Royal Capital B.V, ICON Logistiek B.V., ICTSI Americas B.V., ICTSI Cameroon B.V., Tecplata B.V., Global Container B.V., Contecon Guayaquil S.A. (CGSA B.V.), SPIA Colombia B.V., Contecon Manzanillo SA de C.V. (CMSA B.V.), Tecon Suape S.A. B.V. (TSSA B.V.), ICTSI Treasury B.V.,ICTSI Cooperatief U.A., ICTSI Oceania B.V., ICTSI Tuxpan B.V., and ICTSI Global Finance B.V. Mr. Consing is also Commissioner of PT ICTSI Jasa Prima Tbk.

Mr. Consing started his career at the Multinational Investment Bancorporation in June 1989. From 1999 to 2007, he assumed various roles in HSBC, starting as the Director and the Head of Debt Capital Markets for the Philippines, and subsequently for South East Asia. His last position in HSBC was the Managing Director and the Head of the Financing Solutions Group, Asia Pacific. In these various roles, Mr. Consing became involved in a number of highly strategic and situational financing and advisory activities, including acquisition and leveraged finance, debt capital markets, credit ratings and capital advisory. He also held positions in investment banking with Bankers Trust NY / Deutsche Bank and ING Barings. In 1993 to 1995, Mr. Consing served as the Vice President and the Treasurer of Aboitiz & Company, Inc. and Aboitiz Equity Ventures, Inc*.

Mr. Consing received an A.B. degree from De La Salle University, Manila, in 1989. He is an alumnus of the Emerging CFO: Strategic Financial Leadership Program of the Stanford Graduate School of Business.

Jose Joel M. Sebastian, *age 52, Filipino*

Mr. Sebastian is the Senior Vice President, Finance. He was appointed to the said position on October 5, 2015. He joined ICTSI as the Vice President and Controller in September 2008. Concurrently, he is the President of ICTSI Ltd.; a Director and the Treasurer of Bauan International Ports, Inc., Davao Integrated Port & Stevedoring Services Corp., Mindanao International Container Terminal Services, Inc., South Cotabato Integrated Ports Services, Inc., Abbotsford Holdings, Inc.; a Director A of Royal Capital B.V., Icon Logistiek B.V., Global Container B.V., CGSA B.V., SPIA Colombia B.V., CMSA B.V., TSSA B.V., ICTSI Cooperatief U.A., ICTSI Oceania B.V., ICTSI Tuxpan B.V., ICTSI Global Finance B.V., ICTSI Cameroon B.V., ICTSI Treasury B.V., Tecplata B.V., ICTSI Africa B.V., ICTSI Americas B.V.; Deputy Chairman of CGSA Transportadora S.L. and Spia Spain S.L. and a Director of Cordilla Properties Holdings, Inc., ICTSI Asia Pacific Business Services, Inc., ICTSI Ltd., International Container Terminal Holdings, Inc., Madagascar International Container Terminal Services, Ltd., Tartous International Container Terminal, JSC., International Container Terminal Services (India) Private Limited, ICTSI Africa (Pty) Ltd., ICTSI DR Congo S.A., ICTSI Jasa Prima, ICTSI Honduras Ltd., Global Procurement Ltd., Lekki International Container Terminal Services Lftz Enterprise, Tecon Suape S.A. (TSSA), Aeolina Investments Limited, Crixus Limited, ICTSI Georgia Corp., ICTSI (M.E.) DMCC, ICTSI Middle East DMCC, ICTSI South Asia Pte. Ltd., ICTSI Project Delivery Services Co. Pte. Ltd. and Operadora Portuaria Centroamericana S.A. de C.V.

Mr. Sebastian started his professional career with SGV & Co. in 1984. He became partner and was admitted to the partnership in 1999. His expertise includes financial audits of publicly-listed companies in the telecommunications, port services, shipping, real estate, retail, power generation and distribution, manufacturing, media and entertainment industries.

Mr. Sebastian is a Certified Public Accountant. He graduated from the De La Salle University, Manila, in 1983 with a degree in Bachelor of Science in Commerce major in Accounting. He also attended the Accelerated Development Programme of the University of New South Wales in 1996.

Regional Heads and Global Corporate Officers for the ICTSI group of companies

Fernando L. Gaspar*, age 64, Filipino*

ICTSI appointed Fernando L. Gaspar as the Senior Vice President and Chief Administrative Officer in April 2008. Concurrently, Mr. Gaspar is the Chairman of the Supervisory Board of Adriatic Gate Container Terminal and the Board of ICTSI DR Congo; and a Director of IW Cargo Handlers, Inc., ICTSI Warehousing, Inc., Baltic Container Terminal Ltd., Batumi International Container Terminal LLC. ICTSI Oregon, Inc., Contecon Guayaquil S.A., ICTSI Africa (Pty) Ltd. Yantai International Container Terminal Limited (YICTL) and Lekki International Container Terminal Services LFTZ Enterprise.

Prior to joining ICTSI, Mr. Gaspar was the Managing Director and Asia Practice Head of Alvarez & Marsal, an international financial advisory and restructuring firm, where he served as the Chief Restructuring Officer and the interim CEO of several medium and large enterprises across a wide range of industries in Asia, USA and Europe. Before working for Alvarez & Marsal, Mr. Gaspar was the CEO of Kuok Group of Companies (Philippines) where he managed three (3) Shangri-la Hotels and Resorts and restructured Kuok's real estate holdings. He also held several senior management positions in San Miguel Corporation, which included a stint as the CEO of San Miguel Brewery Hong Kong.

Mr. Gaspar is a graduate of De La Salle University in Manila.

Christian R. Gonzalez*, age 40, Filipino*

Mr. Christian R. Gonzalez is the Senior Vice President, Regional Head-Asia Pacific and MICT of International Container Terminal Services, Inc. He was appointed to the said position on November 9, 2015. Prior to such role, he was the Director General and Chief Executive Officer of Madagascar International Container Terminal Services Ltd. (MICTSL), a wholly owned subsidiary of ICTSI, which operates the port in Toamasina, Madagascar, and thereafter appointed as the Vice President and Head of Asia Pacific Region & Manila International Container Terminal (MICT).

From 1997 when he first joined the ICTSI Group, he worked in various Operations departments before being appointed Assistant Manager for Special Projects of ICTSI Ltd., ICTSI's foreign projects subsidiary. He was named MICT Operations Manager in 2003. In 2006, he was designated Chief Operating Officer and later Chief Executive Officer of MICTSL In 2009, Mr. Gonzalez was appointed Treasurer of the Board of Trustees of ICTSI Foundation, Inc. In 2010, he was designated Director of Bloomberry Resorts and Hotels, Inc. and The Country Club. In 2012, Mr. Gonzalez was appointed as the Head of ICTSI's Business Development for Asia region. He is currently the President of ICTSI Subic, Inc., Subic Bay International Terminal Holdings, Inc. (SBITHI) and IW Cargo Handlers, Inc; Chairman of Pakistan International Container Terminal (PICT), President Commissioner of PT ICTSI Jasa Prima Tbk.; Commissioner of PT Makassar Terminal Services (PT MTS); and also a Director of Bauan International Port, Inc., Subic Bay International Terminal Corp. (SBITC), Laguna Gateway Inland Container Terminal, Inc., South Cotabato Integrated Ports Services, Inc. (SCIPSI), Abbotsford Holdings, Inc. (AHI), ICTSI Asia Pacific Business Services, Inc., Davao Integrated Port & Stevedoring Services Corp. (DIPSSCOR), Mindanao International Container Terminal Services, Inc. (MICTSI), ICTSI (India) Private Ltd., Yantai International Container Terminal Ltd. (YICTL), Hijo International Port Services, Inc. (HIPS), Victoria International Container Terminal Limited (VICTL), ICTSI Far East PTE. Ltd., ICTSI Project Delivery Services Co. Pte. Ltd., ICTSI South Asia Pte. Ltd., Bloomberry Resorts Corporation* , Sureste Properties, Inc., Contecon Guayaquil S.A. (CGSA) and Prime Metroline Transit Corporation.

Mr. Gonzalez is a graduate of Instituto de Estudios Superiores de la Empresa (IESE) Business School, the graduate school of management of the University of Navarra, in Barcelona, Spain, where he received his Bilingual Masters in Business Administration. He is also a graduate of Business Administration from Pepperdine University in California.

**Publicly-listed Corporation*

Sandy Alipio, *age 45, Filipino*

Mr. Alipio has been the Vice President for Audit and Compliance of ICTSI since May 2014. Prior to his work at ICTSI, he spent a decade working for the San Francisco-based, Elan Pharmaceuticals, holding several positions such as Internal Control, Senior Director, R&D Finance, Vice President of BioNeurology Finance and the Vice President of Internal Audit & SOX.

From 2000 to 2004, Mr. Alipio was a Senior Manager for Audits and Business Advisory at KPMG LLP in San Francisco. He was with Makati-based SGV and Co. from 1994 and was seconded in Chicago back in 1997. He was also a Manager for Assurance and Business Advisory Services in 2000.

A Certified Internal Auditor and a Certified Public Accountant, Mr. Alipio is a graduate of University of the Philippines, Diliman.

Jose Manuel De Jesus*, age 51, Filipino*

Mr. Jose Manuel Mantecon De Jesus is the Vice-President for Business Development – Asia of International Container Terminal Services, Inc. He was appointed to the said position in September 2008. Concurrently, he is Director of the following ICTSI subsidiaries: DIPSSCOR, ICTSI Subic Inc., MICTSI, SBITC, SCIPSI, Laguna Gateway Inland Container Terminal, Inc., Bauan International Ports, Inc., South Cotabato Integrated Ports Services, Inc., ICTSI (India) Private Ltd., PT ICTSI Jasa Prima Tbk, HIPS, AHI, SBITHI, Cordilla Properties Holdings, Inc., IW Cargo Handlers, Inc., Subic Bay International Terminal Holdings, Inc., NMCTS, PICT, ICTSI Far East Pte. Ltd., and AICTL.

Prior to his role as Vice Presdient for Business Development - Asia, he was Director of Business Development for the Americas. In 2005, he headed the Asia Business Development Group. Before that, he was seconded and had held numerous posts such as Director for Strategic Planning of ICTSI's Regional Development Offices in Miami and Dubai, and General Manager of Thai Laemchabang Terminals, Inc. He joined ICTSI in 1995 as Executive Assistant to the Chairman.

Mr. De Jesus is an Industrial Management Engineering graduate of De La Salle University in Manila.

Lisa T. Escaler, *age 45, American*

Ms. Escaler is the Vice President and Head of Global Corporate Human Resources (HR) of ICTSI. Ms. Escaler joined ICTSI in January 2014.

Ms. Escaler has held a range of leadership positions throughout her twenty-five plus (25+) years of professional human resources experience and has worked across multiple industries and geographies. She most recently served as the Regional Head of HR-Asia Pacific of Deckers Outdoor Corporation, a major lifestyle brand based in Santa Barbara, California. While at Deckers, Ms. Escaler served as a member of the Regional Executive Management Committee. Previously, she was a Managing Director of Citibank, N.A. and was based in New York, Hong Kong and the Philippines. Her client groups included Global Transaction Services, Commercial Banking and several mid-office groups.

Ms. Escaler was an integral part of the deal team that was responsible for the successful acquisition of Lava Trading Inc. by Citigroup. Under her guidance, Lava Trading, Inc. was named Fortune Magazine's "2004 Cool Company" and ranked number sixteen (16) among the Best Small Companies to work for in America by the Great Place to Work Institute.

Ms. Escaler earned an Executive MBA from Kellogg School of Management, Northwestern University and the Hong Kong University of Science & Technology.

Earl Nestor H. Ferrer*, age 47, Filipino*

ICTSI appointed Earl Eric Nestor Ferrer as the Vice President for Global Information Technology (IT) in 2008.

Prior to joining ICTSI, Mr. Ferrer was a Senior Management Team Member handling various concurrent positions such as the Channel Manager and Relationship Manager in addition to his main role as the National IT Manager of DHL Express Phils. Corp. He was also a Director for IT of SGV & Co., the Assistant Vice President for IT and Operations of Anglo Asian Strategic Management Inc., a Senior Manager for IT of Rockwell Land Corp. and the Senior Consultant of James Martin & Co.

Mr. Ferrer, a De La Salle University graduate, holds a degree in Computer Science major in IT.

Guillaume Lucci, *39, French/American*

Mr. Lucci is the Vice President for Global Engineering of ICTSI. He is a Director of Victoria International Container Terminal Limited and the Chairman of ICTSI Project Delivery Services Ltd. Prior to joining ICTSI, Mr. Lucci served as the Infrastructure Commercial Director for CH2M HILL in Latin America and as a Director and Board Member of CH2M HILL do Brasil and Halcrow Panama S.A (Halcrow). He also previously served as Halcrow's Regional Director for the Maritime Business Group in Latin America. Before joining Halcrow, Mr. Lucci served as the Principal Vice President and Director of River Consulting's Maritime Division, a wholly owned subsidiary of Kinder Morgan Energy Partners (NYSE KMP), the largest independent operator of liquid and dry bulk terminals in the USA.

Mr. Lucci holds a M.S. degree in Structural Engineering, Mechanics and Materials from the University of California at Berkeley, and undergraduate degrees in Civil Engineering and in Mathematics from Florida Institute of Technology (Summa Cum Laude) and the University of Toulon et du Var, France. He is a registered Structural Engineer in Florida, USA.

Ton van den Bosch, *age 41, Dutch*

Mr. van den Bosch is the Vice President for Corporate Affairs and Governance and concurrently the General Counsel of ICTSI Ltd. He is ICTSI's Compliance Officer from March 2014 to February 9, 2016. He is also a Director of ICTSI South Asia Pte. Ltd., ICTSI Project Delivery Services Co. Pte. Ltd., ICTSI QFC LLC, Victoria International Container Terminal Limited, ICTSI Ltd., ICTSI Georgia Corp., International Container Terminal Holdings, Inc. and ICTSI Honduras Ltd. Mr. van den Bosch worked in private practice with Allen & Overy LLP in Asia, Europe and USA. Before joining ICTSI, he was the general counsel at Bluewater (a Netherlands-based company active in the oil and gas industry) for five years. Mr. van den Bosch graduated from Leiden University

in the Netherlands with masters in civil law and business law. Mr. van den Bosch was admitted to the bar as a Dutch lawyer and as a solicitor to the Supreme Court of England and Wales.

***Vivien F. Miñana**, age 51, Filipino*

Ms. Miñana was appointed in 2006 as the Vice President and Senior Administration Officer of ICTSI and ICTSI Ltd. Prior to her appointment in 2006, she was the Vice President and Controller of ICTSI and ICTSI Ltd. from 2000 to 2006. Currently, Ms. Miñana is also the Treasurer of Container Terminals Systems Solutions Philippines, Inc.

A Certified Public Accountant, Ms. Miñana received her Master's Degree in Business Management from the Asian Institute of Management in Manila, and is a graduate of BS Accounting from De La Salle University, Manila.

***Rafael T. Durian**, age 82, Filipino*

Atty. Durian has been ICTSI's Corporate Secretary since 1987. He is likewise the Corporate Secretary of International Container Terminal Holdings, Inc.; the Corporate Secretary and a Director of Razon Industries, Inc., Sureste Realty Corp. and Provident Management Group, Inc.; and a Trustee of the ICTSI Foundation, Inc.

Atty. Durian earned his Bachelor of Laws degree from San Beda College and is a member of the Integrated Bar of the Philippines. He is a Partner at Cruz Durian Alday & Cruz-Matters Law Office.

***Benjamin M. Gorospe III**, age 48, Filipino*

Atty. Gorospe was appointed as the Asst. Corporate Secretary of ICTSI on September 17, 2013. He is also the Global Head for Tax and Regional Legal Manager for the Americas of ICTSI. Moreover, Atty. Gorospe is a Director and the Corporate Secretary of Davao Integrated Port & Stevedoring Services Corp., Mindanao International Container Terminal Services, Inc., Cordilla Properties Holdings, Inc.; Assistant Secretary of Global Procurement Ltd., ICTSI Ltd.,ICTSI Honduras Ltd. and ICTSI Georgia Corp. and a Director of ICTSI Far East Pte. Ltd.

Atty. Gorospe joined ICTSI in 2003 as a Tax Manager. Prior to this, he worked with the Tax Department of SGV & Co. for five (5) years and with its Audit Department for one (1) year.

Atty. Gorospe completed his law degree at the University of the Philippines, Diliman. He is also a Certified Public Accountant. He graduated from Xavier University with a degree of Bachelor of Science in Commerce, Major in Accounting.

***Silverio Benny J. Tan**, age 59, Filipino*

Atty. Tan is a partner in the law firm Picazo Buyco Tan Fider & Santos. He is a director and corporate secretary of Prime Metroline Holdings, Inc., Bravo International Port Holdings Inc., Alpha International Port Holdings Inc., Eiffle House Inc., Cyland Corp., OSA Industries Philippines Inc. and Negros Perfect Circles Food Corp. He is also a director of the following companies: Celestial Corporation, Skywide Assets Ltd., Monte Oro Minerals (SL) Ltd., and Dressline Holdings Inc. and its subsidiaries and affiliates. He is the corporate secretary of several companies including: Mapfre Insular Insurance Corporation, Sureste Properties, Inc., Bloomberry Resorts and Hotels Inc., Bloomberry Resorts Corporation*, Lakeland Village Holdings Inc., Devoncourt Estates Inc., and Pilipinas Golf Tournaments, Inc. He is the assistant corporate secretary of ICTSI, ICTSI Ltd., Apex Mining Company Inc.* and Monte Oro Resources & Energy Inc.

Atty. Tan holds a Bachelor of Laws, cum laude, from the University of the Philippines College of Law and a Bachelor of Arts Major in Political Science, cum laude, from the University of the Philippines College Iloilo. Atty. Tan placed third in the 1982 Philippine Bar exams.

**Publicly-listed Corporation*

Except for the Chairman, Enrique K. Razon, Jr., all Directors are nominees as they do not have shareholdings sufficient to elect themselves to the Board.

Directors' Attendance

Pursuant to the Company's by – laws, the Board should hold a regular meeting every month but special meetings may also be called by the Chairman of the Board or the President. The attendance of the Board for the Annual Stockholders Meeting as well as both regular and special meetings in 2015 is as follows:

Board	Name	Date of Election[1]	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Enrique K. Razon Jr.	April 16, 2015	25	25	100
Member	Jon Ramon Aboitiz	April 16, 2015	25	24[2]	96
Member	Jose C. Ibazeta	April 16, 2015	25	25	100
Member	Stephen A. Paradies	April 16, 2015	25	25	100
Member	Andres Soriano III	April 16, 2015	25	25	100
Independent	Octavio Victor R. Espiritu	April 16, 2015	25	25	100
Independent	Joseph R. Higdon	April 16, 2015	25	24[3]	96

[1]April 16, 2015 was when a Regular Board Meeting, Annual Stockholders Meeting and Organizational Board Meeting were conducted.
[2] Absent on April 16, 2015
[3] Absent on April 16, 2015

Directors' Trainings

Each director attended various trainings, continuing education program and conferences in 2015:

Name of Director	Date of Training	Program
Jon Ramon Aboitiz	March 25, 2015	Orientation Course for Corporate Governance Taguig City, Philippines
Stephen G. Paradies	March 25, 2015	Orientation Course for Corporate Governance Taguig City, Philippines
	October 12 to 14, 2015	Forbes Global CEO Conference, Manila, Philippines
Octavio V. Espiritu	February 18, 2015	Orientation Course for Corporate Governance Makati City, Philippines
Joseph R. Higdon	April 28, 2015	Orientation Course for Corporate Governance Makati City, Philippines
Enrique K. Razon Jr.	May 26, 2015	Corporate Governance Manila, Philippines
	October 12 to 14, 2015	Forbes Global CEO Conference, Manila, Philippines
Jose C. Ibazeta	June 24, 2015	Corporate Governance Makati City, Philippines
Andres Soriano III	June 24, 2015	Corporate Governance Makati City, Philippines

Directors and Executive Officers

The following have been nominated as Members of the Board of Directors for the ensuing year and their respective profiles are provided above:

[1] Re-elected in the last Annual Stockholders Meeting held last April 16, 2015

Office	Name	Citizenship	Age
Chairman of the Board and President	Enrique K. Razon, Jr.	Filipino	55
Director	Jon Ramon Aboitiz	Filipino	67
Director	Octavio Victor R. Espiritu*	Filipino	72
Director	Joseph R. Higdon*	American	74
Director	Jose C. Ibazeta	Filipino	74
Director	Stephen A. Paradies	Filipino	62
Director	Andres Soriano III	American	64

**As Independent director*

Nominees for Independent Directors/Nomination Committee

In line with established procedures, a formal nomination of an Independent Director is signed by an incumbent Director, and is submitted to the Corporate Secretary. The Corporate Secretary, guided by the By-Laws, Revised Manual on Corporate Governance and the Corporation Code, forwards the same to the Nomination Committee. In accordance with its Revised Manual on Corporate Governance, the Nominations Committee passes upon the qualifications of the nominee and the process includes an examination of the nominee's business background and company affiliations. The Nominations Committee ascertains that the nominee does not possess any of the disqualifications to serve as an Independent Director of ICTSI as provided in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

Octavio Victor R. Espiritu and Joseph R. Higdon were nominated as Independent Directors of ICTSI. There are no other nominees for independent directors. Octavio Victor R. Espiritu was nominated by Jose C. Ibazeta, an incumbent Director. Messrs. Espiritu and Ibazeta are not related. Joseph R. Higdon was nominated by the Chairman, Enrique K. Razon, Jr. Messrs. Higdon and Razon are not related. Information on the nominees are stated on page 8 of this Information Statement.

Section 10, Article I of ICTSI's By – laws provide non-controlling shareholders a right to nominate candidates for the Board of Directors.

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to its operations, policies or practices.

Significant Employees

No person who is not an executive officer of ICTSI is expected to make a significant contribution to ICTSI.

Family Relationships

Stephen A. Paradies is the brother-in-law and Christian R. Gonzalez is the nephew of Chairman and President, Enrique K. Razon, Jr. There are no other family relationships among the directors and officers listed.

Involvement in Certain Legal Proceedings

ICTSI is not aware of any of legal cases which occurred during the past five years that are material to an evaluation of the ability or integrity of any of its directors, executive officers or controlling person, including:

(a) Any bankruptcy petition filed by or against any business of which a director, executive officer or controlling partner was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;

(b) Any conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring,

suspending or otherwise limiting the nominee's involvement in any type of business, securities, commodities or banking activities; and

(d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Due to the nature of the Group's business, it is involved in various legal proceedings, both as plaintiff and defendant, from time to time. The majority of outstanding litigation involves subrogation claims under which insurance companies have brought claims against the operator, shipping lines and/or brokerage firms for reimbursement of their payment of insurance claims for damaged equipment, facilities and cargoes. Except as discussed below, ICTSI is not engaged in any legal or arbitration proceedings (either as plaintiff or defendant), including those which are pending or known to be contemplated and its Board has no knowledge of any proceedings pending or threatened against the Group or any facts likely to give rise to any litigation, claims or proceedings which might materially affect its financial position or business. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions and proceedings, if any, will not have a material adverse impact on the Group's consolidated financial position and results of operations.

MICT

The MICT Berth 6 Project is a port development project being undertaken by the Company with the approval of the PPA and in compliance with the Company's commitment under its concession contract with the PPA. The City Council of Manila issued Resolution No. 141 dated September 23, 2010, adopting the Committee Report of the ad hoc committee that investigated the reclamation done in Isla Puting Bato in Manila, which stated that the project should have had prior consultation with the City of Manila, approval and ordinance from the City of Manila, and consent from the City Mayor. The Company and its legal counsels' position is that Resolution No. 141 of the City Council of Manila is purely recommendatory and is not the final word on the issue whether the MICT Berth 6 Project is validly undertaken or not.

On November 26, 2010, the PPA, through the Office of the Solicitor General, filed a petition for *certiorari* and prohibition with application for the issuance of a temporary restraining order and/or writ of preliminary injunction assailing City Council Resolution No. 141 before the Supreme Court. The said highest court granted a temporary restraining order ("TRO") enjoining the Mayor of Manila and the City Council of Manila from stopping or suspending the implementation of the MICT Berth 6 Project of the PPA, which is still valid and continuing until further orders from the Supreme Court. The Supreme Court then granted the Company's motion to intervene in the case of PPA vs. City of Manila and City Council of Manila. The parties filed their respective comments and replies before the Supreme Court. As at March 3, 2016, the parties still await the Supreme Court's resolution of this case.

Notwithstanding the foregoing legal proceedings, the MICT Berth 6 Project was completed and inaugurated by the President of the Republic of the Philippines in July 2012. (see Notes 22, 25.32 and 26).

In 2013, a case was filed by Malayan Insurance Co., Inc. (MICO) against ICTSI before the Regional Trial Court of Manila, Branch 55, for damages allegedly sustained by the assured cargo of Philippine Long Distance Telephone Company (PLDT) consisting of telecommunications equipment. The amount of claim is ₱223.8 million (approximately US$4.8 million) plus legal interest and attorney's fees of ₱1.0 million (US$21.2 thousand).

PLDT initially filed a claim against ICTSI, claiming that the cargo had been dropped while inside a container at the terminal of ICTSI and holding the latter responsible for the value of the equipment. ICTSI did not pay the claim, arguing that there is no evidence that the cargo had been damaged. ICTSI further argued that the containerized equipment was never dropped to the ground but was merely wedged in between containers while being moved in the container yard. The case is currently on trial.

PICT

In 2007, the Trustees of the Port of Karachi (KPT) filed a civil suit against the Pakistan International Container Terminal (PICT) in the Honorable High Court of Sindh claiming a sum of approximately US$2.9 million with interest, as penalty, for the alleged mis-declaration of the category of goods on the import of Ship to Shore Cranes and Rubber Tyred Gantry Cranes in 2004. Upon advise of PICT's legal advisor, management is confident that there is no merit in this claim and hence there is a remote possibility that the case would be decided against PICT.

Also in 2007, PICT has filed an interpleader civil suit before the High Court of Sindh (HCS) against the Deputy District Officer, Excise and Taxation (DDO) and the Trustees of KPT in respect of the demand by the DDO on PICT to pay property tax out of the Handling, Marshalling and Storage (HMS) Charges payable to KPT amounting to approximately US$0.4 million for the period 2003 to 2007. In 2014, another demand was made by the DDO amounting to approximately US$0.9 million for the period 2008 to 2014. In compliance with the Order of HCS, PICT deposited the amounts with Nazir HCS. Upon advice of PICT's legal counsel, management believes that there is full merit in this case and there may be no adverse implication against PICT.

Further, while completing the tax audit proceedings for the tax year 2013, the Commissioner Inland Revenue (CIR) modified the deemed assessment of PICT and made certain disallowances/additions on the taxable income and raised an income tax demand of US$1.25 million. PICT filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) who partly decided the appeal in favour of PICT. Consequently, PICT made the payment of US$0.95 million in respect of issues confirmed by the CIR-A, and filed a second appeal before the Appellate Tribunal Inland Revenue, which is now pending for adjudication. Upon advise of PICT's legal counsel, management is of the view that there is full merit in PICT's arguments and the appeal case will be decided in its favour.

TSSA

In 2008, a civil suit was filed by former customer Interfood Comercio (Interfood) against TSSA for damages to perishable cargo amounting to BRL7.0 million (approximately US$3.0 million). Interfood's cargo (garlic and birdseed) was declared improper for human and animal consumption due to long storage period at TSSA before it was claimed and such cargo was destroyed by Brazilian customs authorities. The lower court and Court of Appeals ruled in favor of Interfood. The case has been pending in the Supreme Court for more than four years already. An amount of BRL6.9 million (approximately US$2.6 million) in TSSA's bank account is now garnished by the lower court. TSSA made an accrual for this contingency in the amount of BRL0.6 million (US$0.3 million) in 2013, BRL1.9 million (US$0.8 million) in 2014 and nil in 2015, presented as part of "Other expenses" account in the consolidated statements of income. The provisions aggregating BRL11.0 million (US$5.4 million), BRL12.0 million (US$5.0 million), BRL13.8 million (US$5.2 million) and BRL 12.0 million (US$ 5.0 million) BRL13.8 million (US$5.2 million) and BRL13.8 million (US$3.5 million) were recognized as part of "Accounts payable and other current liabilities" account in the consolidated balance sheets as at December 31, 2013, 2014,2015, respectively. TSSA expects the Supreme Court to render judgment on the case anytime in 2016 or to have a settlement agreement with Interfood. The said judgment, however, is still subject to a last appeal with the Supreme Court in Brasilia.

ICTSI Oregon

Due to the labor disruption caused by the International Longshore and Warehouse Union (ILWU) in Portland commencing in June 2012 and continuing to the present, ICTSI Oregon has filed two separate counter-claims in federal court against the ILWU seeking monetary damages. The first is a claim for damages caused by the ILWU's unlawful secondary activity under the National Labor Relations Act. The second is an antitrust claim brought against the ILWU and the Pacific Maritime Association (PMA). ICTSI Oregon also has a second counterclaim for breach of fiduciary duty against PMA. In addition, the National Labor Relations Board (NLRB) has sought and obtained two federal court injunctions against the ILWU, prohibiting illegal work stoppages as well as a finding of contempt of court against the union.

ICTSI Oregon's damage claim for unlawful secondary activity has been stayed pending completion of administrative proceedings before the NLRB. This is a substantial claim, seeking a multi-million dollar judgment, and is unlikely to be tried in court for at least a couple of years.

ICTSI Oregon's antitrust claim was dismissed by the federal court. The judge granted ICTSI Oregon permission to appeal the dismissal to the Ninth Circuit Court of Appeals. The appeal is pending and we are likely to obtain a decision in 2016. If ICTSI Oregon prevails, its antitrust claim will proceed before the trial court. Under federal law, successful antitrust plaintiffs may recover treble damages.

As to its claim against the ILWU for damages caused by illegal secondary activity, ICTSI Oregon's breach of fiduciary claim against PMA has been stayed by the federal court.

Tecplata SA

Ganmar S.A. (Ganmar) challenged, in summary proceedings, the legality of the Concession Agreement for the construction and operation of the Port of La Plata by Tecplata requesting also via three preliminary injunctions the suspension of the works at the terminal. Ganmar alleges that Tecplata's concession should have been awarded through a bidding process. The preliminary injunctions requested by Ganmar were rejected both by the Civil and Commercial Court and the Court of Appeals due to lack of evidence on the illegality of the Concession Agreement and/or the lack of urgent reasons to suspend the contract. Management of Tecplata believes that there is no merit in the action filed by Ganmar and has not provided for possible obligations arising from the aforementioned legal proceedings.

TICT

On December 28, 2012, TICT filed a Notice of Termination of its 10-year Investment Agreement with Tartous Port General Company (TPGC) on the grounds of "unforeseen change of circumstances" and "Force Majeure". In early 2013, TPGC submitted to arbitration TICT's termination notice. On April 1, 2014, the arbitration panel decided in favour of TPGC. While the award has become executory on April 20, 2015, management and its legal counsels believe that TPGC will not be able to successfully enforce the award outside of Syria.

BICT

In June 2013, BICTL received from its lessor, Batumi Sea Port Ltd. (BSP) a notice of alleged violation of the terms and conditions of the Lease Agreement by BICTL. After receiving BSP's notice and formally disputing the allegations, BICTL initiated arbitration proceedings in July 2013 with the London Court of International Arbitration (LCIA). The arbitration resulted in the parties amicably settling their differences, the execution of a settlement agreement in September 2015, and consequent termination of the arbitration proceedings.

CGSA

In April 2010, a vessel, CCNI Antartico (CCNI), hit one of the quay cranes of CGSA causing damage to the crane, affecting a portion of one of the berths, related infrastructure and third party containers and cargo. CGSA and ICTSI took appropriate steps to replace the equipment, repair the berth and minimize business interruption. The damaged crane was replaced and the berth was repaired and these have been operational since October 2010 and June 2011, respectively.

On June 16, 2014, the Group and its local insurers entered into a settlement agreement with CCNI, wherein CCNI agreed to pay a total sum of US$12.8 million, US$9.9 million of which represents the Group's share corresponding to the reimbursement for damaged gantry crane, berth repair, legal fees and other related costs. On July 23, 2014, the Group received, as full settlement of its claims, a total of US$9.9 million. This resulted in the recognition of US$1.6 million gain on settlement of insurance claims presented under "Other income" account in the 2014 consolidated statement of income.

BCT

On May 17, 2012, a vessel hit one gantry crane of BCT causing damage to the crane and another gantry crane, some empty dry container vans, portions of the quay and related infrastructure in the area, and physical injuries to three employees of BCT.

The net book value of the gantry crane as of the date of the incident amounted to US$2.5 million, which was assessed to be fully recoverable from the insurance company and the vessel owner. The incident did not result in any significant effect on the operations and profitability of the terminal as the majority of the terminal, including berthing areas, remained fully operational. In 2012, BCT recognized claims receivable from the insurance company amounting to US$4.7 million which corresponds to the net book value of damaged gantry crane and cost of restoring the damaged quay and related infrastructure. As at July 31, 2013, the claims receivable increased to US$4.9 million. BCT recovered a total of US$6.1 million in August 2013 from the local insurer as recovery of the cost of the damaged gantry crane and other related costs. The excess of the amount received from the local insurer of US$1.2 million was recorded as "Other income" in the 2013 consolidated statement of income. As at August 31, 2014, the outstanding claims receivable of BCT amounted to US$4.3 million representing the book value of the other damaged gantry crane and other related costs. On November 19, 2014, BCT and its local insurers entered into a settlement agreement with the shipping line, wherein the shipping line agreed to pay a total sum of US$9.6 million, US$3.4 million of which represents the unpaid portion to BCT. The US$3.4 million was collected by BCT on December 22, 2014. In 2014, BCT has written down US$0.9 million of the claims receivable to the recoverable amount based on the settlement agreement and this amount was recorded under "Other expenses" in the 2014 consolidated statement of income.

Certain Relationships and Related Party Transactions

Transactions with Related Parties

The table below summarizes transactions with related parties for the last three years, as disclosed in the consolidated financial statements:

			2013		2014		**2015**	
Related Party	Relationship	Nature of Transaction	Amount	Outstanding Receivable (Payable) Balance	Amount	Outstanding Receivable (Payable) Balance	**Amount**	**Outstanding Receivable (Payable) Balance**
					(In Millions)			
ICBV								
SPIA	Joint venture	Interest-bearing loans[(i)]	US$0.31	US$50.39	US$64.73	US$115.12	**US$94.77**	**US$209.90**
PSA	Joint venture partner in SPIA	Transfer of 50% of loans to SPIA[(i)]	44.00	–	–	–	**–**	**–**
Parent Company YRDICTL/YICT								
YPH	Non-controlling shareholder	Port fees[(ii)]	1.12	(0.04)	1.46	–	**1.10**	–
		Trade transaction[(iii)]	–	–	0.37	(0.01)	**0.09**	**(0.01)**
		Management fees[(iv)]	–	–	–	–	**0.23**	**–**
YPG	Common shareholder	Port fees[(ii)]	–	–	3.02	(0.77)	**3.72**	**(0.29)**
		Trade transaction[(iii)]	–	–	1.80	(0.13)	**2.09**	**(0.32)**
		Purchase of equipment	–	–	–	–	**2.58**	**–**
DP World	Non-controlling shareholder	Management fees[(iv)]	–	–	–	–	**0.19**	**–**
Tecplata								
NPSA		Purchase of additional shares	16.00	–	6.00	–	**–**	**–**
SCIPSI								
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.16	(0.02)	0.17	(0.01)	**0.16**	**(0.02)**
AGCT								
Luka Rijeka	Non-controlling shareholder	Provision of services[(v)]	0.33	(0.01)	0.27	–	**0.29**	**(0.03)**
		Consulting services and rental income[(vi)]	0.01	–	–	–	**–**	**–**
PICT								
Premier Mercantile Services (Private) Limited	Common Shareholder	Stevedoring and storage charges[(vii)]	3.31	(0.42)	3.62	(0.68)	**4.47**	**(0.52)**
Premier Software (Private) Limited	Common shareholder	Software maintenance charges[(viii)]	–	–	0.01	–	**0.01**	**–**
Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited	Common shareholder	Container handling revenue[(ix)]	0.40	0.06	0.81	0.08	**0.57**	**0.04**
LGICT								
NCT Transnational Corp.	Non-controlling shareholder	Management fees[(x)]	–	–	–	–	**0.16**	**0.16**
		Maintenance and repairs	–	–	–	–	**0.04**	**0.04**

(i) *The loans were used by SPIA to finance its ongoing construction of the terminal. Interest rates were determined on an arm's-length basis. As part of the sale of the shares to SPIA, ICBV transferred half of its loans receivable from SPIA to PSA in exchange for cash.*

(ii) *YRDICTL/YICT is authorized under the Joint Venture Agreement to collect port charges levied on cargoes; port construction fees and facility security fee in accordance with government regulations (see Note 24.28). Port fees remitted by YRDICTL/YICT for YPH /YPG are presented as part of "Port authorities' share in gross revenues" in the consolidated statements of income. Outstanding payable to YPH/YPG related to these port charges presented under "Accounts payable and other current liabilities" account in the consolidated balance sheets.*

(iii) *Trade transactions include utilities, rental and other transactions paid by YICT to YPG and YPH.*

(iv) *The BOD of YICT approved a management fee of RMB6.8 million in 2015 allocated among the shareholders namely: ICTSI, DP World and YPG.*

(v) *AGCT has entered into agreements with Luka Rijeka, a non-controlling shareholder, for the latter's provision of services such as equipment maintenance, power and fuel and supply of manpower, among others. Total expenses incurred by AGCT in relation to these agreements were recognized and presented in the consolidated income statement as part of Manpower costs, Equipment and facilities - related expenses and Administrative and other operating expenses.*

(vi) *AGCT has earned revenues from consulting services and rental income for providing space for general cargo to Luka Rijeka. Related revenues were recognized under "Other income" account in the consolidated statements of income.*

(vii) *PICT has entered into an agreement with Premier Mercantile Services (Private) Limited for the latter to render stevedoring and other services, which are settled on a monthly basis.*

(viii) *Premier Software provided maintenance of payroll software to PICT paid on a monthly basis.*

(ix) *Marine Services, Portlink and AMI are customers of PICT. Services provided to these parties amounted to US$0.40 million in 2013, US$0.81 million in 2014 and US$0.57 million.*

(x) *NCT Transnational Corp. (NCT) is a joint venture company of the following 40% owners of LGICT: Nippon Container Terminals Co. Ltd.Transnational Diversified Corp. and NYK-Fil Japan Shipping Corp. LGICT entered into an operations and management agreement with NCT since the latter has experience in managing and operating container depots.*

(i)The outstanding balances arising from these related party transactions are current and payable without the need for demand.

Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2013, 2014 and 2015, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. The transactions with related parties are made on terms equivalent to those that prevail in arm's-length transactions.

Aside from the transactions described above, ICTSI does not have any other transactions with its directors, executive officers, security holders or members of their immediate family.

Item 6. Compensation of Directors and Executive Officers

The aggregate compensation paid to the Chairman of the Board and President, and four (4) highest paid executive officers named below, as a group, for 2015 amounted to US$4.3 million (2014: US$3.5 million). The estimated amount of compensation expected to be paid in 2016 to the Chairman of the Board and President and four (4) highest paid executive officers as a group, amounted to US$2.6 million.

Name and Principal Position	Year	Salary	Bonus and Others[a]	Total[b]
Enrique K. Razon, Jr. *Chairman of the Board and President* Martin O'neil[c] *Executive Vice-President* Rafael D. Consing, Jr. [c] *Senior Vice-President and Chief Financial Officer* Christian R. Gonzalez[d] *Senior Vice President, Regional Head of Asia Pacific Region and MICT*[**] Jose Joel M. Sebastian[c] *Senior Vice-President, Finance* Chairman of the Board and President and four (4) highest paid executive officers, as a group	2016 (Estimate)	US$0.5M	US$2.1M	US$2.6M
	2015 (Actual)	0.5M	3.8M	4.3M
	2014 (Actual)	0.4M	3.1M	3.5M
All officers and Directors, as a group, Unnamed[e]	2016 (Estimate)	1.4	6.2	7.6M
	2015 (Actual)	1.1	8.3	9.4M
	2014 (Actual)	0.9	7.2	8.1M

(a) *Mainly includes non-cash compensation based on Stock Incentive Plan paid out of the allocated Treasury Shares of ICTSI*

(b) *Includes total compensation paid in the Philippines by the registrant and its subsidiaries*

(c) *Promoted last October 5, 2015*

(d) *Promoted last October 5, 2015 and appointed as Compliance Officer last February 9, 2016*

(e) *Promoted last November 9, 2015*

(f) *Including four (4) highest paid executive officers*

The members of the Board of Directors receive directors' fees as compensation in accordance with the Company's By-Laws. They do not receive per diem.

There are no material terms of any other arrangements or contracts where any director of ICTSI was compensated or is to be compensated, directly or indirectly, in 2014, 2015 or in the coming year, for any service provided as a director.

Named executives officers are covered by Letters of Appointment with the Company stating therein their respective terms of employment.

There are no existing compensatory plans or arrangements, including payments to be received from ICTSI by any named executive officer, upon resignation, retirement or any other termination of the named executive officer's employment with the Company and its subsidiaries or from a change-in-control of the Company (except for the automatic vesting of awarded shares under the Stock Incentive Plan referred to below) or a change in the named executive officers' responsibilities following a change-in-control.

ICTSI's directors and named executive officers do not hold any outstanding warrants or options as of December 31, 2015. There were no adjustments or amendments made on the options previously awarded to any officers and directors of ICTSI. Certain officers were granted awards under the Stock Incentive Plan (SIP) in 2013, 2014 and 2015. Discussion on the SIP is further disclosed in Note 20, *Share-based Payment Plan*, to the Annual Audited Consolidated Financial Statements.

Item 7. Independent Public Accountants

The principal external auditor is the firm SGV & Co. The Group has engaged Mr. Arnel F. De Jesus, partner of SGV & Co., for the audit of the Group's books and accounts in 2015.

The appointment of the partner-in-charge will be in compliance with SEC Rule 68, Paragraph 3 (b)(iv) on the requirement on the rotation of external auditors.

The reappointment of SGV & Co. as the Company's external auditors is part of the agenda for this year's annual stockholders meeting.

A representative of the external auditor is expected to be present at the annual stockholders' meeting and will have an opportunity to make a statement if he or she so desires. The representative will also be available to respond to appropriate questions from the stockholders.

External Audit Fees and Services

ICTSI paid its external auditors the following fees (in thousands) for the last three years for professional services rendered:

	2013	2014	**2015**
Audit Fees	US$775.0	US$939.3	**US$1,057.8**
Audit-Related Fees	711.4	–	**880.4**
Tax Fees	176.2	92.0	**295.6**
Other Fees	34.1	14.8	**73.1**

Audit Fees include the audit of the Group's annual financial statements. The consolidated audit fees increased in 2014 and 2015 as a result of new operating terminals and start-up companies.

Audited-Related Fees include the review of interim financial statements and issuance of comfort letters for the capital market raising transactions of the Group. In 2013 and 2015, this amount increased due to the issuances of three comfort letters as a result of the capital market raising transaction of the Group and project financing in one of the subsidiaries.

Tax fees paid to SGV & Co./Ernst & Young are for tax compliance, tax advisory services and transfer-pricing studies. In 2015, the amount increased mainly due to the transfer-pricing studies and tax advisory on tax planning for the restructuring of our subsidiaries in Latin America.

Other fees mainly include due diligence services related to business development.

The Audit Committee makes recommendations to the Board concerning the external auditors and pre-approves audit plans, scope and frequency before the conduct of the external audit. The Audit Committee reviews the nature of the non-audit related services rendered by the external auditors and the appropriate fees paid for these services.

The reappointment of SGV & Co. as the Company's external auditors was approved by the stockholders in a meeting held on April 16, 2015.

Changes in and Disagreements with Accountants of Accounting and Financial Disclosure
There were no changes or disagreements with ICTSI's external auditors, SyCip Gorres Velayo and Company (SGV & Co.), a member firm of Ernst & Young Global Limited, on accounting and financial statement disclosures.

Item 8. Compensation Plans

ICTSI is centered on empowering, motivating and energizing its employees' talents. The Company continues to improve and develop competencies in the people working for its success.

An Employees Stock Option Plan ("ESOP") was established in 1991 under which shares from authorized but unissued capital stock were set aside for subscription by directors, officers, and employees. A Stock Option Committee composed of three (3) directors determined the number of shares to which a particular recipient was entitled. The subscription price under the ESOP was 95% of the issue price in the initial public offering of the Company and is subject to revision by Stock Option Committee from time to time.

In January 2007, Board approved the amendment of ESOP to convert it into a restricted stock plan called the "Stock Incentive Plan" (the "SIP"). The amendment of the ESOP into an SIP was approved by the stockholders at a special meeting held in March 2007.

Under the SIP, shares from our treasury will be granted to a participant by a resolution of Stock Incentive Committee. The Committee determines who and how many will be the awarded shares under the SIP.

ICTSI currently has no stock options, warrants or rights plan.

Descriptions and explanations of the above transactions are further disclosed in Note 20, *Share-based Payment Plan*, to the Annual Audited Consolidated Financial Statements.

PART I.C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Otherwise for Exchange
Not Applicable

Item 10. Modification or Exchange of Securities
Not Applicable

Item 11. Financial and Other Information
Not applicable

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters
Not applicable

Item 13. Acquisition or Disposition of Property
Not applicable as there is no acquisition or disposition of any property.

Item 14. Restatement of Accounts
Not applicable as there is no restatement of accounts.

Part I.D. OTHER MATTERS

Item 15. Action with Respect to Reports

Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors and Management since the Last Annual Stockholders' Meeting

As a matter of corporate policy, Management seeks the approval and ratification by the Stockholders of all acts, contracts, investments and resolutions of the Board of Directors and Management since April 16, 2015, the date of the last Annual Stockholders' Meeting. These are reflected in the minutes of the meetings of the Board of Directors, in the regular reports and disclosures to the Securities and Exchange Commission and to the Philippine Stock Exchange, and in the 2015 Annual Report and the Report of the Chairman.

The affirmative vote of a majority of the votes cast on this matter is necessary for the ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management, which include the following:

April 16, 2015 (Regular Meeting)
Approved the Terms and Conditions under Permit to Occupy No. M102-PO-15-001 issued by the Philippine Ports Authority as the Lessor over the parcel of land located at Block 1, Lot 9 of the North Harbor Port Layout Plan (Slip 0, North Harbor, Tondo, Manila).

April 27, 2015 (Regular Meeting)
Approved the: (a) authority of Mr. Jose Manuel M. De Jesus and Atty. Lirene C. Mora-Suarez to represent the Company at the Annual Meeting of the stockholders of Mindanao International Container Terminal Services, Inc. (MICTSI); (b) Company as the seller, to enter into a Deed of Sale of Shares with NICTI, as the buyer, of the stocks owned by the Company in NICTI; and (c) ICTSI Ltd.-Regional Operating Headquarters' opening and maintaining of accounts with Unionbank of the Philippines.

April 29, 2015 (Regular Meeting)
Approved the Board of Investments Registration under Executive Order No. 226 of Manila International Container Terminal Expansion Project – Container Yard of Berth 7.

April 30, 2015 (Regular Meeting)
Approved the: (a) appointment of authorized signatories to all bank accounts of the Company; and (b) transfer as equity investment to ICTHI in the total amount of USD 337,300,000.00 and PHP 317,610,000.00 for the Third Quarter of 2015.

May 27, 2015 (Special Meeting)
Approved the purchase of 100% of the capital stock in Terminal Maritima de Tuxpan, S.A. de C.V.

June 19, 2015 (Regular Meeting)
Authorized the application for Tax Credit Certificate (TCC) utilization through a Tax Debit Memo (TDB) with the Bureau of Internal Revenue.

July 24, 2015 (Regular Meeting)
Authorized to act as surety in favor of BDO Unibank, Inc for all amounts and charges payable by ICTSI Foundation, Inc.

August 5, 2015 (Regular Meeting)
Granted authority to Mr. Jose Carlo S. Javier to execute a contract with Philippine American Life and General Insurance Company (Philam) in relation to ICTSI Employees' Group Insurance Plan; and re-appointment of Mr.Martin O'Neil as Senior Vice President and Chief Financial Officer of the Company for another one year or until October 10, 2016.

August 17, 2015 (Special Meeting)
Approved the new Senior Perpetual Securities to be issued by Royal Capital B.V

August 18, 2015 (Regular Meeting)
Approved the: (a) final terms and conditions of the new Senior Perpetual Securities to be issued by Royal Capital B.V.; and (b) Parent Company Guarantee to Cargotec Finlad Oy for the supply of Automatic Stacking Cranes.

September 7, 2015 (Regular Meeting)
Approved the: (a) opening of account with Deutsche Bank AG; (b) authority of Mr. Antonio G. Coronel to negotiate and to execute/sign and deliver on behalf of the Company any and all contracts for the property purchased in Anvaya Cove; and (c) guarantee or sponsor the Senior Loans for Contecon Manzanillo S.A. de C.V. (CMSA) for the construction, completion and operation of the Port of Manzanillo in Mexico.

October 5, 2015 (Regular Meeting)
Approved the promotion of Mr. Martin L. O'Neil to Executive Vice President from Senior Vice President and Chief Financial Officer, promotion of Mr. Rafael D. Consing Jr. to Senior Vice President and Chief Financial Officer from Vice President and Treasurer and promotion of Mr. Jose Joel M. Sebastian to Senior Vice President, Finance from Vice President and Controller.

October 8, 2015 (Regular Meeting)
Approved the: (a) authorized representatives to transact with Land Transportation Office (LTO); (b) authority of Mr. Antonio G. Coronel to represent the Company in filing of its import entry documents with the Bureau of Customs; and (c) appointment of Mr. Antonius Floris Martijn van den Bosch as Vice President, Head of Global Corporate Affairs & Governance and Compliance Officer of the Company for another two (2) years or until November 27, 2017.

October 8, 2015 (Special Meeting)
Approved the support of the Company to its Argentine subsidiary, Tecplata S.A., in the participation in the bidding for the operation and development of the port terminal No. 5 in Puerto Nuevo, Buenos Aires, Argentina.

November 3, 2015 (Regular Meeting)
Approved the availment of products/facilities of Australia and New Zealand Banking Group Limited.

November 9, 2015 (Regular Meeting)
Approved the promotion of Mr. Christian R. Gonzalez to SVP, Head of Regional Head of Asia Pacific from Vice President, Head of Asia Pacific Region and MICT.

November 12, 2015
Confirmed the ownership structure of ICTSI, ICTHI and ICTSI Ltd.

December 23, 2015
Authorized the conversion of ICTSI's deposit for future stock subscriptions (DFFS) into equity and advances in its subsidiaries and appropriation of ICTSI's existing retained earnings for additional working capital requirements in 2016.

January 5, 2016 (Regular Meeting)
Approved the: (a) filing of advisement regarding Consolidated Updates on the 2015 Annual Corporate Governance Report (ACGR) at the Securities and Exchange Commission (SEC); (b) authority of Mr. Christian R. Gonzalez to represent the Company in the execution of Contract of Lease between the Company and Philippine Ports Authority regarding the open area consisting of eighteen thousand two hundred fifty seven square meters (18,257 sq.m.), situated at Block 1, lot 9, Slip O, North Harbor, Tondo, Manila; (c) authority of Mr. Christian R. Gonzalez to represent the Company in the execution of Memorandum of Agreement between the Company and San Cristobal Garden Homes Home Owners Association regarding the easement of excess rainwater from Garden Homes' drainage; (d) appointment of Ms. Lisa Marie Teresa Escaler as Vice President and Head of Human Resources of the Company for another two (2) years or until February 11, 2018; and (e) participation of the Company in the Invitation To Tender in relation to the Limassol Port Commercialisation; and review the: Company's mission and vision statements.

February 5, 2016 (Regular Meeting)
Approved the: (a) application to secure tree cutting clearance from the Department of Environment and Natural Resources (DENR) – Regional Office No. IV-A for the property located in Brgy. San Cristobal, Calamba City, Laguna; and (b) authority of Mr. Christian R. Gonzalez to represent the Company in the execution of Retail Electricity Supply Agreement (RESA) between the Company and MERALCO.

February 9, 2016 (Regular Meeting)
Approved the appointment of Mr. Rafael D. Consing Jr. as the company's Compliance Officer to replace Mr. Antonius Floris Martijn van den Bosch, effective February 9, 2016.

Summary of the Minutes of the 2015 Annual Stockholders' Meeting

The Annual Meeting of Stockholders of INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. (ICTSI or "Company") was called to order at 10:00 a.m., April 16, 2015, at the Solaire Ballrooms 2 to 5, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Parañaque City, pursuant to written notices given by the Corporate Secretary Atty. Rafael T. Durian.

Chairman Enrique K. Razon, Jr. presided the meeting. Assistant Corporate Secretary, Atty. Silverio Benny J. Tan, acted as secretary of the meeting ("Secretary") and took minutes of the proceedings.

The following members of the Board of Directors were present: Enrique K. Razon Jr., Andres Soriano III, Stephen A. Paradies, Octavio R. Espiritu, and Jose C. Ibazeta.

1. Call to Order -

The Chairman called the meeting to order and asked the secretary whether the stockholders were duly notified and if there was a quorum for the meeting.

2. Determination of Quorum -

The Secretary of the meeting certified that written notices were sent out starting March 3, 2015 to all stockholders as of record date of March 16, 2015. He further certified that stockholders representing 2,333,095,459 shares, out of a total of 2,736,062,860 shares, or 85.27% of total issued and outstanding shares were present in person or by proxy in the meeting. There was, therefore, a quorum for the meeting.

3. Approval of Minutes of the Annual Meeting of Stockholders Held on April 10, 2014 -

A stockholder moved for the approval of the minutes of the Annual Stockholders Meeting dated April 10, 2014. The motion was duly seconded. There being no objection to the motion, the Chairman declared the resolution approved and instructed the Secretary to record a vote approving the motion, noting the votes through proxies with specific instructions, as detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,331,129,245
Dissenting	None
Abstaining	1,966,214

The following resolution was thus adopted and approved:

RESOLUTION NO. STK-01-15

"RESOLVED, that the minutes of the Annual Stockholders Meeting held on April 10, 2014 are hereby approved."

4. Chairman's Report -

The Chairman and President delivered the following report:

The year 2014 was marked by a key and significant milestone for ICTSI. For the first time ever, our revenues breached the US$1 billion mark. Revenue from port operations grew to US$1.1 billion, an increase of 24 percent over the US$852.4 million reported in 2013.

The robust growth in revenue was a result of the contributions from our new terminals, and a 45 percent revenue growth from the consolidation of the Yantai terminals in China. Without the new terminals, organic revenue growth would have been eight percent.

2014 Highlights

Another highlight of the year was the inauguration in January of our newly built terminal in Manzanillo, Mexico, managed by our wholly owned subsidiary, Contecon Manzanillo. The terminal is equipped with four super post-Panamax quay cranes, which are the fastest and largest cranes in the ICTSI Group. The second Specialized Container Terminal in the country's busiest port is the most dynamic and state of the art terminal in Mexico.

Also in January, we formed a joint venture, ICTSI DR Congo, with SIMOBILE to develop a river port in Matadi, Democratic Republic of Congo. Matadi is the most important port on the Congo River, and we intend to optimize its location by implementing our brand of service in this part of Africa upon its completion in 2016. In Nigeria, we signed an agreement to sell 25 percent of our shareholding in Lekki International Container Terminal to CMA Terminals, the world's third largest carrier.

In April, we signed a contract with the General Company for Ports of Iraq (GCPI) to operate, develop and expand general cargo and container facilities at the Port of Umm Qasr. In November, our Iraqi operations were in full swing. The operations in Iraq are already doing well and we have started construction of the new container berth.

In May, we concluded our first port concession in Australia. Victoria International Container Terminal (VICT) signed a contract with the Port of Melbourne for the development, management and operation of the Webb Dock Container Terminal. To be completed in early 2017, VICT will be our first fully automated terminal and the first of its kind in the Oceania region.

In June, we signed a termination agreement with Larsen & Toubro to cancel our contract for the Kattupalli Container Terminal in Tamil Nadu, India. This mutual decision came about after realizing that the contract was not beneficial to either party. The cancellation had no effect on our global operations, and we were reimbursed for all expenses related to Kattupalli. We will continue to actively search for opportunities in India.

In July, and as previously mentioned, the Port Authority of Yantai in China consolidated all the container terminals handling foreign cargo into one terminal company, and ICTSI acquired 51 percent of the new company, Yantai International Container Terminal.

Group Volumes

For the year, the ICTSI Group handled consolidated volume of 7,438,635 TEUs, 18 percent more than the 6,309,840 TEUs in 2013. The increase was mainly due to volumes generated by our new operations in Mexico and Honduras; the positive impact of the port consolidation in China; and a 20 percent volume growth in Poland.

Excluding new terminals, organic volume increased by slightly more than two percent. Our seven key operations in Manila, Brazil, Poland, Madagascar, China, Ecuador and Pakistan accounted for 70 percent of the Group's consolidated volume.

Financial Performance

Revenue from port operations grew 24 percent to US$1.1 billion over US$852.4 million in 2013.

Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) increased 17 percent to US$443 million from US$377.3 million in 2013.

Meanwhile, the EBITDA margin decreased slightly to 42 percent from 44 percent in the previous year mainly as a result of the impact of operating costs of the new terminals and higher business development expenses.

Net income increased six percent to US$182 million from US$172.4 recorded in 2013. Income growth was slightly tempered by start-up costs and operating expenses in Mexico and Honduras, higher depreciation, and increased interest expense.

Net income was affected by non-recurring items such as gains on the sale of a non-operating subsidiary in the Philippines, the termination of the contract in India, settlement of insurance claims, and the consolidation in China. These items were offset against an impairment charge by our subsidiary in Argentina. Excluding the non-recurring items, net income would have been flat at US$172.6 million.

Diluted earnings per share for the period was likewise higher by 5 percent at US$0.075 from US$0.071.

Consolidated cash operating expenses in 2014 grew 26 percent to US$454.5 million from US$359.5 million, again reflecting the ramp-up of operations. Excluding the cash operating expenses of the new terminals, total cash operating expenses would have increased by only seven percent.

Capital expenditure in 2014 amounted to US$279 million against a full year capital expenditure budget of US$310 million. The year's capital expenditure was primarily for the development in Mexico and Argentina, expansion in Croatia, facilities rehabilitation in Honduras, and the start of development in D.R. Congo.

The Group's capital expenditure budget for 2015 is approximately US$530 million. This will be allocated for the development of D.R. Congo, capacity expansion in Manila, and the new terminals in Iraq and Australia.

For ICTSI's joint venture terminal development project with PSA International in Colombia, the Company invested US$64.7 million in 2014, and we expect to invest approximately US$140 million in 2015 to complete phase one of the project.

Principal Redemption Profile

The Company undertook several fund raising, re-financing and liability management exercises during the year. Given very favorable financial markets and the low interest rate environment, we took advantage of our Medium Term Note Programme.

Our liability management enabled us to reduce funding costs and extend maturities of our securities and bonds by successfully concluding exchange programs.

Citations

During the year in review, the ICTSI Group continued to be recognized as a pioneering company not only in the Philippines but in the region as well.

In September, the ASEAN Business Advisory Council honored us with the highest business recognition in the country by bestowing on us the Corporate Excellence Award in the Large Enterprise Category. ICTSI was cited "not only for its outstanding growth performance, but also for its commitment to the welfare of its employees, as well as its impactful corporate social responsibility programs."

In October, Hong Kong-based Corporate Governance Asia recognized ICTSI as an "Icon on Corporate Governance." And in November, United Kingdom-based World Finance awarded ICTSI with the Port Project Sponsor Award for "exceptional work in sponsoring a wide variety of deals." The Nikkei Asian Review also

included ICTSI in its "ASEAN all-stars" listing, citing ICTSI as one of the region's leading publicly listed companies.

Moving forward

After two decades in this business, the zest that we have for our work is stronger than ever. The daily challenge of finding an even better way of operating our terminals, the effort to deliver world class service, the complexity of interacting with diverse cultures – all combine to motivate us to outdo ourselves. The next year will be no different.

We continue to be grateful to our host governments, our business partners, our clients and our employees. Thank you for your trust in ICTSI.

Last but not the least, I am happy to announce that in the board meeting earlier this morning, the board of directors approved a cash dividend of 90 centavos per common share for stockholders of record as of May 4, 2015 and it shall be paid out on May 15, 2015.

5. Approval of the Chairman's Report and the 2014 Audited Financial Statements -

A stockholder moved for the approval of the Chairman's Report for 2014. Another stockholder seconded the motion. There being no objection, the Chairman declared the motion approved, noting the votes through proxies with specific instructions, as detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,330,490,245
Dissenting	None
Abstaining	2,605,214

The following resolution was thus approved:

RESOLUTION NO. STK-02-15

"RESOLVED, that the Chairman's Report for 2015 is hereby approved."

A stockholder moved for the approval the Audited Financial Statements as of December 31, 2014 which was duly seconded. The Chairman asked the body whether there was any objection and there being none, he declared the resolution approved, and instructed the Secretary to record a vote in favor of the resolution, noting as well the votes through proxies with specific instructions, as detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,330,490,245
Dissenting	None
Abstaining	2,605,214

The following resolution was thus adopted and approved:

RESOLUTION NO. STK-03-15

"RESOLVED, that the Audited Financial Statements as of December 31, 2014 is hereby approved."

6. Approval/Ratification of Acts, Contracts, Investments and Resolutions of the Board of Directors and Management Since the Last Annual Meeting -

A stockholder moved for the approval of all acts, contracts, investments and resolutions and other activities approved by the outgoing Board and Management. Another stockholder seconded the motion. There being no objection, the Chairman declared the motion carried and approved, taking note of the votes through proxies with specific instructions, as detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,330,474,465
Dissenting	None
Abstaining	2,620,994

The following resolution was thus adopted and approved:

RESOLUTION NO. STK-04-15

"RESOLVED, that all the acts, contracts, investments, resolutions and other activities approved by the outgoing Board of Directors and Management since the last annual meeting of April 10, 2014 are hereby approved and ratified."

7. Election of Directors

The Secretary reported that the formal nomination of the following to the Board of Directors of the Company was received by the Office of the Corporate Secretary in accordance with the By-Laws, namely:

ENRIQUE K. RAZON, JR.
JOSE C. IBAZETA
STEPHEN A. PARADIES
ANDRES SORIANO III
JON RAMON ABOITIZ
* OCTAVIO VICTOR ESPIRITU
*JOSEPH R. HIGDON
(*nominees for independent director)

The Office of the Corporate Secretary received no other nomination. He further reported that the Nomination Committee passed upon the nominations.

A stockholder said that since there are only seven (7) nominees for the seven (7) seats available in the Board, he moved that the Secretary be directed to cast the votes for the seven (7) nominees, except for the proxies with specific instructions, and that the said seven (7) nominees be declared duly elected for the ensuing term. Another stockholder seconded the motion.

The Chairman asked the body whether there was any objection and there being none, he declared the motion approved and directed the Secretary to cast a vote for the seven (7) nominees and declare them as duly elected Directors for the ensuing term, except for stockholders who voted through proxy with specific instructions, as detailed below:

Election of Directors	For	Against	Abstain	Total Votes Received
Enrique Razon Jr	2,300,878,549	29,655,196	2,561,714	2,333,095,459
Jon Ramon Aboitiz	2,288,898,993	42,230,252	1,966,214	2,333,095,459
Octavio Espiritu	2,322,102,602	9,026,643	1,966,214	2,333,095,459
Joseph Higdon	2,331,128,885	360	1,966,214	2,333,095,459
Jose Ibazeta	2,287,125,663	44,003,582	1,966,214	2,333,095,459
Stephen Paradies	2,262,112,417	69,016,828	1,966,214	2,333,095,459
Andres Soriano III	2,105,939,371	225,189,874	1,966,214	2,333,095,459

The following resolution was thus adopted and passed:

RESOLUTION NO. STK-05-15

"RESOLVED, that the following are the duly elected Directors for the ensuing term:

Enrique K. Razon, Jr.
Jon Ramon Aboitiz
Octavio Espiritu*
Joseph Higdon*
Jose Ibazeta
Stephen Paradies
Andres Soriano III"

*As independent directors.

8. Amendment of the Third Article of the Articles of the Incorporation of the corporation

A stockholder moved for the approval of the amendment of the Third Article of the Articles of Incorporation of the corporation in accordance with the resolution approved by the Board last March 2, 2015, as previously discussed. Another stockholder seconded the motion. There being no objection, the Chairman declared the motion carried and approved, except for stockholders who voted through proxies with specific instructions, as detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,331,129,245
Dissenting	None
Abstaining	1,966,214

RESOLUTION NO. STK-06-15

*"*RESOLVED, to amend the Third Article of the Articles of Incorporation so as to provide:

THIRD: That the place where the principal office of the Corporation is to be located and established is at ICTSI Administration Building, South Access Road, MICT, Port of Manila, Philippines."

9. Appointment of External Auditor -

A stockholder nominated Sycip Gorres Velayo and Company as External Auditor of the Company. Another stockholder seconded the nomination. Another stockholder moved to close the nomination, which was duly seconded. The Chairman asked the body whether there was any objection and there being none, he declared the

resolution approved, and the Chairman instructed the Secretary to record the votes, as detailed below, except those voting through proxies with specific instructions:

VOTES	NUMBER OF VOTES CAST
Approving	2,327,479,305
Dissenting	3,649,940
Abstaining	1,966,214

The following resolution was thus adopted and approved:

RESOLUTION NO. STK-07-15

"RESOLVED, That Sycip Gorres Velayo and Company is appointed as external auditors of the company for the year 2015."

9. Other Matters

The Chairman announced that at the meeting held earlier this morning, April 16, 2015, the Board declared cash dividends of P0.90 per share for stockholders of record as of May 4, 2015, payable on May 15, 2015. The stockholders applauded.

Questions and Answers

The Chairman opened the floor and gave the stockholders the opportunity to raise questions/issues.

One stockholder asked about ICTSI's port in Argentina and if history would repeat itself. The Chairman replied that ICTSI learned its lesson this time around. A follow – up question was raised about a supposed project in Mongolia to which the Chairman replied that the stockholder may be confusing ICTSI with another company. The next question was about ICTSI's issues with the City Government of Manila. The Chairman responded that everything has been cleared by the city government and there is no issue anymore since the truck ban has been lifted. The same stockholder also asked why ICTSI opts for perpetual bonds for funding its projects and the Chairman replied that this funding strategy allows for longer maturity date.

10. Adjournment -

A stockholder moved for the adjournment of the meeting. Another stockholder duly seconded the motion. There being no objection, the Chairman announced that the meeting was adjourned. He invited the stockholders to partake of a brunch prepared by the Company, thanked them for their attendance, hoped to see them again next year, and greeted them good morning.

Compliance with Leading Practice on Corporate Governance

(a) Evaluation System

As early as January 25, 2007, an evaluation system to measure compliance with the Revised Manual of Corporate has already been finalized and was approved by the Board to measure or determine the level of compliance of the Board of Directors and top level management.

(b) Measures being undertaken by the company to comply with the adopted leading practices on good corporate governance

Anti – Bribery Policy and Procedure

ICTSI has established its Anti – Bribery Policy and Procedure which strictly prohibits bribery of any kind, and to anyone, whether private individuals or government officials. Local business customs or culture is not

a valid excuse for engaging in bribery. ICTSI employees are prohibited from asking for, accepting or receiving bribes, or any other personal benefit that would induce the employee to breach his/her duty to act in good faith, to act impartially or in accordance with a position of trust. All employees are guided by the ICTSI Anti-Bribery Compliance Policy and Procedure.

Employee Trainings

Part of ICTSI's objectives is to impart basic knowledge and skills to new employees and to assist existing employees to function more effectively by keeping them abreast of recent developments and concepts which they could use in their respective fields.

In 2015, ICTSI participated in 50 training programs for 167 employees to upgrade their professional & technical skills and knowledge. There were 40 other training programs for behavioral, health and other company orientations conducted internally for 1100 employees. Under the technical training program, a total of 13 employees were certified during the year to operate new or additional equipment and 12 were trained as new Hatch Clerks. ICTSI continues to provide its employees trainings programs that would best suit their needs and hone their skills.

1.) Behavioral trainings which are initiated by the company as part of organization development. These include:

   a. 7 Habits of Highly Effective People;
   b. Team building;
   c. Interaction Management;
   d. Basic Management Programs and Leadership trainings;
   e. Ports Operation and Strategy;
   f. Ports Planning and Design;
   g. Work Attitude and Values Enhancement Seminar / Tatak ICTSI;
   h. Customer Service Training;
   i. Employee Discipline Workshop;
   j. People Management Conference;
   k. Labor and Employee Relations Summit;
   l. PSQI Leadership Training;
   m. Team Building Sessions; and
   n. STAR Program for Supervisors.

2.) Company Orientation Programs which include:

   a. Operations for Non-Operations;
   b. Orientation for newly hired employees;
   c. Orientation re: government mandated benefits;
   d. Orientation for HMI;
   e. Orientation for Retiring Employees;
   f. Operations for Non-Operations;
   g. Counterfeit Detection; and
   h. Ugnayan sa Pantalan.

3.) Technical training programs for skills enhancement of equipment operators i.e. Reach Stackers, Quay Cranes, Rubber Tired Gantries, Sidelifter and Checkers.

Health, Safety and Productivity of its Employees

ICTSI maintains its own medical and dental facilities for the use of its employees and their dependents. **Medical Services** include medical check-ups, consultations, treatments, minor surgeries, issuance of medical certificates and approval of sick leave applications. Further, all regular employees and their immediate dependents are provided access to clinic medicines (i.e., antibiotics, maintenance medicines, over-the-counter (OTC) medicines, etc.) Annual drug test for all employees during Company's scheduled

APE and Random Drug Test per month for minimum of 100 employees is also conducted. ICTSI also provides free Chest X-Ray for dependents with suspected Pulmonary Tuberculosis.

This also includes services of duly licensed nurses whose duties are to assist the doctor in the treatment of employees and/or their dependent/s, dispense medicine to patients based on the doctor's prescription, file medical records of employees and/or their dependents, apply first aid and/or other immediate/necessary treatment to employees especially in cases of injuries sustained in accidents or incidents occurring within the company premises in the absence of a doctor, assist in transporting employee patients to accredited hospitals in case of emergencies, and conduct home visits to absent employees upon the written request from authorized representative/officer of ICTSI.

Dental Services are performed by duly licensed dentists whose duties include oral check-ups, oral prophylaxis, tooth filing, and tooth extraction.

ICTSI's medical and dental facilities provide round the clock services for employees and their dependents. ICTSI also maintains its own ambulance to address emergency medical cases. A fire truck is always on stand-by within the terminal premises to provide immediate service and assistance in cases of fire and other catastrophes.

ICTSI also introduced a health insurance plan which provides employees access to medical insurance coverage for their Out-Patient and In-Patient (hospitalization, consultation, laboratory, etc) medical needs. It is provided through an approved Health Care Provider and offers a choice of Employee This health insurance plan vary by maximum amount limits. Employee also has the option to use his/her medical and dental reimbursement (MDR) benefit to enroll his/her dependents in any of our available Dependent Programs. This MDR benefit may also be used for the order and free delivery of medicines via MEDEXPRESS, a delivery service drugstore.

Annual Physical Exam is also conducted religiously in order to promote health awareness and early detection of illnesses. Standard exams include Physical Examination of the doctor, Electrocardigram (ECG), X-ray, Complete Blood Count, Urinalysis, Fecalysis and Visual Acuity Screening. During the APE event, our partner healthcare professionals also provides Cardiometabolic Workplace Wellness program which includes Biometric Tests (Blood Sugar, Cholesterol, Blood Pressure screening, Body Mass Index (BMI /Obesity screening and Foot Doppler test) which helps us in profiling our employees and assessing their overall cardiometabolic health status thus, helping us further to reduce rates of illnesses like Hypertension, Diabetes, Dyslipidemia, etc. Also, from the baseline workforce profiling gathered during APE, we design and provide a customized wellness program like prevention of lifestyle-related diseases, Smoking Cessation campaign among others.

Employees with adverse finding after the above exams shall be directed to consult a specialist for further examination and medication. We have also tapped the services of different medical groups to provide us with seminars and briefing on diseases and medical conditions most common to our employees.

Safety Training

Developed Programs and policies for year 2015:

- Safety brochure and booklet – 800 high gloss info catalogues with safety inserts/inputs for truckers safety, visitors safety, contractors safety, and port user's safety, were distributed;
- Full implementation of Personal Protective Equipment (PPE) to all; and
- New uniform with high visibility marks both upper garments and working pants were distributed for operation employees.

Accident Prevention:

- Intensified yard inspections and Safety Visibility;
- Regular monitoring of the container stacking at the container yard;

- Regular roving inspection and monitoring of the Terminal is being conducted daily to ensure that safety is properly implemented and exercised;

- Maintaining proper housekeeping inside the MICT premises; and

- Strict implementation of personal protective equipment for Employees, Port Users, Contractors and Visitors.

ICTSI is committed to provide a safe and healthful place of work accordance with industry standards and in compliance with government requirements. To meet this commitment, ICTSI abides by the following principles:

- Place the highest priority on the health and safety of all employees and port users;
- Provide health and safety training to employees to empower or incident prevention program;
- Encourage employees to perform their jobs properly in accordance with established procedures and work practices;
- Ensure the Company's operation and other activities comply with applicable government regulations.
- Provide full cooperation to clients, statutory authorities and local communities;
- Communicate and consult with employees to be able to continually improve work procedures and maintain safe practices in the performance of their jobs; and
- Monitor performance and conduct regular audits to ensure health and safety management system is up to date and continually improved.

Through these principles, ICTSI believes that:

- Accident loss can be controlled through good management combined with active employee involvement;
- Safety is the direct responsibility of all managers, supervisors, employees, contractors and port users;
- All employees will be aware of their statutory duty to take reasonable care of the health and safety of themselves and others who may be affected by their actions; and
- Health and safety for the company, in general will be steered towards a higher education.

(c) Revised Manual of Corporate Governance

The Group adopted a Manual on Corporate Governance in January 2003 and submitted to SEC its latest Revised Manual on Corporate Governance ("CG Manual") on July 30, 2014. The Company submitted a Certificate last January 28, 2016 which states that the Company is in full compliance thereof. The Company likewise submitted its 2015 Consolidated Changes in the Annual Corporate Governance Report on January 8, 2016. The Company's Compliance Officer was appointed in February 2014. Last February 9, 2016, concurrent as Chief Financial Officer, Rafael D. Consing, Jr. was appointed as the new Compliance Officer. The Compliance Officer coordinates with the Philippine SEC with respect to compliance requirements, monitor compliance with the revised manual and report any governance-related issues to the Board. The Company commits itself to principles and best practices of governance in the attainment of corporate goals.

(d) Continuing Improvements for Corporate Governance

ICTSI continues to improve its corporate governance, systems and processes to enhance adherence to practices of good corporate governance, which includes annual trainings for its Board of Directors and key officers pursuant to SEC Memorandum Circular 20-2013. These improvements are being updated and documented in its Annual Corporate Governance Report.

Recognition and Awards

2015

December: **Best Corporate Bond in the Philippines**

ICTSI's USD450 million perpetual bonds issued last August 2015 is cited as the Best Corporate Bond in the Philippines by The Asset Triple A Country Awards 2015. The award was received last January 12, 2016 in Hong Kong at the gala dinner organized by The Asset, Asia's leading financial publication for issuers and investors.

Platinum Award

For a second year in a row, ICTSI was again honored by **The Asset Corporate Awards** in the Platinum category as one of the elite companies in Asia that has shown All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations at a gala dinner on December 15, 2015 in Hong Kong.

April: ICTSI is again awarded by **Corporate Governance Asia** as one of the Best Investor Relations Companies in the Philippines, Arthur Tabuena as one of the Best Investor Relations Professionals and Enrique K. Razon, Jr. as one of Asia´s Best CEO.

2014

December: **Platinum Award**

ICTSI was honored by **The Asset Corporate Awards** in the Platinum category as one of the elite companies in Asia that has shown All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations at gala dinner on December 11, 2014 in Hong Kong.

November: **1st runner-up - Most Admired ASEAN Enterprise**

ICTSI led the group of six top Philippine awardees in the regional ASEAN Business and Investment Summit in Myanmar in November 2014.

Port Project Sponsor of the Year Award

A total of 17 project finance deals were cited by the publication, World Finance (a leading financial magazine based in the United Kingdom) with ICTSI receiving the Sponsor of the Year Award. The company was recognized for its "exceptional work in sponsoring a wide variety of deals." It also described ICTSI as choosing to "embrace the pathway to global expansion."

October: **Icon on Corporate Governance Award**
Asian Corporate Director of the Year Award

At the 10th Corporate Governance Asia Annual Recognition Awards in Hongkong on October 24, 2014, ICTSI and its chairman, Mr. Enrique Razon, Jr., were again one of the recipients of the Icon on Corporate Governance Award and Asian Corporate Director of the Year Award, respectively.

September: **Corporate Excellence Award**

At the inaugural of the ASEAN Business Awards - Philippines last September 9, 2014, the ASEAN Business Advisory Council (ABAC) of the Philippines honored ICTSI with the highest business recognition, the Corporate Excellence Award in the Large Enterprise Category. ABAC cited ICTSI "*not only for its outstanding growth performance, but also for its commitment to the welfare for its employees, as well as its impactful corporate social responsibility programs*." ICTSI represented the Philippines the regional ASEAN Business and Investment Summit in Myanmar in November 2014.

2013

March: ICTSI was awarded again as one of the Best Investor Relations Companies in the Philippines by Corporate Governance Asia.

June: ICTSI was awarded as Asia´s Icon on Corporate Governance in the 9th Corporate Governance Asia Awards - The Class of 2013.

2012

March: ICTSI was awarded as one of the Best Investor Relations Companies in the Philippines by Corporate Governance Asia. Corporate Governance Asia is the region´s most authoritative journal on corporate governance.

June: ICTSI was given the Corporate Governance Asia Recognition Award for its continuing commitment to the development of Corporate Governance in the region.

2011

ICTSI was a recipient of a Silver Award from the Institute of Corporate Directors (ICD), as one of the few publicly- listed companies that met ICD's exacting standards of corporate governance.

Dividends and Dividend Policy

Since 2013 to 2015, ICTSI was able to declare dividends from PhP 0.75 - PhP 0.90, which is based on the Company's unrestricted retained earnings. Dividends are payable to all common stockholders, on the basis of outstanding shares held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to stockholders whose names are recorded in the stock and transfer book as of the record date fixed by the Board. Preferred A shareholders are entitled to dividends at rates fixed by the Board. On the other hand, Preferred B shareholders shall earn no dividends. Discussion on the parent company retained earnings available for dividend declaration is further disclosed in *Schedule J* to the Annual Audited Consolidated Financial Statements.

The details of ICTSI's declaration of cash dividends are as follows:

	2014	**2015**
Date of BOD approval	April 10, 2014	**April 16, 2015**
Amount of cash dividends per share	US$0.019 (₱0.85)	**US$0.020 (₱0.90)**
Record date	April 28, 2014	**May 4, 2015**
Payment date	May 9, 2014	**May 15, 2015**

Item 16. Matters not Required to be Submitted

Not Applicable

Item 17. Amendment of Charter, Bylaws or Other Documents

Not Applicable.

Item 18. Other Proposed Actions

Approval of the 2015 Minutes of the Annual Stockholders' Meeting

The Minutes of the Annual Stockholders' Meeting of ICTSI held on April 16, 2015 ("Minutes") will be presented for approval of the Stockholders in the Annual Stockholders' Meeting. Such action on the part of the Stockholders will not constitute approval or disapproval of the matters conferred to in said Minutes since it has already been obtained in that meeting.

The Minutes and related records are available for inspection by any Stockholder at any reasonable hour during business days. The Minutes of the 2015 Annual stockholders Meeting, subject to the shareholders' approval, has been disclosed and uploaded in ICTSI's website. In addition, copies of the Minutes shall be posted and will be available for review by the Stockholders present in the Annual Stockholders' Meeting.

The affirmative vote of a majority of the votes cast on this matter is necessary for approval of the Minutes.

Approval of the 2015 Audited Consolidated Financial Statements

The annual consolidated financial statements of ICTSI and subsidiaries as of and for the year ended December 31, 2015 and the accompanying notes to annual consolidated financial statements (referred to as "Consolidated Financial Statements") prepared by ICTSI and audited by SGV & Co., the independent auditors appointed by the stockholders, will be submitted for approval of the Stockholders at the Annual Stockholders' Meeting.

The Consolidated Financial Statements have been meticulously prepared in conformity with the Financial Reporting Standards reflecting the amounts based on the best estimates and informed judgment of the management with an appropriate consideration to materiality the same being the Company management's responsibility.

In this regard, management maintains a comprehensive system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are recognized. Management likewise discloses to ICTSI's audit committee and to its external auditors: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors thoroughly reviews the consolidated financial statements before such statements are approved and submitted to the stockholders of ICTSI.

SGV & Co. have examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and have expressed their opinion on the fairness of presentation upon completion of such examination in the Report to the Stockholders and Board of Directors of ICTSI and subsidiaries.

The affirmative vote of majority of the votes cast on this proposal will constitute approval of the Consolidated Financial Statements.

Item 19. Voting Procedures

The Chairman will announce each proposal to the floor, which shall be voted upon separately. In the absence of any objection from the floor, the Chairman shall instruct the Corporate Secretary to enter a unanimous vote of approval. If there is an objection, the Chairman will call for a division of the house. The votes of shareholders present in person or by Proxy shall be counted by hand, and the Chairman will announce the result of the voting, unless voting by ballots is called for. If voting by ballots is decided, ballots will be distributed to Stockholders present in person or by Proxy in the meeting. The ballots will be filled up by Stockholders, and submitted to the Corporate Secretary or his duly authorized representatives. The valid ballots will be counted by the Corporate Secretary or a committee that the Board may organize for the purpose for the votes of the Stockholders. The Chairman will then announce the result after the counting.

The following matters require the following votes:

Subject Matter	**Votes Required**
Approval of Minutes of the Annual Stockholders' Meeting	Majority of the votes cast
Approval of the 2015 Audited Financial Statements	Majority of the votes cast
Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management	Majority of the votes cast
Election of Directors	The top seven (7) nominees with the most number of votes are elected
Reappointment of SGV & Co. as the Company's external auditors	Majority of the votes cast

Undertaking to Provide Annual Report

A copy of the 2015 ICTSI Annual Report on SEC Form 17-A for the fiscal year ended 31 December 2015, as filed with the Securities and Exchange Commission, will be sent to any stockholder at the address he indicates, without charge upon written request addressed to:

The Corporate Secretary
International Container Terminal Services, Inc.
3F ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road, Port of Manila
1012Manila, Philippines

Item 20. Proxies

Not applicable

Part IV. SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Manila on 16 March 2016.

For and behalf of the Board of Directors

By:

RAFAEL T. DURIAN
Corporate Secretary

Schedule 1 – Proxy Form

Instructions for submission of attached Proxy Form

1. Submission of the Proxy

(a) The proxy form must be completed, signed and dated by the shareholder or his duly authorized representative, and received at the principal office and mailing address of ICTSI **not later than 5:00 p.m. on 8 April 2016**. The proxy form need not be notarized.

(b) If the shares of stock are owned by two or more joint owners, the proxy form must be signed by all of the joint owners.

(c) If the shares of stock are owned in an "and/or" capacity, the proxy form must be signed by either one of the owners.

(d) If the shares of stock are owned by a corporation, association, partnership, or unincorporated entity, the proxy form must be accompanied by a certification, signed by a duly authorized officer, partner or representative of such corporation, association, partnership or unincorporated entity, to the effect that the person signing the proxy form has been authorized by the governing body or has the power pursuant to its by-laws, constitutive documents or duly approved policies of such corporation, association, partnership or unincorporated entity, for such purpose.

(e) A proxy form given by a broker or dealer in respect of shares of stock carried by such broker or dealer for the account of a customer must be supported by a sworn certification that the same is given with the express prior authorization of such customer.

(f) If any customer of a broker or dealer who is the beneficial owner of shares of stock executes a sub-proxy, the broker or dealer shall certify that the signature on the sub-proxy is the true and genuine signature of its customer.

2. Revocation of Proxy

An owner of shares of stock who has given a proxy has the power to revoke it by a written instrument duly signed and dated, which must be received at ICTSI's principal office and mailing address **not later than 5:00 p.m. on 8 April 2016**. A proxy is also considered revoked if an individual stockholder attends the meeting in person and expresses his intention to vote in person.

3. Validation of Proxies

Proxy validation will be held at the Harbour Lounge, 4/F ICTSI Administration Building, South Access Road, MICT, Port of Manila on **14 April 2016 at 10:00 a.m.** Validation of proxies will be done by the Corporate Secretary and persons designated by the Corporate Secretary who shall be under his supervision and control, in accordance with the procedure and guidelines set out in the ICTSI's By-Laws and Rule 20(11)(b) of the Amended Implementing Rules and Regulations of the Securities Regulation Code.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.

PROXY

The undersigned (the "Principal") hereby constitutes and appoints [Name of Proxy] _____ (the "Proxy") as his attorney-in-fact, so that the Proxy or any other person empowered by the Proxy, shall have, without need of further authorization from the Principal, with full power and authority to represent and vote any and all of the shares of stock of the Principal in INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. (the "Corporation") at any and all stockholders' meetings of the Corporation, or any adjournment thereof, on all matters that may be brought before said meetings, including the election of directors, as fully and to all intents and purposes as such Principal might do if present and acting in person.

This proxy shall be valid for a period of five (5) years from date hereof unless sooner revoked by the Principal in writing.

IN WITNESS WHEREOF, this proxy has been executed by the Principal on the date and place indicated below.

_____
Signature over Printed Name of Principal
Date signed: _____
Place signed:_____

REPUBLIC OF THE PHILIPPINES)
MANILA CITY)S.S.

SECRETARY CERTIFICATE

I, **BENJAMIN M. GOROSPE III**, of legal age, Filipino and with office address at the 3rd Floor, ICTSI Administration Building, South Access Road, Manila International Container Terminal ("MICT"), Port Area, Manila, Philippines, after having been duly sworn in accordance with law, hereby certify that:

1. I am the duly appointed Assistant Corporate Secretary of International Container Terminal Services, Inc. (the "Company"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with office address at ICTSI Administration Building, South Access Road, Manila International Container Terminal, Port Area, Manila, Philippines.

2. I hereby certify that none of the Board of Directors and Officers of ICTSI are connected or employed in the Philippine government or any of the government agencies in the Philippines.

3. I further certify that the Independent Directors ensure faithful compliance of all applicable laws, regulations and applicable best business practices pursuant to the Company's Revised Manual on Corporate Governance.

4. The Independent Directors possesses all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of March 2016 in Manila City.

BENJAMIN M. GOROSPE III
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me in Manila City, Philippines, this 8th day of March 2016 affiant exhibiting to me his Philippine Passport, with No. EB4714974, issued in Manila City on 16 February 2012.

Doc. No. 8;
Page No. 3;
Book No. I;
Series of 2016.

ATTY. ANTHONY LEONARD G. TOPACIO
NOTARY PUBLIC
ROLL NO. 56667
MANILA, PHILIPPINES

ANTHONY LEONARD G. TOPACIO
Notary Public for Manila City
Until December 31, 2017
Roll of Attorneys No. 56667
PTR No. 3851293 / 01-06-2015 / Manila City
IBP Lifetime Member No. 013128 / 01-09-2015 / Pasig City

REPUBLIC OF THE PHILIPPINES)
MANILA CITY)S.S.

UNDERTAKING

I, **BENJAMIN M. GOROSPE III**, of legal age, Filipino and with office address at the 3rd Floor, ICTSI Administration Building, South Access Road, Manila International Container Terminal ("MICT"), Port Area, Manila, Philippines, after having been duly sworn in accordance with law, hereby state that:

1. I am the duly appointed Assistant Corporate Secretary of International Container Terminal Services, Inc. (the "Company"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at ICTSI Administration Building, South Access Road, Manila International Container Terminal, Port Area, Manila, Philippines,

2. I hereby undertake to submit the certifications from the Independent Directors of the Company on their qualification and disqualification under the SRC and its Implementing Rules and Regulations within 30 days from the date of the Company's Annual Stockholders' Meeting on 21 April 2016.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of March in Manila City.

BENJAMIN M. GOROSPE III
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me in Manila City, Philippines, this 15th day of March 2016, affiant exhibiting to me his Philippine Passport, with No. EB4714974, issued in Manila City on 26 February 2012.

Doc. No. 16;
Page No. 5;
Book No. I;
Series of 2016

ATTY. ANTHONY LEONARD G. TOPACIO
NOTARY PUBLIC
ROLL NO. 56667
MANILA, PHILIPPINES

ANTHONY LEONARD G. TOPACIO
Notary Public for Manila City
Until December 31, 2017
Roll of Attorneys No. 56667
PTR No. 3851293 / 01-06-2015 / Manila City
IBP Lifetime Member No. 013128 / 01-09-2015 / Pasig City

Annex "A"

Management Report

Management's Discussion and Analysis or Plan of Operations

The following discussion and analysis relate to the consolidated financial position and results of operations of ICTSI and its wholly and majority-owned subsidiaries (collectively known as "ICTSI Group") and should be read in conjunction with the accompanying audited consolidated financial statements and related notes as of and for the year ended December 31, 2015. References to "ICTSI", "the Company", and "Parent Company" pertain to ICTSI Parent Company, while references to "the Group" pertain to ICTSI and its subsidiaries.

Overview

The Group is an international operator of common user container terminals serving the global container shipping industry. Its business is the acquisition, development, operation and management of container terminals focusing on facilities with total annual throughputs ranging from 50,000 to 2,500,000 twenty-foot equivalent units (TEUs). It also handles break bulk cargoes (BBC) and provides a number of ancillary services such as storage, container packing and unpacking, inspection, weighing, and services for refrigerated containers or reefers. As of report date, the Group is involved in 30 terminal concessions and port development projects in 20 countries worldwide. There are 25 operating terminals in eight key ports and an inland container terminal in the Philippines, two in Indonesia and one each in Brunei, China, the United States of America (U.S.A.), Ecuador, Brazil, Poland, Georgia, Madagascar, Croatia, Pakistan, Honduras, Mexico, Iraq and Argentina; three ongoing port development projects in Colombia, DR Congo and Australia; a sub-concession agreement to develop, manage and operate a port in Nigeria; and a recent acquisition of an existing concession to construct and operate a port in Tuxpan, Mexico. The expected start of commercial operations of the ongoing projects are third quarter of 2016 for Colombia and DR Congo and first quarter of 2017 for Australia. The construction of the terminal in Nigeria is expected to start in 2016 and is scheduled to commence initial operations in middle of 2019. As of report date, the construction of the terminal in Argentina was completed and Tecplata has obtained all the required permits and is ready to operate.

ICTSI was established in 1987 in connection with the privatization of Manila International Container Terminal (MICT) in the Port of Manila, and has built upon the experience gained in rehabilitating, developing and operating MICT to establish an extensive international network concentrated in emerging market economies. International acquisitions principally in Asia, Europe, Middle East and (EMEA) and Americas substantially contributed to the growth in volume, revenues and net income. ICTSI's business strategy is to continue to develop its existing portfolio of terminals and proactively seek acquisition opportunities that meet its investment criteria.

The Group operates principally in one industry segment which is cargo handling and related services. ICTSI has organized its business into three geographical segments:

- Asia
  - Manila - Manila International Container Terminal, Port of Manila, Philippines (MICT)
  - Zambales - New Container Terminal (NCT) 1 and 2, Subic Bay Freeport Zone, Olongapo City, Philippines (SBITC/ICTSI Subic)
  - Batangas - Bauan Terminal, Bauan, Philippines (BIPI)
  - Laguna - Laguna Gateway Inland Container Terminal, Calamba City, Laguna, Philippines (LGICT)

- Davao - Sasa Wharf, Port of Davao (DIPSSCOR) and Hijo International Port, Davao del Norte, Philippines (HIPS)
- General Santos - Makar Wharf, Port of General Santos, Philippines (SCIPSI)
- Misamis Oriental - Phividec Industrial Estate, Tagaloan, Philippines (MICTSI)
- Indonesia - Makassar Port Container Terminal, Makassar, South Sulawesi, Indonesia (MTS) and Port of Tanjung Priok, Jakarta, Indonesia (OJA)
- China - Yantai Gangtong Terminal, Shandong Province, China (YRDICTL) up to June 30, 2014 and Yantai International Container Terminal (YICT) effective July 1, 2014
- Brunei - Muara Container Terminal, Brunei Darussalam (NMCTS)
- Pakistan - Port of Karachi, Karachi, Pakistan (PICT)
- Australia - Webb Dock Container Terminal and ECP at Webb Dock East, Port of Melbourne, Australia (VICT)

- EMEA
  - Poland - Baltic Container Terminal, Gdynia, Poland (BCT)
  - Georgia - Port of Batumi, Batumi, Georgia (BICT)
  - Croatia - Brajdica Container Terminal, Rijeka, Croatia (AGCT)
  - Madagascar - Port of Toamasina, Toamasina, Madagascar (MICTSL)
  - Nigeria - Deep Water Port, Ibeju-Lekki, Lagos State, Federal Republic of Nigeria (LICTSLE)
  - DR Congo - River Port, Mbengu, Matadi, Democratic Republic of Congo (IDRC)
  - Iraq - Port of Umm Qasr, Iraq (ICTSI Iraq)

- Americas
  - Brazil - Suape Container Terminal, Suape, Brazil (TSSA)
  - Ecuador - Port of Guayaquil, Guayaquil, Ecuador (CGSA)
  - Argentina - Port of La Plata, Buenos Aires Province, Argentina (TECPLATA)
  - Oregon, USA - Port of Portland, Oregon, USA (ICTSI Oregon)
  - Mexico - Port of Manzanillo, Manzanillo, Mexico (CMSA) and Port of Tuxpan, Mexico (TMT)
  - Colombia - Port of Buenaventura, Buenaventura, Colombia (SPIA)
  - Honduras - Puerto Cortés, Republic of Honduras (OPC)

On May 19, 2013, ICTSI's concession for MICT was extended for another 25 years up to May 18, 2038, upon completion of agreed additional investments in port equipment and infrastructures prior to 2013, payment of upfront fees amounting to ₱670.0 million (US$16.4 million), and turnover and execution of Deed of Transfer of port facilities and equipment being used at MICT and part of committed investment under the original concession agreement, among others.

Concessions for port operations entered into, acquired and terminated by ICTSI and subsidiaries for the last three years are summarized below:

Puerto Cortés, Honduras. On February 1, 2013, ICTSI won and was awarded the Contract for the Design, Financing, Construction, Preservation, Operation and Development of the Container and General Cargo Terminal of Puerto Cortés ("Agreement") in the Republic of Honduras for a period of 29 years through a public hearing held in Tegucigalpa, Honduras. On March 13, 2013, ICTSI and ICTSI Brazil Ltd. established Operadora de Puerto Cortés, S.A. de C.V. (OPC) to sign the Agreement with the Republic of Honduras acting through the Commission for the Public-Private Alliance Promotion (COALIANZA), a decentralized legal entity of the Presidency of the Republic. The said Agreement was signed on March 21, 2013 and shall be valid until August 30, 2042. OPC shall operate the Container and General Cargo Terminal of Puerto Cortés ("Terminal") and it shall carry out the design, financing, construction, preservation, and development of the Terminal and the provision of its Services according to certain service and productivity levels. OPC took over commercial operations in December 2013.

River Port, Matadi, Democratic Republic of Congo. On January 23, 2014, the Company, through its subsidiary, ICTSI Cooperatief U.A. (ICTSI Cooperatief), forged a business partnership with La Societe de Gestion Immobiliere Lengo (SIMOBILE) for the establishment and formation of a joint venture company, ICTSI DR Congo (IDRC). ICTSI Cooperatief and SIMOBILE initially owned 60.0 percent and 40.0 percent of IDRC, respectively. On May 19, 2015, ICTSI Cooperatief and SIMOBILE transferred their respective 8.0 percent and 2.0 percent ownership interest in IDRC to Societe Commerciale Des Transports Et Des Ports S.A. (SCTP SA) in exchange for the latter's contribution of technical knowledge, skills and substantial experience in the port and port system in DRC and operation of railroad system and undertaking to facilitate the activities of IDRC and to assist in its relations with the public authorities. SIMOBILE transferred to its subsidiary, La Societe d'Investissement et de Placement Sprl (SIP Sprl), its 10% ownership in IDRC. Thereafter, IDRC is owned 52.0 percent by ICTSI, 28.0 percent by SIMOBILE, 10.0 percent by SIP Sprl and 10.0 percent by SCTP SA. IDRC will build, manage, develop and operate the same as a new container terminal in phases, as well as provide exclusive container handling services and general cargo services therein. Phase 1 is expected to be completed within 18 to 24 months from the start of construction. The construction of the terminal commenced in January 2015 and is expected to commence initial operations in the third quarter of 2016.

Port of Umm Qasr, Iraq. On April 8, 2014, ICTSI, through its wholly owned subsidiary ICTSI (M.E.) JLT, and General Company for Ports of Iraq signed the Contract for the Construction and Operation of Three New Quays and Management and Operation of Quay No. 20 ("Contract") in the Port of Umm Qasr ("Port") in Iraq. The Contract grants ICTSI the rights to: (a) manage and operate the existing container facility at Berth 20 of the Port for a period of 10 years, (b) build, under a build-operate-transfer (BOT) scheme, a new container and general cargo terminal in the Port for a concession period of 26 years, and (c) provide container and general cargo terminal services in both components. ICTSI took over Berth 20 in September 2014 and started commercial operations in November 2014, while Phase 1 of the expansion project is expected to be completed and be operational by the third quarter of 2016.

Webb Dock Container Terminal and ECP at Webb Dock East, Port of Melbourne, Australia. On May 2, 2014, ICTSI, through its subsidiary in Australia, Victoria International Container Terminal Ltd. (VICT), signed a contract with Port of Melbourne Corporation (POMC) for the design, construction, commissioning, operation, maintaining and financing of the Webb Dock Container Terminal ("Terminal") and Empty Container Park (ECP) at Webb Dock East (WDE) in the Port of Melbourne. The contract grants VICT the rights to: (a) design, build and commission the new Terminal at berths WDE 4 and WDE 5, (b) design, build and commission the new ECP at WDE, and (c) operate the Terminal and ECP until June 30, 2040. Phase 1 construction of the Terminal and ECP commenced in the fourth quarter of 2014 and expected to start operations in the first quarter of 2017. Phase 2 is expected to start operations by the first quarter of 2018.

Port of Yantai, Shandong Province, China. On July 1, 2014, the Company, through its subsidiary, ICTSI (Hong Kong) Limited (IHKL), acquired 51.0 percent of the total equity interest of Yantai International Container Terminals Limited (YICT) for a total cash consideration of US$137.3 million (RMB854.2 million). On the same date, the Company sold its 60.0 percent ownership interest in YRDICTL to Yantai Port Holdings (YPH) for a total cash consideration of US$94.8 million (RMB588.1 million). The objective of these transactions is to consolidate and optimize the overall port operations within the Zhifu Bay Port area in Yantai. After the consolidation, YICT became the only foreign container terminal within the Zhifu Bay Port area. ICTSI took control over the operations of YICT on the same date.

Laguna Gateway Inland Container Terminal, Philippines. On March 2, 2015, Laguna Gateway Inland Container Terminal, Inc. (LGICT) started operating the first one-stop inland container terminal (ICT) located in Barangays Banlic and San Cristobal, Calamba City, Laguna. LGICT is 60.0 percent-owned by IW Cargo and the remaining 40.0 percent is owned by Nippon Container Terminals Co. Ltd., Transnational

Diversified Corporation and NYK- Fil-Japan Shipping Corp. The ICT primarily operates as an extension of the seaport operations of the MICT. In particular, the said ICT is intended to function as a regional logistics hub, which will service and support the operations of exporters and importers, both within and outside the economic zones in the LABARZON area. Only 58 kilometers from Metro Manila, the ICT is situated on a 21-hectare property, strategically located near various economic export zones with an already existing adjacent railroad.

Port of Tuxpan, Mexico. On May 27, 2015, ICTSI acquired 100.0 percent of the capital stock of Terminal Maritima de Tuxpan, S.A. de C.V. (TMT) for a total cash consideration of US$54.5 million from Grupo TMM, S.A.B. and its subsidiary Inmobiliaria TMM, S.A. de C.V. TMT has a concession to construct and operate a maritime container terminal in the Port of Tuxpan, Mexico and is the owner of the real estate where the maritime container terminal will be constructed. The concession agreement is valid until May 25, 2021, subject to extension for another 20 years. As of report date, management is currently working on a development plan on TMT.

On September 18, 2013, ICTSI and PSA International Pte. Ltd. (PSA), through their wholly-owned subsidiaries, signed a Share Purchase Agreement whereby ICTSI agreed to the purchase by PSA of 45.64 percent of SPIA's issued and outstanding share capital, subject to certain conditions precedent to completion. On October 31, 2013, PSA finalized and completed its investment in SPIA. With the completion of the investment, ICTSI and PSA, through their respective subsidiaries, now jointly own 91.29 percent of issued and outstanding share capital of SPIA. Accordingly, SPIA ceased to be a consolidated subsidiary effective November 1, 2013 and became a joint venture entity accounted for under the equity method. The effect of deconsolidation of SPIA effective November 1, 2013 is not material. SPIA is expected to commence initial operations in the third quarter of 2016.

On June 30, 2014, ICTSI, through its subsidiaries, ICTSI Ltd. and International Container Terminal Services (India) Private Limited (ICTSI India), and L&T Shipbuilding Ltd. (LTSB) signed a termination agreement cancelling ICTSI's container port agreement for the management of the Kattupalli Container Terminal in Tamil, Nadu. In accordance with the termination agreement, LTSB agreed to pay ICTSI India approximately US$15.9 million (INR957.5 million) as reimbursement of the license fee the latter paid to operate the terminal plus management fees and other amounts due to ICTSI India.

On April 27, 2015, ICTSI sold its 60.0 percent ownership interest in Naha International Container Terminal Inc. (NICTI) back to NICTI. The 10-year lease agreement of NICTI granted by Naha Port Authority was to expire by end of 2015. NICTI contributed less than 1.0 percent of the Group's revenue and net income in 2014.

Results of Operations and Key Performance Indicators

The following table shows a summary of the results of operations for the year ended December 31, 2015 as compared with the same period in 2014 as derived from the accompanying audited consolidated financial statements.

Table 6.1 Audited Consolidated Statements of Income

In thousands, except % change data	For the Years Ended December 31 2013	2014	**2015**	% Change *2013 vs 2014*	% Change *2014 vs 2015*
Gross revenues from port operations	US$852,394	US$1,061,152	**US$1,051,325**	24.5	(0.9)
Revenues from port operations, net of port authorities' share	736,859	897,504	**882,322**	21.8	(1.7)
Total income (net revenues, interest and other income)	757,330	968,736	**906,183**	27.9	(6.5)
Total expenses (operating, financing and other expenses)	542,363	723,341	**786,566**	33.4	8.7
EBITDA[1]	377,323	443,009	**450,022**	17.4	1.6
EBIT[2]	277,839	321,323	**323,569**	15.7	0.7
Net income attributable to equity holders of the parent	172,380	181,988	**58,545**	5.6	(67.8)
Earnings per share					
Basic	US$0.072	US$0.075	**US$0.011**	4.2	(85.3)
Diluted	0.071	0.075	**0.011**	5.6	(85.3)

1 EBITDA is not a uniform or legally defined financial measure. It generally represents earnings before interest, taxes, depreciation and amortization. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. EBITDA is also frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry.

The Group's EBITDA figures are not; however, readily comparable with other companies' EBITDA figures as they are calculated differently and thus, must be read in conjunction with related additional explanations. EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under PFRS. Some of the limitations concerning EBITDA are:

- EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for working capital needs;
- EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal debt payments;
- Although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in the industry may calculate EBITDA differently, which may limit its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of the business. The Group compensates for these limitations by relying primarily on the PFRS results and uses EBITDA only as supplementary information.

2 EBIT, or Earnings Before Interest and Taxes, is calculated by taking net revenues from port operations and deducting cash operating expenses and depreciation and amortization.

The following table presents the computation of EBITDA as derived from the Group's consolidated net income attributable to equity holders of the parent for the year:

Table 6.2 EBITDA Computation

In thousands, except % change data	For the Years Ended December 31 2013	2014	**2015**	% Change *2013 vs 2014*	% Change *2014 vs 2015*
Net income attributable to equity holders of the parent	US$172,380	US$181,988	**US$58,545**	5.6	(67.8)
Non-controlling interests	8,292	9,525	**10,434**	14.9	9.5
Provision for income tax	34,295	53,882	**50,638**	57.1	(6.0)
Income before income tax	214,967	245,395	**119,617**	14.2	(51.3)
Add (deduct):					
Depreciation and amortization	99,484	121,686	**126,453**	22.3	3.9
Interest and other expenses	83,343	147,160	**227,813**	76.6	54.8
Interest and other income	(20,471)	(71,232)	**(23,861)**	248.0	(66.5)
EBITDA	US$377,323	US$443,009	**US$450,022**	17.4	1.6

Key Performance Indicators

The five (5) key performance indicators (KPIs) include gross moves per hour per crane, crane availability and berth utilization, which indirectly affect the operations of the Group, and volume growth in Twenty-foot Equivalent Unit or TEU and gross revenue growth, which are both financial in nature. These KPIs are discussed in detail in the succeeding paragraphs.

2015 Compared with 2014

Gross moves per hour per crane ranged from 16.5 to 29.9 moves per hour in 2014 to 17.2 to 33.5 moves per hour in 2015. Crane availability ranged from 91.0 percent to 99.9 percent in 2014 to 90.9 percent to 100.0 percent in 2015. Berth utilization was at 23.1 percent to 105.2 percent in 2014 and 20.5 percent to 76.3 percent in 2015.

2014 Compared with 2013

Gross moves per hour per crane ranged from 15.3 to 31.3 moves per hour in 2013 to 16.5 to 29.9 moves per hour in 2014. Crane availability ranged from 80.0 percent to 99.8 percent in 2013 to 91.0 percent to 99.9 percent in 2014. Berth utilization was at 24.2 percent to 93.1 percent in 2013 and 23.1 percent to 105.2 percent in 2014.

The gross moves per hour per crane is a measure of crane productivity while working on vessels during discharging or loading operations. The crane availability relates to the efficiency of the maintenance of the crane. While berth utilization is a measure of how long the berth is utilized for a given period and this indicator measures the efficiency of the operations and the productivity on the vessel.

Comparison of Operating Results for the Years Ended December 31, 2015 and 2014

TEU Volume

The below table presents the volume (in TEU) handled by the Group for the years ended December 31, 2014 and 2015:

Table 6.3 Volume

	For the Years Ended December 31		
	2014	**2015**	% Change
Asia	3,820,572	**4,094,580**	7.2
Americas	2,687,447	**2,738,079**	1.9
EMEA	930,616	**943,334**	1.4
	7,438,635	**7,775,993**	4.5

Consolidated volume handled by the Group increased by 4.5 percent for the year ended December 31, 2015 mainly due to new shipping lines and services; continuous growth and ramp-up at CMSA and OPC; increased demand for services at SBITC; and the contribution of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq, consolidated volume would have increased by 2.6 percent in 2015.

Volume handled by the Asia operations, consisting of terminals in the Philippines, China, Indonesia and Pakistan increased by 7.2 percent for the year ended December 31, 2015. The increase was a result of the favorable impact of the consolidation of terminal operations at YICT, which took effect in July 2014; new shipping lines and services at PICT; increase in trade volume at MICT as a result of the easing of the modified truck ban policy which was imposed by the City of Manila in early 2014 and was lifted in September 2014; and increased demand for services at SBITC. The Asia operations accounted for

51.4 percent and 52.7 percent of consolidated TEU volume for the years ended December 31, 2014 and 2015, respectively.

Volume from the Americas, consisting of terminals in Brazil, Ecuador, Honduras, Mexico and the United States of America, increased by 1.9 percent for the year ended December 31, 2015 primarily due to increased vessel calls as a result of the continuous growth and ramp-up at CMSA and OPC; as well as new shipping lines and services at CGSA. The growth in the segment's volume, however, was tempered by lower imports at CGSA due to higher trade tariffs imposed by the Ecuadorian government to mitigate the falling oil prices; lower imports at TSSA as a result of the slowdown of the Brazilian economy and significant depreciation of the Brazilian Reais against the US dollar; and discontinued vessel calls from two major shipping lines, Hanjin Shipping Co. (Hanjin) and Hapag Lloyd, at ICTSI Oregon as a result of continuous labor disruptions. Hanjin has discontinued vessel service several times in the past but eventually came back. The Americas comprised 36.1 percent and 35.2 percent of the consolidated volume for the years ended December 31, 2014 and 2015, respectively.

The EMEA operations, on the other hand, consisting of terminals in Poland, Georgia, Madagascar, Croatia and Iraq, reported an increase of 1.4 percent for the year ended December 31, 2015 mainly due to the contribution of a new terminal, ICTSI Iraq. Growth was partially offset by reduced trade volume in the region as a result of slow economic recovery and significant currency depreciation. Excluding ICTSI Iraq, volume for the segment would have decreased by 14.7 percent in 2015. The EMEA operations accounted for 12.5 percent and 12.1 percent of the consolidated volume for the years ended December 31, 2014 and 2015, respectively.

Total Income

Total income consists of: (1) Revenues from port operations, net of port authorities' share in gross revenues; (2) Interest income; (3) Foreign exchange gain; and (4) Other income.

The table below illustrates the consolidated total income for the years ended December 31, 2014 and 2015:

Table 6.4 Total Income

	For the Years Ended December 31		
(In thousands, except % change data)	2014	**2015**	% Change
Gross revenues from port operations	US$1,061,152	**US$1,051,325**	(0.9)
Port authorities' share in gross revenues	163,648	**169,003**	3.3
Net revenues	897,504	**882,322**	(1.7)
Interest income	10,915	**13,383**	22.6
Foreign exchange gain	1,157	**3,672**	217.4
Gain on sale of subsidiaries	44,957	**323**	(99.3)
Other income	14,203	**6,483**	(54.4)
	US$968,736	**US$906,183**	(6.5)

For the year ended December 31, 2015, net revenues accounted for 97.4 percent of the total consolidated income while interest income, foreign exchange gain and other income represented 1.5 percent, 0.4 percent and 0.7 percent, respectively. For the same period in 2014, net revenues, interest income and foreign exchange gain, gain on sale of subsidiaries and other income stood at 92.6 percent, 1.1 percent, 0.1 percent, 4.6 percent and 1.5 percent of the total consolidated income, respectively.

Gross Revenues from Port Operations

Gross revenues from port operations include fees received for cargo handling, wharfage, berthing, storage, and special services.

The below table illustrates the consolidated gross revenues for the years ended December 31, 2014 and 2015:

Table 6.5 Gross Revenues from Port Operations

	For the Years Ended December 31		
(In thousands, except % change data)	2014	**2015**	% Change
Asia	US$531,484	**US$564,577**	6.2
Americas	424,575	**377,639**	(11.1)
EMEA	105,093	**109,109**	3.8
	US$1,061,152	**US$1,051,325**	(0.9)

The Group's consolidated gross revenues from port operations slightly decreased by 0.9 percent from US$1,061 million for the year ended December 31, 2014 to US$1,051 million for the same period in 2015 mainly due to unfavorable container volume mix, lower storage revenues and ancillary services and unfavorable impact of significant currency depreciation. The downward impact was tapered by tariff rate adjustments at certain terminals; new contracts with shipping lines and services; continuous growth and ramp up at CMSA and OPC, favorable impact of consolidation of terminal operations at YICT and the contribution of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq and the translation impact of currency depreciation of the Brazilian Reais (BRL) at TSSA (-41.7%); Euro (EUR) at MICTSL (-19.7%), Mexican peso (MXN) at CMSA (-19.3%) and Philippine peso (PHP) at Philippine terminals (-2.5%), consolidated gross revenues would have increased by 2.0 percent in 2015.

Gross revenues from the Asia segment increased by 6.2 percent from US$531.5 million for the year ended December 31, 2014 to US$564.6 million for the same period in 2015 mainly attributable to favorable impact of consolidation of terminal operations at YICT; favorable mix and higher ancillary services at SBITC; new contracts with shipping lines and services at PICT, tapered by the unfavorable translation impact of the depreciation of PHP against US dollar (-2.5%) at Philippine terminals. Excluding the translation impact of PHP, gross revenues of the Asia segment would have increased by 8.0 percent in 2015. The Asia segment contributed 50.1 percent and 53.7 percent of the consolidated gross revenues for the years ended December 31, 2014 and 2015, respectively.

Gross revenues from the Americas segment reported a decline of 11.1 percent from US$424.6 million for the year ended December 31, 2014 to US$377.6 million for the year ended December 31, 2015 arising mainly from unfavorable container volume mix, lower storage and non-containerized revenues at TSSA; lower imports at CGSA due to higher trade tariffs imposed by Ecuadorian government; combined with unfavorable translation impact of the depreciation of BRL against the US dollar (-41.7%) at TSSA and MXN (-19.3%) at CMSA; and discontinued vessel calls of two major shipping lines at ICTSI Oregon as a result of the continuous labor slowdown. The decline in gross revenues was tapered by tariff rate adjustments at certain terminals; new shipping lines and services at CGSA; and volume growth and stronger ancillary revenues due to continuous growth and ramp-up at CMSA and OPC. Excluding the translation impact of BRL and MXN, gross revenues of the Americas segment would have decreased by 3.1 percent in 2015. The Americas segment accounted for 40.0 percent and 35.9 percent of the consolidated gross revenues for the years ended December 31, 2014 and 2015, respectively.

Gross revenues from the EMEA segment, on the other hand, grew by 3.8 percent from US$105.1 million for the year ended December 31, 2014 to US$109.1 million for the year ended December 31, 2015 primarily due to the contribution of a new terminal, ICTSI Iraq; and tariff rate adjustments at certain terminals, tapered by weaker short-sea trade and reduced vessel calls at BCT; and unfavorable translation impact of the depreciation of EUR against the US dollar (-19.7%). Excluding ICTSI Iraq and translation impact of EUR, the segment's gross revenues would have decreased by 7.5 percent in 2015. The EMEA segment captured 9.9 percent and 10.4 percent of the consolidated gross revenues for the years ended December 31, 2014 and

2015, respectively.

Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities by certain terminals, increased by 3.3 percent from US$163.6 million for the year ended December 31, 2014 to US$169.0 million for the same period in 2015 due to stronger revenues at these terminals and the contribution of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq, port authorities' share in gross revenues would have decreased by 1.4 percent in 2015.

Interest Income, Foreign Exchange Gain and Other Income

Consolidated interest income grew by 22.6 percent from US$10.9 million for the year ended December 31, 2014 to US$13.4 million for the same period in 2015 primarily due to higher interest income earned from advances granted to SPIA, a joint venture associate.

Foreign exchange gain increased from US$1.2 million for the year ended December 31, 2014 to US3.7 million for the same period in 2015 due to the favorable translation impact of a weaker MXN against US dollar. Foreign exchange gain mainly arises from the settlement and translation or restatement adjustments of foreign currency-denominated monetary assets and liabilities.

In January 2014, the Company recognized a non-recurring gain on sale of a non-operating subsidiary amounting to US$13.2 million. Moreover, in July 2014, the Company sold its 60.0 percent ownership interest at YRDICTL to YPH for US$94.8 million (RMB 588.1 million), and at the same time, acquired 51.0 percent interest in YICT with the objective to consolidate and optimize the overall port operations within the Zhifu Bay Port area. The sale resulted in the recognition of a gain amounting to US$31.8 million.

Other income declined by 54.4 percent from US$14.2 million for the year ended December 31, 2014 to US$6.5 million for the year ended December 31, 2015. Other income in 2014 included the non-recurring gains on termination of the management contract at ICTSI India and settlement of an insurance claim at CGSA totaling US$4.5 million. Other income includes the Group's rental, dividend income, and other sundry income accounts of ICTSI and subsidiaries.

Total Expenses

The below table shows the breakdown of total expenses for 2014 and 2015.

Table 6.6 Total Expenses

	For the Years Ended December 31		
(In thousands, except % change data)	2014	**2015**	% Change
Manpower costs	US$205,399	**US$193,164**	(6.0)
Equipment and facilities-related expenses	135,481	**124,754**	(7.9)
Administrative and other operating expenses	113,615	**114,382**	0.7
Total cash operating expenses	454,495	**432,300**	(4.9)
Depreciation and amortization	121,686	**126,453**	3.9
Interest expense and financing charges on borrowings	58,856	**61,231**	4.0
Interest expense on concession rights payable	38,066	**37,301**	(2.0)
Foreign exchange loss and others	50,238	**129,281**	157.3
	US$723,341	**US$786,566**	8.7

Total cash operating expenses of the Group dropped by 4.9 percent from US$454.5 million for the year ended December 31, 2014 to US$432.3 million for the same period in 2015 due to decrease in significant operating costs such as fuel costs due to decline in global prices of fuel and operational efficiencies; and

costs on repairs and maintenance and equipment rental due to capital acquisitions and upgrades at certain terminals; decline in variable costs at ICTSI Oregon; and the favorable translation impact of BRL at TSSA, EUR at MICTSL, MXN at CMSA and PHP at Philippine terminals. The decrease, however, was reduced by the contributions and start-up costs of a new terminal and projects, including ICTSI Iraq, VICT, IDRC, LICTSLE, TMT and LGICT; and higher insurance costs arising from increased risk coverage. Excluding the new terminal and projects and the translation impact of currency depreciation, consolidated cash operating expenses would have decreased marginally by 0.3 percent in 2015.

Manpower Costs

Manpower costs decreased by 6.0 percent from US$205.4 million for the year ended December 31, 2014 to US$193.2 million for the same period in 2015 primarily due to decline in contracted services at ICTSI Oregon and the favorable translation impact of BRL at TSSA, EUR at MICTSL, MXN at CMSA and PHP at Philippine terminals, tapered by increased headcount as a result of the consolidation at YICT; government-mandated and contracted salary rate adjustments at certain terminals; and the contribution of new terminal and projects, including ICTSI Iraq, VICT, IDRC and LGICT. Excluding the new terminal and projects and the translation impact of currency depreciation, consolidated manpower costs would have decreased marginally by 0.5 percent in 2015.

Manpower costs accounted for 45.2 percent and 44.7 percent of cash operating expenses for the years ended December 31, 2014 and 2015, respectively.

Equipment and Facilities-related Expenses

Equipment and facilities-related expenses consist mainly of repairs and maintenance costs of port equipment and facilities, fixed fees, power and light, tools expenses, equipment rentals and fuel, oil and lubricants.

Equipment and facilities-related expenses dropped by 7.9 percent from US$135.5 million for the year ended December 31, 2014 to US$124.8 million for the year ended December 31, 2015 mainly due to lower fuel cost as a result of decrease in global fuel prices; and lower equipment rentals and repairs and maintenance as a result of equipment acquisitions and upgrades at certain terminals; decline in variable costs at ICTSI Oregon; and the favorable translation impact of BRL at TSSA, EUR at MICTSL, MXN at CMSA and PHP at Philippine terminals. The decrease was slightly tapered by higher power costs driven by power tariff adjustments at certain terminals; and the contribution of a new terminal and projects, including ICTSI Iraq, IDRC and LGICT. Excluding the new terminal and projects and translation impact of currency depreciation, consolidated equipment and facilities-related expenses would have decreased by 2.0 percent in 2015.

Equipment and facilities-related expenses represented 29.8 percent and 28.9 percent of cash operating expenses for the years ended December 31, 2014 and 2015, respectively.

Administrative and Other Operating Expenses

Administrative and other operating expenses slightly increased by 0.7 percent from US$113.6 million for the year ended December 31, 2014 to US$114.4 million for the year ended December 31, 2015 mainly due to contributions and start-up costs of a new terminal and projects, including ICTSI Iraq, VICT, IDRC, LICTSLE, TMT and LGICT; and higher insurance costs arising from increased risk coverage of the Group's assets. These increased expenses were partially offset by the favorable foreign exchange translation impact of the BRL at TSSA, the EUR at MICTSL, the MXN at CMSA and the PHP at Philippine terminals. Excluding the new terminal and projects and translation impact of currency depreciation, consolidated administrative expenses and other operating expenses would have increased by 2.2 percent.

Administrative and other operating expenses stood at 25.0 percent and 26.5 percent of the total cash operating expenses for the years ended December 31, 2014 and 2015, respectively.

Depreciation and Amortization

Depreciation and amortization expense increased by 3.9 percent from US$121.7 million for the year ended December 31, 2014 to US$126.5 million for the same period in 2015 mainly due to the acquisition of port facilities and equipment upon consolidation of YICT, acquisition of port equipment and improvement of yard facilities at MICT and OPC, and the contribution of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq, depreciation and amortization expense would have increased by 3.5 percent in 2015.

Interest and Financing Charges on Borrowings

Financing charges increased by 4.0 percent from US$58.9 million for the year ended December 31, 2014 to US$61.2 million for the same period in 2015 primarily due to the increased level of outstanding debt and credit lines tapered by the lower financing cost as a result of the exchange of ICTSI senior notes for lower cost notes under the MTN Programme in January 2015 as part of the Group's liability management exercise. Capitalized borrowing costs on qualifying assets increased from US$25.0 million in 2014 to US$27.5 million in 2015 arising from the construction activities at Tecplata during the year and the ongoing construction activities at VICT, IDRC and ICTSI Iraq. Capitalization rate decreased from 6.8 percent in 2014 to 6.6 percent in 2015.

Interest Expense on Concession Rights Payable

Interest on concession rights payable decreased by 2.0 percent from US$38.1 million for the year ended December 31, 2014 to US$37.3 million for the same period in 2015 mainly due to the declining principal balances of the Group's concession rights payable as of December 31, 2015.

Foreign Exchange Loss and Others

Foreign exchange loss and others grew by 157.3 percent from US$50.2 million for the year ended December 31, 2014 to US$129.3 million for the same period in 2015 primarily due to the non-recurring impairment charge on the concession rights assets of Tecplata amounting to US$88.0 million as a result of the lower projected cash flows on its updated business plan caused by the prevailing and challenging economic conditions in Argentina and on the goodwill of PT ICTSI Jasa Prima Tbk (JASA) and OJA aggregating US$26.6 million as a result of lower projected cash flows on its updated business plan than originally expected. Other expenses in 2015 also includes recognition of a one-time wealth tax on equity in SPIA amounting to US$1.3 million in accordance with the new tax reform of Colombia in 2015. The 2014 amount, on the other hand, included an impairment charge on the goodwill at Tecplata amounting to US$38.1 million and a loss recognized on settlement of an insurance claim at BCT amounting to US$0.9 million in 2014.

Foreign exchange loss mainly results from the translation or restatement as well as from the settlement of foreign currency-denominated monetary assets and liabilities.

EBITDA and EBIT

Consolidated EBITDA increased marginally by 1.6 percent from US$443.0 million for the year ended December 31, 2014 to US$450.0 million for the year ended December 31, 2015 primarily due to the strong operating results in Asia and the positive contribution of a new terminal, ICTSI Iraq. Excluding the new terminal and projects and translation impact of currency depreciation, consolidated EBITDA would have

increased by 2.3 percent in 2015. Consequently, EBITDA margin went up to 42.8 percent in 2015 from 41.7 percent in 2014.

Meanwhile, consolidated EBIT slightly increased by 0.7 percent from US$321.3 million for the year ended December 31, 2014 to US$323.6 million for the year ended December 31, 2015 mainly due to the increase in EBITDA. As a result, EBIT margin also increased from 30.3 percent in 2014 to 30.8 percent in 2015.

Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax dropped by 51.3 percent from US$245.4 million for the year ended December 31, 2014 to US$119.6 million for the year ended December 31, 2015. The decrease was primarily due to the impact of a net non-recurring loss of US$115.5 million in 2015 compared to a net non-recurring gain of US$10.4 million recognized by the Company in 2014. The 2015 net non-recurring loss consists of a one-time wealth tax for equity in SPIA and impairment charges recognized on the concession rights assets of Tecplata and goodwill of JASA and OJA, net of a gain on sale of a subsidiary. On the other hand, the Company's 2014 net non-recurring gain consisted of gains on sale of subsidiaries, gains on termination of a management contact and settlement of an insurance claim at CGSA, net of an impairment charge recognized on the goodwill of Tecplata and loss recognized on the settlement of an insurance claim at BCT. Excluding the non-recurring gains and losses, consolidated income before income tax would have increased marginally by 0.1 percent. The ratio of income before income tax to consolidated gross revenues stood at 23.1 percent and 11.4 percent in 2014 and 2015, respectively.

Consolidated provision for current and deferred income taxes decreased by 6.0 percent from US$53.9 million for the year ended December 31, 2014 to US$50.6 million for the same period in 2015 mainly due to higher deferred income tax benefit on unrealized foreign exchange loss in 2015, tapered by recognition of a one-time super tax at PICT amounting to US$1.0 million in accordance with Finance Act 2015 of Pakistan. The current provision for income tax was reduced by MICT's Berth 6 income tax holiday incentive amounting to US$12.3 million and US$11.9 million for the year ended December 31, 2014 and 2015, respectively. Effective income tax rate in 2014 and 2015 stood at 22.0 percent and 42.3 percent, respectively. Excluding the impairment charges recognized in 2014 and 2015, effective income tax rate would have been 19.0 percent and 21.6 percent, respectively.

Net Income

Consolidated net income decreased by 64.0 percent from US$191.5 million for the year ended December 31, 2014 to US$69.0 million for the year ended December 31, 2015. Excluding the non-recurring items recognized in 2014 and 2015, consolidated net income would have increased by 1.8 percent in 2015.The ratio of consolidated net income to gross revenues stood at 18.0 percent and 6.6 percent in 2014 and 2015, respectively.

Net income attributable to equity holders decreased by 67.8 percent from US$182.0 million for the year ended December 31, 2014 to US$58.5 million for the same period in 2015. Excluding non-recurring gains and losses, net income attributable to equity holders would have increased by 1.2 percent in 2015.

Basic and diluted earnings per share decreased from US$0.075 in 2014 to US$0.011 in 2015.

Comparison of Operating Results for the Years Ended December 31, 2014 and 2013

TEU Volume

The below table presents the volume (in TEU) handled by the Group for the years ended December 31, 2013 and 2014:

Table 6.7 Volume

	For the Years Ended December 31		
	2013	**2014**	% Change
Asia	3,790,334	**3,820,572**	0.8
Americas	1,725,324	**2,687,447**	55.8
EMEA	794,182	**930,616**	17.2
	6,309,840	**7,438,635**	17.9

The Group's consolidated volume increased by 17.9 percent for the year ended December 31, 2014 primarily due to the contribution of new terminals, CMSA, OPC and ICTSI Iraq; continuous improvement in international and domestic trade; and new shipping lines. Excluding new terminals, consolidated volume would have increased by 2.2 percent in 2014.

Volume handled by the Asia operations, comprised of terminals in the Philippines, China, Indonesia and Pakistan, increased by 0.8 percent for the year ended December 31, 2014 mainly due to the favorable impact of consolidation of terminal operations at YICT, which took effect in July 2014; increased demand for services at SBITC; and new shipping lines at PICT. Meanwhile, the growth in the segment's volume was narrowed down by the slight decline in throughput at MICT as a result of the modified truck ban policy imposed by the City of Manila early this year, weaker volume at DIPSSCOR arising from the shared market with a newly-opened port, and lower imports and exports at MICTSI. The Asia operations accounted for 60.1 percent and 51.4 percent of the consolidated volume for the years ended December 31, 2013 and 2014, respectively.

Throughput from the Americas operations, composed of terminals in Brazil, Ecuador, Honduras, Mexico and the United States of America, surged by 55.8 percent for the year ended December 31, 2014 mainly due to the contribution of new terminals, CMSA and OPC; continuous shift to banana containerization at CGSA; and improvements in international and local trade at TSSA. The increase in the segment's volume was reduced by lower vessel calls at ICTSI Oregon as a result of the continuous labor disruptions. Excluding CMSA and OPC, the segment's volume would have increased marginally by 0.6 percent in 2014. The Americas operations accounted for 27.3 percent and 36.1 percent of the consolidated volume for the years ended December 31, 2013 and 2014, respectively.

Meanwhile, the EMEA operations, consisting of terminals in Poland, Georgia, Madagascar and Croatia, reported a double-digit increase of 17.2 percent for the year ended December 31, 2014 resulting from the higher volume brought in by major shipping lines at BCT, growth in international trade at AGCT and MICTSL, and contribution of new terminal, ICTSI Iraq, tapered by lower vessel calls at BICT. Excluding ICTSI Iraq, volume for the segment would have increased by 12.6 percent in 2014. The EMEA operations captured 12.6 percent and 12.5 percent of the consolidated volume for the years ended December 31, 2013 and 2014, respectively.

Total Income

Total income consists of: (1) Revenues from port operations, net of port authorities' share in gross revenues; (2) Foreign exchange gain; (3) Interest income; and (4) Other income.

The table below illustrates the consolidated total income for the years ended December 31, 2013 and 2014:

Table 6.8 Total Income

	For the Year Ended December 31		
(In thousands, except % change data)	2013	**2014**	% Change
Gross revenues from port operations	US$852,394	**US$1,061,152**	24.5
Port authorities' share in gross revenues	115,535	**163,648**	41.6
Net revenues	736,859	**897,504**	21.8
Gain on sale of subsidiaries	-	**44,957**	100.00
Interest income	12,025	**10,915**	(9.2)
Foreign exchange gain	3,663	**1,157**	(68.4)
Other income	4,783	**14,203**	196.9
	US$757,330	**US$968,736**	27.9

For the year ended December 31, 2014, net revenues accounted for 92.6 percent of the total consolidated income while interest income and foreign exchange gain represented 1.1 percent and 0.1 percent, respectively. For the same period in 2013, net revenues, interest income and foreign exchange gain stood at 97.3 percent, 1.6 percent and 0.5 percent of the total consolidated income, respectively.

Gross Revenues from Port Operations

Gross revenues from port operations include fees received for cargo handling, wharfage, berthing, storage, and special services.

The below table illustrates the consolidated gross revenues for the years ended December 31, 2013 and 2014:

Table 6.9 Gross Revenues from Port Operations

	For the Years Ended December 31		
(In thousands, except % change data)	2013	**2014**	% Change
Asia	US$457,856	**US$531,484**	16.1
Americas	304,279	**424,575**	39.5
EMEA	90,260	**105,093**	16.4
	US$852,395	**US$1,061,152**	24.5

The Group's consolidated gross revenues from port operations reached a record high of close to US$1.1 billion for the year ended December 31, 2014, a 24.5 percent surge from US$852.4 million reported for the same period in 2013. The increase was mainly due to the contribution of new terminals, CMSA, OPC and ICTSI Iraq; organic volume growth; favorable volume mix; and new contracts with shipping lines and forwarders. Excluding new terminals, gross revenues would have increased by 8.3 percent in 2014.

Gross revenues from the Asia segment climbed 16.1 percent from US$457.9 million for the year ended December 31, 2013 to US$531.5 million for the same period in 2014 mainly attributable to volume growth, favorable volume mix and favorable impact of consolidation at YICT, tapered by lower volume at DIPSSCOR. The Asia segment contributed 53.7 percent and 50.1 percent of the consolidated gross revenues for the years ended December 31, 2013 and 2014, respectively.

Gross revenues from the Americas segment increased remarkably by 39.5 percent from US$304.3 million for the year ended December 31, 2013 to US$424.6 million for the year ended December 31, 2014 arising mainly from the contribution of new terminals, CMSA and OPC. Excluding new terminals, gross revenues for the segment would have declined by 4.4 percent in 2014 due to unfavorable volume mix arising from government-imposed import restrictions and lower non-containerized revenues at CGSA; lower vessel calls at ICTSI Oregon as a result of the continuous labor slowdown; and weaker BRL (-9.0%) and lower BBC

revenues at TSSA. Excluding the translation impact of BRL, gross revenues for the segment would have increased by 42.4 percent in 2014. The Americas segment accounted for 35.7 percent and 40.0 percent of the consolidated gross revenues for the years ended December 31, 2013 and 2014, respectively.

Meanwhile, gross revenues from the EMEA segment grew by 16.4 percent from US$90.3 million for the year ended December 31, 2013 to US$105.1 million for the year ended December 31, 2014 primarily due to volume growth, favorable volume mix, and strong revenues from project cargoes at BCT; higher revenues from project cargoes at BICT; tariff rate adjustments at MICTSL; and addition of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq, gross revenues for the segment would have increased by 12.4 percent in 2014. The EMEA segment captured 10.6 percent and 9.9 percent of the consolidated gross revenues for the years ended December 31, 2013 and 2014, respectively.

Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities, surged by 41.6 percent from US$115.5 million for the year ended December 31, 2013 to US$163.6 million for the same period in 2014 due to stronger revenues; higher port fees at TSSA; and the contribution of new terminals, CMSA, OPC and ICTSI Iraq. Excluding new terminals, port authorities' share in gross revenues would have increased by 24.5 percent in 2014.

Interest Income, Foreign Exchange Gain, Interest Income and Other Income

Consolidated interest income declined by 9.2 percent from US$12.0 million for the year ended December 31, 2013 to US$10.9 million for the same period in 2014 primarily due to lower interest income earned on Tecplata's cash deposits and placements.

Foreign exchange gain dropped by 68.4 percent from US$3.7 million for the year ended December 31, 2013 to US$1.2 million for the same period in 2014 mainly due to the unfavorable translation of the Parent Company's net monetary assets due to a weaker Philippine peso against US dollar in 2014 (2014: -0.7%; 2013: -8.1%). In 2013, the Parent Company was in a net monetary liability position. Foreign exchange gain mainly arises from the settlement and translation or restatement adjustments of foreign currency-denominated monetary assets and liabilities.

Gain on sale of subsidiaries of US$45.0 million consists of a one-time gain on sale of a non-operating subsidiary amounting to US$13.2 million recognized in January 2014 and a gain of US$31.8 million recognized in July 2014 arising from the sale of the Group's 60.0 percent ownership interest in YRDICTL to YPH for US$94.8 million (RMB 588.1 million). An acquisition of 51.0 percent ownership in YICT was made on the same date. These transactions were entered into to consolidate and optimize the overall port operations within the Zhifu Bay Port area.

Other income grew by 196.9 percent from US$4.8 million for the year ended December 31, 2013 to US$14.2 million for the same period in 2014 mainly due to the recognition of gain on termination of a management contract amounting to US$2.9 million, and gain on settlement of an insurance claim of US$1.6 million. Other income includes the Group's rental, dividend income, and other sundry income accounts of ICTSI and subsidiaries.

Total Expenses

The table below shows the breakdown of total expenses for 2013 and 2014.

Table 6.10 Total Expenses

	For the Years Ended December 31		
(In thousands, except % change data)	2013	**2014**	% Change
Manpower costs	US$154,587	**US$205,399**	32.9
Equipment and facilities-related expenses	105,334	**135,481**	28.6
Administrative and other operating expenses	99,616	**113,615**	14.1
Total cash operating expenses	359,537	**454,495**	26.4
Depreciation and amortization	99,484	**121,686**	22.3
Interest expense and financing charges on borrowings	42,653	**58,856**	38.0
Interest expense on concession rights payable	27,943	**38,066**	36.2
Foreign exchange loss and others	12,746	**50,238**	294.1
	US$542,363	**US$723,341**	33.4

Total cash operating expenses of the Group grew by 26.4 percent from US$359.5 million for the year ended December 31, 2013 to US$454.5 million for the same period in 2014 due to the contributions and start-up costs of new terminals and projects, CMSA, OPC, ICTSI Iraq, IDRC and VICT; and higher volume-related expenses such as on-call labor and contracted services, repairs and maintenance, power and light, and fuel consumption. In addition, higher manpower costs due to government-mandated and contracted salary rate adjustments in certain terminals, the cessation of ICTSI Oregon's rent rebate program beginning January 2014, and increased business development activities also contributed to the increase in cash operating expenses. Excluding new terminals and projects, cash operating expenses would have increased by 7.2 percent in 2014.

Manpower Costs

Manpower costs increased by 32.9 percent from US$154.6 million for the year ended December 31, 2013 to US$205.4 million for the same period in 2014 primarily due to the contributions of new terminals and projects, CMSA, OPC, ICTSI Iraq and VICT; increase in manpower as a result of the consolidation at YICT; higher on-call labor and contracted services driven by volume; and government-mandated and contracted salary rate adjustments in certain terminals. Excluding new terminals and projects, manpower costs would have increased by 10.6 percent in 2014.

Manpower costs accounted for 43.0 percent and 45.2 percent of cash operating expenses for the years ended December 31, 2013 and 2014, respectively.

Equipment and Facilities-related Expenses

Equipment and facilities-related expenses consist mainly of repairs and maintenance costs of port equipment and facilities, fixed port fees, power and light, technical and systems development and maintenance expenses, tools expenses, equipment rentals, and fuel, oil and lubricants.

Equipment and facilities-related expenses went up by 28.6 percent from US$105.3 million for the year ended December 31, 2013 to US$135.5 million for the year ended December 31, 2014 mainly due to the contributions of new terminals and projects, CMSA, OPC, ICTSI Iraq and IDRC; cessation of ICTSI Oregon's rent rebate program; higher repairs and maintenance costs, and higher power and fuel usage caused by increased yard utilization at MICT; increased reefer services and higher power rates at CGSA; and higher volume-related expenses at YICT resulting from the consolidation. Excluding new terminals and projects, equipment and facilities-related expenses would have increased by 1.8 percent in 2014.

Equipment and facilities-related expenses represented 29.3 percent and 29.8 percent of cash operating expenses for the years ended December 31, 2013 and 2014, respectively.

Administrative and Other Operating Expenses

Administrative and other operating expenses surged by 14.1 percent from US$99.6 million for the year ended December 31, 2013 to US$113.6 million for the year ended December 31, 2014 mainly due to contributions and start-up costs of new terminals and projects, CMSA, OPC, ICTSI Iraq, VICT and IDRC; increased taxes and licenses at certain terminals; and higher frequency of travels due to increased business development activities. Excluding new terminals and projects, administrative and other operating expenses would have increased by 7.4 percent in 2014.

Administrative and other operating expenses stood at 27.7 percent and 25.0 percent of the total cash operating expenses for the years ended December 31, 2013 and 2014, respectively.

Depreciation and Amortization

Depreciation and amortization expense increased by 22.3 percent from US$99.5 million for the year ended December 31, 2013 to US$121.7 million for the year ended December 31, 2014 due to the full year amortization of concession rights on MICT's contract renewal and OPC's new concession contract; depreciation of port facilities and equipment at CMSA; and higher depreciation arising from yard expansion at MICTSL and acquisition of port facilities and equipment at YICT.

Interest and Financing Charges on Borrowings

Interest and financing charges on borrowings increased by 38.0 percent from US$42.7 million for the year ended December 31, 2013 to US$58.9 million for the year ended December 31, 2014 primarily due to lower capitalized borrowing costs, as CMSA has completed the construction of its port facilities and started commercial operations in November 2013; the issuance of additional US$75.0 million MTN in April 2014; and loans acquired as part of the consolidation at YICT totaling US$38.7 million (RMB 240.2 million) as of December 31, 2014. Capitalized borrowing costs on qualifying assets amounted to US$35.6 million in 2013 and US$25.0 million in 2014. Capitalization rate decreased from 7.6 percent in 2013 to 6.8 percent in 2014.

Interest Expense on Concession Rights Payable

Interest expense on concession rights payable increased by 36.2 percent from US$27.9 million for the year ended December 31, 2013 to US$38.1 million for the same period in 2014 mainly due to higher interest incurred on the concession rights payable recognized from the renewal of the concession contract at MICT in May 2013, and OPC's new concession contract.

Foreign Exchange Loss and Others

Foreign exchange loss and others grew by 294.1 percent from US$12.7 million for the year ended December 31, 2013 to US$50.2 million for the same period in 2014 primarily due to the recognition of a noncash impairment charge on the goodwill of Tecplata in 2014 amounting to US$38.1 million. The noncash impairment charge recognized on the goodwill of Tecplata was driven by lower projected cash flows on its updated business plan caused by the prevailing and unfavorable economic conditions in Argentina. Other expenses in 2014 also include equity in net loss at SPIA amounting to US$2.2 million and loss recognized on the settlement of an insurance claim at BCT of US$0.9 million, tapered by the decline in foreign exchange loss arising mainly from the deconsolidation of SPIA in November 2013.

Foreign exchange loss mainly results from the translation or restatement as well as from the settlement of foreign currency-denominated monetary assets and liabilities.

EBITDA and EBIT

Consolidated EBITDA increased by 17.4 percent from US$377.3 million for the year ended December 31, 2013 to US$443.0 million for the year ended December 31, 2014 primarily due to stronger revenues and the positive contribution of new terminals, particularly CMSA and OPC. Excluding new terminals, consolidated EBITDA would have increased by 4.6 percent in 2014. However, EBITDA margin declined to 41.7 percent in 2014 from 44.3 percent in 2013 due to higher port fees and cash operating expenses arising mainly from start-up costs of new terminals and project costs at VICT and IDRC.

Meanwhile, consolidated EBIT grew by 15.7 percent from US$277.8 million for the year ended December 31, 2013 to US$321.3 million for the year ended December 31, 2014 mainly due to stronger operating results. EBIT margin, however, declined from 32.6 percent in 2013 to 30.3 percent in 2014 due to higher depreciation and amortization expense, port fees and cash operating expenses.

Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax increased by 14.2 percent from US$215.0 million for the year ended December 31, 2013 to US$245.4 million for the year ended December 31, 2014 primarily due to strong operating income; and contributions of new terminals, particularly CMSA and OPC. Non-recurring gains recognized on the sale of subsidiaries, termination of management contract, and settlement of an insurance claim, reduced by the noncash impairment charge recognized on the goodwill of Tecplata and loss on settlement of insurance claim at BCT also contributed to the increase. Excluding non-recurring gains and losses, consolidated income before income tax would have increased by 9.3 percent in 2014. The ratio of income before income tax to consolidated gross revenues stood at 25.2 percent and 23.1 percent in 2013 and 2014, respectively.

Consolidated provision for current and deferred income taxes increased by 57.1 percent from US$34.3 million for the year ended December 31, 2013 to US$53.9 million for the same period in 2014 mainly due to stronger operating income and lower deferred income tax benefit on unrealized foreign exchange loss in 2014. The current provision for income tax was reduced by MICT's Berth 6 income tax holiday incentive amounting to US$10.4 million and US$12.3 million for the year ended December 31, 2013 and 2014, respectively. Effective income tax rate in 2013 and 2014 stood at 16.0 percent and 22.0 percent, respectively.

Net Income

Consolidated net income increased by 6.0 percent from US$180.7 million for the year ended December 31, 2013 to US$191.5 million for the year ended December 31, 2014 mainly due to strong revenues and operating income, and net non-recurring gains tapered by higher depreciation and amortization expense and interest expense and financing charges on borrowings during the year. Excluding non-recurring transactions, consolidated net income would have increased by 0.8 percent in 2014. The ratio of consolidated net income to gross revenues stood at 21.2 percent and 18.0 percent in 2013 and 2014, respectively.

Net income attributable to equity holders increased by 5.6 percent from US$172.4 million for the year ended December 31, 2013 to US$182.0 million for the same period in 2014. Excluding non-recurring gains and losses, net income attributable to equity holders would have increased marginally by 0.1 percent in 2014.

Basic and diluted earnings per share increased from US$0.072 and US$0.071, respectively, in 2013 to US0.075 in 2014 due to stronger operating results.

Trends, Events or Uncertainties Affecting Recurring Revenues and Profits

The Group is exposed to a number of trends, events and uncertainties which can affect its recurring revenues and profits. These include levels of general economic activity and containerized trade volume in countries where it operates, as well as certain cost items, such as labor, fuel and power. In addition, the Group operates in a number of jurisdictions other than the Philippines and collects revenues in various currencies. Continued appreciation of the US dollar relative to other major currencies, particularly the Philippine peso, Brazilian Reais, Mexican peso and the Euro, may have a negative impact on the Group's reported levels of revenues and profits.

Financial Position

Table 6.11 Consolidated Balance Sheets

	As of December 31				
(In thousands, except % change data)	2013	2014	**2015**	% Change	% Change
				2013 vs 2014	*2014 vs 2015*
Total assets	US$3,087,640	US$3,400,770	**US$3,841,432**	10.1	13.0
Current assets	428,560	359,623	**513,717**	(16.1)	42.8
Total equity	1,353,237	1,473,565	**1,826,048**	8.9	23.9
Total equity attributable to equity holders of the parent	1,249,578	1,316,042	**1,674,443**	5.3	27.2
Total interest-bearing debt	951,788	1,070,447	**1,083,070**	12.5	1.2
Current liabilities	228,754	283,545	**288,751**	24.0	1.8
Total liabilities	1,734,403	1,927,205	**2,015,384**	11.1	4.6
Current assets/total assets	13.9%	10.6%	**13.4%**		
Current ratio	1.87	1.27	**1.78**		
Debt-equity ratio[1]	0.70	0.73	**0.59**		

[1] Debt includes interest-bearing debt. Equity means Total Equity as shown in the consolidated balance sheets.

Total assets increased by 13.0 percent to US$3.8 billion as of December 31, 2015 from US$3.4 billion as of December 31, 2014 mainly due to investments in capital expenditures, which include the ongoing construction of port facilities at VICT and IDRC, completion of port facilities at Tecplata; expansion at ICTSI Iraq, CMSA and OPC; port equipment acquisition at MICT and BCT; land recognized from acquisition of TMT; and advances extended to SPIA to fund the Group's share on the ongoing construction and development at the Port of Buenaventura. These investments were funded mainly by cash generated from the Group's operations, and net proceeds from the issuances of perpetual capital securities in January and August 2015. Non-current assets stood at 89.4 percent and 86.6 percent of the total consolidated assets as of December 31, 2014 and December 31, 2015, respectively.

Current assets surged by 42.8 percent from US$359.6 million as of December 31, 2014 to US$513.7 million as of December 31, 2015 primarily due to increased level of cash from inflows generated from operations and net proceeds from the issuances of perpetual capital securities in August 2015 tapered by continuous deployment of cash to fund capital expenditures; and loan repayments. Current assets accounted for 10.6 percent and 13.4 percent of the total consolidated assets of the Group as of December 31, 2014 and December 31, 2015, respectively. Current ratio stood at 1.27 as of December 31, 2014 and 1.78 as of December 31, 2015.

Total equity increased by 23.9 percent to US$1.8 billion as of December 31, 2015 primarily due to the net income generated for the period; net proceeds from the issuance of perpetual capital securities in 2015

aggregating US$483.0 million, tapered by increase in other comprehensive loss as a result of net unfavorable exchange differences on translation of foreign operations' financial statements, dividends and distributions to holders of perpetual capital securities.

Total liabilities increased by 4.6 percent as of December 31, 2015 mainly due to net liability arising from the issuance and exchange of medium-term notes under the MTN Programme for the outstanding higher cost ICTSI senior notes as part of the Group's liability management exercise in January 2015; drawdown from the Project Finance Facility at CMSA in December 2015; accrual of lease expense at VICT; and receipt of EU grant at BCT. The increase was reduced by loan repayments at the Parent Company and at certain subsidiaries. Financial leverage, the ratio of total interest-bearing debt to total assets, stood at 31.5 percent and 28.2 percent as of December 31, 2014 and December 31, 2015, respectively.

Meanwhile, current liabilities increased by 1.8 percent to US$288.8 million as of December 31, 2015 from US$283.5 million as of December 31, 2014 mainly due to higher accounts payable arising from expansion and port equipment acquisitions at CMSA, OPC and VICT; and higher income tax payable as a result of higher taxable income at certain terminals, tapered by repayment of short-term loans at the Parent Company and at certain subsidiaries.

Material Variances Affecting the Balance Sheet

Balance sheet accounts as of December 31, 2015 with variances of plus or minus 5.0 percent against December 31, 2014 balances are discussed, as follows:

Noncurrent Assets

1. Property and equipment increased by 22.9 percent to US$1.1 billion as of December 31, 2015 brought about by land recognized from the acquisition of TMT and increase in capital expenditures arising from ongoing construction and terminal equipment acquisitions at VICT, IDRC, OPC, BCT, MICT and CMSA and reclassification of land used by LGICT from investment properties.
2. Investment in and advances to a joint venture and associate surged by 64.8 percent to US$231.9 million as of December 31, 2015 due to continuous funding extended to SPIA for the Group's share on the ongoing construction and development at the Port of Buenaventura.
3. Investment properties dropped by 44.1 percent to US$6.8 million as of December 31, 2015 as a result of reclassification of land used by LGICT to property and equipment.
4. Deferred tax assets grew by 50.3 percent to US$87.0 million as a result of higher deferred income tax benefit from unrealized foreign exchange loss.
5. Other noncurrent assets increased by 9.7 percent to US$137.5 million due to increased input VAT on capital expenditures and cash reserves requirement for the Project Finance Facility at CMSA.

Current Assets

6. Cash and cash equivalents grew by 82.4 percent to US$354.5 million as of December 31, 2015 arising from cash inflows generated from operations and net proceeds from issuances of perpetual capital securities in August 2015 and drawdown from the Project Finance Facility at CMSA in December 2015, tapered by continuous deployment of cash to fund capital expenditures and settlement of debt during the period.
7. Spare parts and supplies increased by 5.6 percent to US$27.6 million as of December 31, 2015 primarily as a result of acquisition of port equipment spare parts particularly at OPC and CGSA.
8. Prepaid expenses and other current assets decreased by 8.8 percent to US$44.1 million as of December 31, 2015 primarily as a result of input VAT refund at MICT.
9. Derivative asset amounting to US$0.3 million was recognized as of December 31, 2015 due to gain on mark-to-market valuation from currency options entered in December 2015.

Equity

10. Treasury shares surged by 541.5 percent to US$7.5 million as of December 31, 2015 mainly as a result of acquisition of 3,510,400 treasury shares totaling US$6.6 million in September 2015.
11. Excess of acquisition cost over the carrying value of minority interest increased by 5.2% to US$142.6 million as of December 31, 2015 mainly as a result of acquisition of 10% non-controlling interest in VICT; and the transfer of 8% ownership interest in IDRC.
12. Perpetual capital securities surged by 146.8 percent to US$831.9 million as of December 31, 2015 primarily due to RCBV's issuance of a US$300.0 million, 6.25 percent perpetual capital securities which was partly used to finance the tendered US$230.0 million, 8.375 percent outstanding subordinated perpetual capital securities in January 2015; and issuance of US$450.0 million, 5.50 percent perpetual capital securities in August 2015. The proceeds will be used for refinancing, funding capital expenditures and general corporate purposes.
13. Retained earnings decreased by 5.3 percent to US$723.2 million as of December 31, 2015 primarily due to dividends and distributions to holders of perpetual capital securities amounting to US$41.2 million and US$33.4 million, respectively, tapered by net income attributable to equity holders of the parent for the year amounting to US$58.5 million.
14. Other comprehensive loss grew by 49.1 percent to US$258.6 million as a result of net unfavorable exchange differences on translation of foreign operations' financial statements.

Noncurrent Liabilities

15. Deferred tax liabilities increased by 13.9 percent to US$77.5 million as of December 31, 2015 mainly due to unrealized mark-to-market gain on forward derivatives.
16. Pension and other non-current liabilities increased by 103.4 percent to US$119.4 million as of December 31, 2015 arising mainly from the receipt of EU grant at BCT and accrual of lease expense at VICT.

Current Liabilities

17. Loans payable dropped by 91.7 percent to US$2.0 million as of December 31, 2015 mainly due to repayment of US$-denominated short term-loans and a foreign currency-denominated short-term loans.
18. Accounts payable and other current liabilities increased by 8.2 percent to US$200.9 million as of December 31, 2015 primarily due to higher accounts payable arising from expansion and port equipment acquisitions at CMSA, OPC and VICT.
19. Current portion of long-term debt and debt securities increased by 14.0 percent to US$54.5 million as of December 31, 2015 due to maturing term loans of subsidiaries in 2016.
20. Current portion of concession rights payable increased by 17.6 percent to US$8.8 million as of December 31, 2015 arising from higher concession fees scheduled for payment in 2016 at MICTSL.
21. Income tax payable increased by 26.7 percent to US$22.0 million as of December 31, 2015 mainly due to higher taxable income particularly at OPC and CGSA.
22. Derivative liabilities decreased by 26.2 percent to US$0.6 million as of December 31, 2015 due to mark-to-market adjustments on outstanding interest rate swap transactions at certain terminals.

Balance sheet accounts as of December 31, 2014 with variances of plus or minus 5.0 percent against December 31, 2013 balances are discussed, as follows:

Noncurrent Assets

23. Property and equipment increased by 32.0 percent to US$934.4 million as of December 31, 2014 mainly due to civil works and acquisition of port equipment in certain terminals; contribution of new terminals, VICT, ICTSI Iraq and IDRC; and the consolidation of YICT in July 2014.
24. Investments in and advances to a joint venture and associate grew by 80.0 percent to US$140.7 million as of December 31, 2014 brought about by the continuous funding extended to SPIA for the Group's share on the ongoing construction and development at the Port of Buenaventura.

25. Other noncurrent assets increased by 10.6 percent to US$125.3 million due to higher non-current portion of input VAT at Tecplata for its continuing capital expenditures.

Current Assets

26. Cash and cash equivalents declined by 19.8 percent to US$194.3 million as of December 31, 2014 as a result of the Group's continuous deployment of funds to finance ongoing port development activities.
27. Receivables increased by 6.7 percent to US$90.8 million as of December 31, 2014 due to strong revenues; contribution of new terminals, CMSA and OPC; and the consolidation of YICT, reduced by the settlement of insurance claims at CGSA and BCT.
28. Spare parts and supplies grew by 21.0 percent to US$26.1 million as of December 31, 2014 primarily as a result of acquisition of port equipment spare parts particularly at TSSA and OPC.
29. Prepaid expenses and other current assets declined by 22.6 percent to US$48.4 million as of December 31, 2014 mainly due to the refund of input VAT at CMSA.
30. Non-current assets held for sale amounting to US$16.3 million as of December 31, 2013 pertain to the investment property of a non-operating subsidiary which was sold in January 2014. As of December 31, 2014, non-current assets held for sale is nil.
31. Derivative assets was reduced to nil as of December 31, 2014 as a result of the repayment of the Parent Company's peso-denominated loans in November 2014.

Equity

32. Treasury shares declined by 14.4 percent to US$1.2 million mainly due to the vesting of shares under the stock incentive plan.
33. Retained earnings increased by 17.5 percent to US$763.3 million as of December 31, 2014 due to stronger net income attributable to equity holders of the parent for the year amounting to US$182.0 million, reduced by dividends and distributions to holders of perpetual capital securities amounting to US$39.1 million and US$29.3 million, respectively.
34. Other comprehensive loss increased by 44.2 percent to US$173.4 million primarily due to weaker local currencies, particularly PHP, RMB, BRL, EUR, MXN, HKR and IDR against the US dollar, and the derecognition of cumulative translation adjustments as a result of the sale of CICTI in January 2014 and deconsolidation of YRDICTL in July 2014.
35. Equity attributable to non-controlling interests surged by 52.0 percent to US$157.5 million as of December 31, 2014 mainly due to the sale and deconsolidation of YRDICTL, consolidation of YICT, non-controlling interest contribution of IDRC, and acquisition of non-controlling interest at Tecplata, reduced by the sale of CICTI in January 2014 and dividends declared to non-controlling interest amounting to US$11.6 million.

Noncurrent Liabilities

36. Long-term debt, net of current portion, increased by 10.2 percent to US$998.2 million as of December 31, 2014 due to the issuance of US$75.0 million medium-term notes under the MTN Programme in April 2014; availment of long-term notes by BCT and CGSA; and acquisition of YICT's long-term loan as part of the consolidation in July 2014 reduced by the repayments of loans and securities at CGSA, AGCT, BCT and Parent Company totaling US$46.8 million.
37. Deferred tax liabilities increased by 11.8 percent to US$68.1 million as of December 31, 2014 mainly due to the consolidation of YICT in July 2014.
38. Pension liabilities and other non-current liabilities increased to US$58.7 million as of December 31, 2014 arising from the accrual of lease expense at VICT and EU grant at BCT.

Current Liabilities

39. Loans payable increased by 103.8 percent to US$24.5 million mainly due to new short-term loans obtained by the Parent Company and CGSA, and the consolidation of YICT, reduced by the scheduled amortizations.

40. Accounts payable and other current liabilities increased by 16.4 percent to US$185.7 million as of December 31, 2014 primarily due to higher accounts payable arising from port equipment acquisitions at VICT and ICTSI Iraq.
41. Current portion of long-term debt and debt securities grew by 40.2 percent to US$47.8 million as of December 31, 2014 arising from higher term loans of subsidiaries scheduled for repayment in 2015 and the consolidation of YICT.
42. Income tax payable increased by 9.2 percent to US$17.4 million as of December 31, 2014 mainly due to higher taxable income particularly at OPC and MICT.

Liquidity and Capital Resources

This section discusses the Group's sources and uses of funds as well as its debt and equity capital profile.

Liquidity

The table below shows the Group's consolidated cash flows for the years ended December 31, 2013, 2014 and 2015:

Table 6.10 Consolidated Cash Flows

	For the Year Ended December 31				
(In thousands, except % change data)	2013	2014	**2015**	% Change *2013 vs 2014*	% Change *2014 vs 2015*
Net cash provided by operating activities	US$283,031	US$387,821	**US$407,737**	37.0	5.1
Net cash used in investing activities	(442,292)	(340,777)	**(547,611)**	(23.1)	60.7
Net cash provided by (used in) financing activities	208,495	(94,138)	**297,079**	(145.2)	(415.6)
Effect of exchange rate changes on cash	6,156	(843)	**2,979**	(113.7)	(453.4)
Net increase (decrease) in cash and cash equivalents	55,390	(47,937)	**160,184**	(186.5)	(434.2)
Cash and cash equivalents, beginning	186,845	242,235	**194,298**	29.6	(19.8)
Cash and cash equivalents, end	US$242,235	US$194,298	**US$354,482**	(19.8)	82.4

Consolidated cash and cash equivalents surged by 82.4 percent year-on-year to US$354.5 million as of December 31, 2015 mainly as a result of higher cash generated from operations and equity issuances during the period tapered by the Group's continuous deployment of funds to finance ongoing port development activities and settlement of debt during the period.

Net cash provided by operating activities increased by 5.1 percent from US$387.8 million for the year ended December 31, 2014 to US$407.7 million for the same period in 2015 due to stronger results of operations and improved collection process.

Net cash used in investing activities increased by 60.7 percent to US$547.6 million mainly due to acquisition of a subsidiary, TMT, for US$54.5 million and increased investments in capital expenditures during the period. Capital expenditures for 2015 amounted to US$396.0 million. Excluding capitalized borrowing costs and expenses, capital expenditures amounted to US$353.5 million, capturing 66.7 percent of the US$530.0 million original capital expenditure budget for 2015. The established budget is mainly allocated for new and existing projects, civil works, system improvements, and major port equipment acquisitions. The Group finances these requirements through existing cash, cash generated from operations, external borrowings and/or equity issuances, as necessary. The 2015 net cash used in investing activities also includes US$95.1 million advances granted to SPIA, a joint venture, for the Group's share on the ongoing construction of port facilities at the Port of Buenaventura.

Net cash provided by financing activities for the years ended December 31, 2015 amounted to

US$297.1 million which consist mainly of the US$482.3 million net proceeds from the issuances and exchanges of debt and equity instruments in January and August 2015; and drawdown from the Project Finance Facility at CMSA amounting to US$86.3 million. The increase was reduced by interest payments on borrowings and concession rights payable totaling US$92.8 million, scheduled repayments of the Parent Company and certain subsidiaries' short and long-term loans aggregating US$107.8 million, payment of dividends of US$52.3 million; purchase of treasury shares of US$6.6 million; and distributions to holders of perpetual capital securities amounting to US$33.4 million. Meanwhile, the net cash used in financing activities for the same period in 2014 include mainly interest payments on borrowings and concession rights payable; scheduled repayments of certain subsidiaries' loans; payment of dividends; distribution to holders of perpetual capital securities; and acquisition of the remaining non-controlling interest in Tecplata which were slightly tapered by the proceeds from the issuance of additional US$75.0 million medium-term notes under ICTSI Treasury's MTN Programme, proceeds from BCT's new loan, and CGSA's short-term loan.

Capital Resources

The table below illustrates the Group's capital sources as of December 31, 2013, 2014 and 2015:

Table 6.11 Capital Sources

	As of December 31				
(In thousands, except % change data)	2013	2014	**2015**	% Change	% Change
				2013 vs 2014	*2014 vs 2015*
Loans payable	US$12,010	US$24,479	**US$2,027**	103.8	(91.7)
Current portion of long-term debt	34,080	47,774	**54,465**	40.2	14.0
Long-term debt, net of current portion	905,698	998,194	**1,026,578**	10.2	2.8
Total short and long-term debt	951,788	1,070,447	**1,083,070**	12.5	1.2
Equity	1,353,237	1,473,565	**1,826,048**	8.9	23.9
	US$2,305,025	US$2,544,012	**US$2,909,118**	10.4	14.4

The Group's total debt and equity capital increased by 14.4 percent as of December 31, 2015 primarily due to net income generated during the period and increase in debt financing activities to fund expansion projects and capital expenditures, repayment of maturing loans, and other general corporate requirements.

Debt Financing

The table below provides the breakdown of the Group's outstanding loans as of December 31, 2015:

Table 6.12 Outstanding Loans

(In thousands)	Company	Final Maturity	Interest Rate	Amount
Short-Term Debt				
Unsecured US Dollar Term Loan	CGSA	2016	Fixed	US$2,027
Long-Term Debt				
Unsecured US Dollar Bond	ITBV	2023 - 2025	Fixed	745,729
Unsecured US Dollar Bond	Parent	2020	Fixed	179,218
Secured US Dollar Term Loan	CMSA	2027	Fixed	86,259
Secured RMB Term Loam	YICT	2016	Floating	28,832
Unsecured US Dollar Securities	CGSA	2016	Fixed/Floating	13,776
Unsecured US Dollar Term Loan	CGSA	2016 - 2018	Fixed	9,556
Secured Euro Term Loan	AGCT	2023 – 2024	Floating	9,115
Secured Pakistani Rupee Term Loan	PICT	2017	Floating	8,558
				1,081,043

Total Debt	1,083,070
Less current portion and short-term	56,492
Long-term debt, net of current portion	**US$1,026,578**

As of December 31, 2015, 85.4 percent of the Group's total debt capital is held by the Parent Company and ITBV which includes US$179.2 million senior notes issued in 2010 and due in 2020 and US$745.7 million MTN issued in 2013 and 2015 which are due in 2023 to 2025.

The table below is a summary of debt maturities, net of unamortized debt issuance cost, of the Group as of December 31, 2015:

Table 6.13 Outstanding Debt Maturities

(In thousands)	Amount
2016	US$54,465
2017	6,126
2018	2,761
2019	3,222
2020 and onwards	1,014,469
Total	US$1,081,043

Debt Financing Transactions in 2015

MTN Programme

On January 9, 2013, ICTSI Treasury B.V. (ICTSI Treasury), a majority-owned subsidiary through ICTSI Ltd., established the MTN Programme that would allow ICTSI Treasury from time to time to issue medium-term notes (MTN), unconditionally and irrevocably guaranteed by ICTSI and listed on the Singapore Stock Exchange. The aggregate nominal amount of the MTN outstanding will not at any time exceed US$750.0 million (or its equivalent in other currencies), subject to increase as described in the terms and conditions of the Programme Agreement. In August 2013, the maximum aggregate nominal amount of the MTN outstanding that may be issued under the Programme was increased to US$1.0 billion.

Pursuant to the MTN Programme, on January 9, 2013, ICTSI Treasury and ICTSI signed a Subscription Agreement with HSBC and UBS AG, Hong Kong Branch, for the issuance of 10-year US$300.0 million guaranteed MTN (the "Original MTN"). The Original MTN were issued on January 16, 2013 to mature on January 16, 2023 at a fixed interest rate of 4.625 percent p.a., net of applicable taxes, set at a price of 99.014 and payable semi-annually in arrears. Moreover, on January 28, 2013, an additional US$100.0 million guaranteed MTN was issued to form a single series with the original MTN.

In June 2013, ICTSI purchased a total of US$6.0 million of ICTSI Treasury's US$400.0 million MTN at US$5.7 million.

In September 2013, ICTSI Treasury further issued US$207.5 million notes from the MTN Programme at a fixed interest rate of 5.875 percent p.a. payable semi-annually and will be due in 2025 ("2025 Notes"), in exchange for US$178.9 million of ICTSI's US$450.0 million senior notes due in 2020 ("2020 Notes"). Concurrent with the exchange offer, noteholders of the 2020 Notes provided their consent to the modifications to the terms and conditions of the 2020 Notes to conform to the terms and conditions of all the notes issued under the MTN Programme. Moreover, on April 30, 2014, an additional US$75.0 million notes were issued to form a single series with the 2025 Notes.

In January 2015, an additional US$117.5 million notes were issued to form a single series with the 2025 Notes. Of this new issue, US$102.6 million was used to fund the exchange for US$91.8 million of the 2020 Notes.

As of December 31, 2015, outstanding notes under the MTN Programme amounted to US$745.7 million.

The aggregate net proceeds of the issuances under the MTN Programme were used to fund new projects and capital expenditures, refinance some of ICTSI's existing debt and for other general corporate purposes.

Revolving Credit Facility Programme

On July 24, 2014, the Board of Directors of ICTSI approved the establishment of a loan facility programme pursuant to which a subsidiary, IGFBV, may, from time to time, enter into one or more loan facilities under the said programme to be guaranteed by ICTSI with one or more lenders.

In connection with the establishment of the said programme, the Board of Directors also approved the first loan facility under the programme with IGFBV as the borrower and ICTSI as the guarantor. The loan facility is a revolving credit facility with a principal amount of US$350.0 million, and a tenor of five years and bears interest at LIBOR plus a spread of 1.95 percent.

In 2015, IGFBV has drawn US$100.0 million from the facility which was repaid in the same year.

US dollar and Foreign Currency-denominated Term Loans and Securities

Parent Company. In October 2013, ICTSI availed of unsecured medium-term loan from Australia and New Zealand Banking Group Limited, Manila Branch, amounting to US$20.0 million for general corporate requirements. The loan bears interest at prevailing market rates, ranging from 1.1182 percent to 1.1479 percent in 2013 and 1.1246 percent to 1.1270 percent in 2014. The loan matured in November 2014 and was renewed for another year until December 4, 2015, when it was settled.

BCT. In July 2014, BCT entered into a term loan facility agreement for US$36.0 million with HSBC to refinance its existing loan with Bank Polska Kasa Opieki S.A. (Bank Polska) and to fund capital expenditure projects supported by the European Union grants. The HSBC loan facility agreement bears an interest of 1.70 percent over LIBOR. On September 2, 2014, the Company availed US$19.6 million from the loan facility agreement to prepay the Bank Polska loan and fund capital expenditures. The loan was prepaid in December 2015.

CGSA. In 2014, CGSA availed a two-year unsecured Term Loans with Local Banks in Ecuador amounting to US$4.5 million to finance capital expenditures and working capital requirements. The Term Loans with Local Banks in Ecuador bear a fixed interest rate of 7.5 percent with the principal payable in monthly installments. In September 2015, CGSA obtained two-year unsecured loans from Banco Del Pacifico amounting to US$2.0 million at a fixed interest rate of 8.75 percent and, Banco Bolivariano amounting to US$2.0 million at a fixed interest rate of 8.83 percent. The aggregate outstanding balance of the Term Loans with Local Banks in Ecuador amounted to US$9.6 million as of December 31, 2015.

YICT. The Company acquired, through the consolidation of YICT, the short and long-term loans of DP World Yantai with outstanding balances of US$4.6 million (RMB 28.0 million) and US$39.0 million (RMB 222.2 million) as of June 30, 2014, respectively. The short-term loan bears an interest rate of 6.15 percent per annum and will mature on April 30, 2015. On the other hand, the long-term loan with Agricultural Bank of China, which was availed principally to finance the development project related to the construction of the container terminal, bears an interest rate of 6.15 percent per annum and will mature on December 7, 2014. On December 8, 2014, YICT signed a two-year loan agreement to refinance the long-term loan bearing a lower interest rate of 6.0 percent per annum. The short-term loan has been fully repaid in March 2015. As of December 31, 2015, the outstanding balances of the long-term loan of YICT amounted to US$28.8 million (RMB 187.2 million).

PICT. On July 11, 2011, PICT signed a five-year Rs.2.5 billion (equivalent to US$29.1 million) Agreement for Financing on Mark-up Basis with Faysal Bank Limited. The loan carries mark-up at the rate of six months Karachi Interbank Offered Rate (KIBOR) plus 1.75 percent and is secured against all present and future property and equipment and underlying port infrastructures of the concession right. Principal is repayable in nine equal semi-annual installments commencing in July 2012. Proceeds of the loan were partially used to fully pay the loans with International Finance Corporation and Organization of the Petroleum Exporting Countries Fund for International Development amounting to Rs.2.4 billion (US$27.9 million) on July 22, 2011 which were originally maturing in January 2018. The loan with remaining balance of Rs.1.5 billion was refinanced by Habib Bank Limited. The new loan carries a mark-up at the rate of six months KIBOR plus 0.75 percent and is secured against all present and future property and equipment and underlying port infrastructures of the concession right. Principal is repayable in five equal semi-annual installments commencing in June 2015. As of December 31, 2015, outstanding principal balance of the loan amounted to US$8.6 million (Rs.896.3 million).

CMSA. On October 21, 2015, CMSA signed a US$260.0 million Project Finance Facility with International Finance Corporation and Inter-American Development Bank (IADB). The CMSA Project (the Project) is for the development and operation of a Specialized Container terminal at the Port of Manzanillo in Manzanillo, Mexico. The terminal will have a capacity of 2.2 million TEUs when completely built. The development will be done in three phases with phase one creating capacity of 750,000 TEUs. Phase two, which is expected to be completed by year 2020, will increase the terminal's capacity to 1.150 million TEUs. The financing package, which has a tenor of 12 years and a long availability period of four years, will help CMSA finance the completion of phases one and two of the Project. Interest is payable semi-annually based on floating interest rate computed at 6-month LIBOR plus loan spread with a weighted average of 2.80 percent. CMSA has drawn US$95.0 million from the facility in December 2015.

Loan Covenants

The loans from local and foreign banks impose certain restrictions with respect to corporate reorganization, disposition of all or a substantial portion of ICTSI's and subsidiaries' assets, acquisitions of futures or stocks, and extending loans to others, except in the ordinary course of business. ICTSI is also required to maintain specified financial ratios relating to their debt to EBITDA, debt to equity and earnings level relative to current debt service obligations. As of December 31, 2015, ICTSI and subsidiaries are in compliance with their loan covenants.

There was no material change in the covenants related to the Group's long-term debts. As at December 31, 2015, the Group has complied with its loan covenants.

Equity Financing

Perpetual Capital Securities

On January 29, 2015, RCBV issued US$300.0 million 6.25 percent Senior Guaranteed Perpetual Capital Securities unconditionally and irrevocably guaranteed by ICTSI at a price of 99.551 percent or US$298.7 million. The new issue was partly used to finance the tendered US$230.0 million 8.375 percent Subordinated Guaranteed Perpetual Capital Securities ("Original Securities) at a tender price of 107.625 or US$247.5 million. The cash proceeds received by RCBV amounted to US$46.7 million, net of debt issue cost.

On August 18, 2015, RCBV issued US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities ("New Securities") unconditionally and irrevocably guaranteed by ICTSI. The cash proceeds

received by RCBV amounted to US$436.3 million, net of debt issue cost, will be used for refinancing, funding capital expenditures and general corporate purposes.

Risks

ICTSI and its subsidiaries' geographically diverse operations expose the Group to various market risks, particularly foreign exchange risk, interest rate risk and liquidity risk, which movements may materially impact the financial results of the Group. The importance of managing these risks has significantly increased in light of the heightened volatility in both the Philippine and international financial markets.

With a view to managing these risks, the Group has incorporated a financial risk management function in its organization, particularly in the treasury operations.

Foreign Exchange Risk

The Group has geographically diverse operations and transacts in currencies other than its functional currency. Consequently, the Group is exposed to the risk of fluctuation of the exchange rates between the US dollar and other local currencies such as Philippine Peso, BRL, MXN and EUR that may adversely affect its results of operations and financial position. The Group attempts to match its revenues and expenses whenever possible and, from time to time, engages in hedging activities. Changes in exchange rates affect the US dollar value of the Group's revenues and costs that are denominated in foreign currencies.

The Group's non-US dollar currency-linked revenues were 50.7 percent and 48.7 percent of gross revenues for the periods ended December 31, 2014 and 2015, respectively. Foreign currency-linked revenues include the following: (1) arrastre charges of MICT; and (2) non-US dollar revenues of international subsidiaries. ICTSI incurs expenses in foreign currency for the operating and start up requirements of its international subsidiaries. Concession fees payable to port authorities in certain countries are either denominated in or linked to the US dollar.

The below table provides the currency breakdown of the Group's revenue for the year ended December 31, 2015:

Table 6.14 Revenue Currency Profile

Subsidiary	USD/EUR Composition	Local Currency
ICTSI	36 % USD	64 % PhP
SBITC/ICTSI Subic	65% USD	35 % PhP
DIPSSCOR		100 % PhP
HIPS		100 % PhP
SCIPSI		100 % PhP
BIPI		100 % PhP
MICTSI		100 % PhP
LGICT		100 % PhP
BCT	67 % USD/2% EUR	31 % PLN
TSSA		100 % BRL
MICTSL	100 % EUR*	
PTMTS		100 % IDR
YRDICTL/YICT		100 % RMB
AGCT	83% EUR	17% HRK
CGSA	100 % USD	
ICTSI India		100 % INR
NMCTS		100% BND
ICTSI Oregon	100 % USD	
BICT	100 % USD	
PICT	76 % USD	24 % PKR
OJA	75% USD	25% IDR
CMSA	41 % USD	59% MXN
OPC	100 % USD	

Subsidiary	USD/EUR Composition	Local Currency
ICTSI Iraq	100 % USD	
Tecplata	100 % USD	
NICTI		100 % JPY

**MGA pegged with the EURO*

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank loans and is addressed by a periodic review of the Group's debt mix with the objective of reducing interest cost and maximizing available loan terms.

Interest Rate Swap. In 2014, AGCT entered into an interest rate swap transaction to hedge the interest rate exposure on its floating rate Euro-denominated loan maturing in 2023. A notional amount of EUR5.1 million (US$6.2 million) in 2013 and EUR3.8 million (US$4.6 million) in 2014 out of the total EUR10.6 million (US$12.8 million) floating rate loan was swapped to fixed rate. Under the interest rate swap, AGCT pays fixed interest of 6.19 percent for EUR5.1 million and 5.55 percent for EUR3.8 million and receives floating rate of one-month EURIBOR plus 4.20 bps on the notional amount. As of December 31, 2014 and 2015, the market valuation loss on the outstanding interest rate swap amounted to EUR0.5 million (US$0.6 million). The effective portion of the change in the fair value of the interest rate swap amounting to EUR0.4 million (US$0.5 million), net of deferred tax, and EUR0.4 million (US$0.5 million), net of deferred tax , for the year ended December 31, 2014 and 2015, respectively, was taken to equity under other comprehensive loss.

Liquidity Risk

The Group manages its liquidity profile to be able to finance its working capital and capital expenditure requirements through internally generated cash and proceeds from debt and/or equity. As part of the liquidity risk management, the Group maintains strict control of its cash and makes sure that excess cash held by subsidiaries are up streamed timely to the Parent Company. The Group also monitors the receivables and payables turnover to ensure that these are at optimal levels. In addition, it regularly evaluates its projected and actual cash flow information and continually assesses the conditions in the financial market to pursue fund raising initiatives. These initiatives may include accessing bank loans, project finance facilities and the debt capital markets.

ICTSI monitors and maintains a level of cash and cash equivalents and bank credit facilities deemed adequate to finance the Group's operations, ensure continuity of funding and to mitigate the effects of fluctuations in cash flows.

There are no other known trends, demands, commitments, events or uncertainties that will materially affect the company's liquidity.

Consolidated Financial Statements

The Group's 2015 consolidated financial statements and accompanying notes are incorporated herein by reference.

Changes in and Disagreements with Accountants of Accounting and Financial Disclosure

There were no changes or disagreements with ICTSI's external auditors, SyCip Gorres Velayo and Company (SGV & Co.), a member firm of Ernst & Young Global Limited, on accounting and financial statement disclosures.

Information on Independent Accountant

The principal external auditor is the firm SGV & Co. The Group has engaged Mr. Arnel F. De Jesus, partner of SGV & Co., for the audit of the Group's books and accounts in 2015.

External Audit Fees and Services

ICTSI paid its external auditors the following fees (in thousands) for the last three years for professional services rendered:

	2013	2014	**2015**
Audit Fees	US$775.0	US$939.3	**US$1,057.8**
Audit-Related Fees	711.4	–	**880.4**
Tax Fees	176.2	92.0	**295.6**
Other Fees	34.1	14.8	**73.1**

Audit Fees include the audit of the Group's annual financial statements. The consolidated audit fees increased in 2014 and 2015 as a result of new operating terminals and start-up companies.

Audited-Related Fees include the review of interim financial statements and issuance of comfort letters for the capital market raising transactions of the Group. In 2013 and 2015, this amount increased due to the issuances of three comfort letters as a result of the capital market raising transaction of the Group and project financing in one of the subsidiaries.

Tax fees paid to SGV & Co./Ernst & Young are for tax compliance, tax advisory services and transfer-pricing studies. In 2015, the amount increased mainly due to the transfer-pricing and thin capitalization studies and tax advisory on tax planning for the restructuring of our subsidiaries in Latin America.

Other fees mainly include due diligence services related to business development.

The Audit Committee makes recommendations to the Board concerning the external auditors and pre-approves audit plans, scope and frequency before the conduct of the external audit. The Audit Committee reviews the nature of the non-audit related services rendered by the external auditors and the appropriate fees paid for these services.

The reappointment of SGV & Co. as the Company's external auditors was approved by the stockholders in a meeting held on April 16, 2015.

Estimated Capital Expenditures and Sources of Financing

The Group's capital expenditures for 2016 are expected to be approximately US$420.0 million. This amount is exclusive of the Group's share on the joint venture project with PSA for the development of the Port of Buenaventura at SPIA amounting to about US$60.0 million. The Group expects to fund these capital expenditures through a combination of available cash, internally-generated funds, third party loans and other fund raising activities, if necessary. The estimated capital expenditure budget will be utilized to complete the development of the port facilities at VICT and ICTSI DR Congo; to support the expansion projects at ICTSI Iraq, CMSA, MICT and CGSA; and to continue the rehabilitation and development work at OPC.

Compliance with Leading Practices on Corporate Governance

(a) Evaluation System

As early as January 25, 2007, an evaluation system to measure compliance with the Revised Manual of Corporate has already been finalized and was approved by the Board to measure or determine the level of compliance of the Board of Directors and top level management.

(b) Measures being undertaken by the company to comply with the adopted leading practices on good corporate governance

Anti – Bribery Policy and Procedure

ICTSI has established its Anti – Bribery Policy and Procedure which strictly prohibits bribery of any kind, and to anyone, whether private individuals or government officials. Local business customs or culture is not a valid excuse for engaging in bribery. ICTSI employees are prohibited from asking for, accepting or receiving bribes, or any other personal benefit that would induce the employee to breach his/her duty to act in good faith, to act impartially or in accordance with a position of trust. All employees are guided by the ICTSI Anti-Bribery Compliance Policy and Procedure.

Employee Trainings

Part of ICTSI's objectives is to impart basic knowledge and skills to new employees and to assist existing employees to function more effectively by keeping them abreast of recent developments and concepts which they could use in their respective fields.

In 2015, ICTSI participated in 50 training programs for 167 employees to upgrade their professional & technical skills and knowledge. There were 40 other training programs for behavioral, health and other company orientations conducted internally for 1100 employees. Under the technical training program, a total of 13 employees were certified during the year to operate new or additional equipment and 12 were trained as new Hatch Clerks. ICTSI continues to provide its employees trainings programs that would best suit their needs and hone their skills.

1.) Behavioral trainings which are initiated by the company as part of organization development. These include:

a. 7 Habits of Highly Effective People;
b. Team building;
c. Interaction Management;
d. Basic Management Programs and Leadership trainings;
e. Ports Operation and Strategy;
f. Ports Planning and Design;
g. Work Attitude and Values Enhancement Seminar / Tatak ICTSI;
h. Customer Service Training;
i. Employee Discipline Workshop;
j. People Management Conference;
k. Labor and Employee Relations Summit;
l. PSQI Leadership Training;
m. Team Building Sessions; and
n. STAR Program for Supervisors.

2.) Company Orientation Programs which include:

a. Operations for Non-Operations;
b. Orientation for newly hired employees;
c. Orientation re: government mandated benefits;
d. Orientation for HMI;
e. Orientation for Retiring Employees;
f. Operations for Non-Operations;
g. Counterfeit Detection; and
h. Ugnayan sa Pantalan.

3.) Technical training programs for skills enhancement of equipment operators i.e. Reach Stackers, Quay Cranes, Rubber Tired Gantries, Sidelifter and Checkers.

Health, Safety and Productivity of its Employees

ICTSI maintains its own medical and dental facilities for the use of its employees and their dependents. **Medical Services** include medical check-ups, consultations, treatments, minor surgeries, issuance of medical certificates and approval of sick leave applications. Further, all regular employees and their immediate dependents are provided access to clinic medicines (i.e., antibiotics, maintenance medicines, over-the-counter (OTC) medicines, etc.) Annual drug test for all employees during Company's scheduled APE and Random Drug Test per month for minimum of 100 employees is also conducted. ICTSI also provides free Chest X-Ray for dependents with suspected Pulmonary Tuberculosis.

This also includes services of duly licensed nurses whose duties are to assist the doctor in the treatment of employees and/or their dependent/s, dispense medicine to patients based on the doctor's prescription, file medical records of employees and/or their dependents, apply first aid and/or other immediate/necessary treatment to employees especially in cases of injuries sustained in accidents or incidents occurring within the company premises in the absence of a doctor, assist in transporting employee patients to accredited hospitals in case of emergencies, and conduct home visits to absent employees upon the written request from authorized representative/officer of ICTSI.

Dental Services are performed by duly licensed dentists whose duties include oral check-ups, oral prophylaxis, tooth filing, and tooth extraction.

ICTSI's medical and dental facilities provide round the clock services for employees and their dependents. ICTSI also maintains its own ambulance to address emergency medical cases. A fire truck is always on stand-by within the terminal premises to provide immediate service and assistance in cases of fire and other catastrophes.

ICTSI also introduced a health insurance plan which provides employees access to medical insurance coverage for their Out-Patient and In-Patient (hospitalization, consultation, laboratory, etc) medical needs. It is provided through an approved Health Care Provider and offers a choice of Employee This health insurance plan vary by maximum amount limits. Employee also has the option to use his/her medical and dental reimbursement (MDR) benefit to enroll his/her dependents in any of our available Dependent Programs. This MDR benefit may also be used for the order and free delivery of medicines via MEDEXPRESS, a delivery service drugstore.

Annual Physical Exam is also conducted religiously in order to promote health awareness and early

detection of illnesses. Standard exams include Physical Examination of the doctor, Electrocardigram (ECG), X-ray, Complete Blood Count, Urinalysis, Fecalysis and Visual Acuity Screening. During the APE event, our partner healthcare professionals also provides Cardiometabolic Workplace Wellness program which includes Biometric Tests (Blood Sugar, Cholesterol, Blood Pressure screening, Body Mass Index (BMI /Obesity screening and Foot Doppler test) which helps us in profiling our employees and assessing their overall cardiometabolic health status thus, helping us further to reduce rates of illnesses like Hypertension, Diabetes, Dyslipidemia, etc. Also, from the baseline workforce profiling gathered during APE, we design and provide a customized wellness program like prevention of lifestyle-related diseases, Smoking Cessation campaign among others.

Employees with adverse finding after the above exams shall be directed to consult a specialist for further examination and medication. We have also tapped the services of different medical groups to provide us with seminars and briefing on diseases and medical conditions most common to our employees.

Safety Training

Developed Programs and policies for year 2015:

- Safety brochure and booklet – 800 high gloss info catalogues with safety inserts/inputs for truckers safety, visitors safety, contractors safety, and port user's safety, were distributed;

- Full implementation of Personal Protective Equipment (PPE) to all; and

- New uniform with high visibility marks both upper garments and working pants were distributed for operation employees.

Accident Prevention:

- Intensified yard inspections and Safety Visibility;

- Regular monitoring of the container stacking at the container yard;

- Regular roving inspection and monitoring of the Terminal is being conducted daily to ensure that safety is properly implemented and exercised;

- Maintaining proper housekeeping inside the MICT premises; and

- Strict implementation of personal protective equipment for Employees, Port Users, Contractors and Visitors.

ICTSI is committed to provide a safe and healthful place of work accordance with industry standards and in compliance with government requirements. To meet this commitment, ICTSI abides by the following principles:

- Place the highest priority on the health and safety of all employees and port users;
- Provide health and safety training to employees to empower or incident prevention program;
- Encourage employees to perform their jobs properly in accordance with established procedures and work practices;
- Ensure the Company's operation and other activities comply with applicable government regulations.
- Provide full cooperation to clients, statutory authorities and local communities;
- Communicate and consult with employees to be able to continually improve work procedures

and maintain safe practices in the performance of their jobs; and
- Monitor performance and conduct regular audits to ensure health and safety management system is up to date and continually improved.

Through these principles, ICTSI believes that:

- Accident loss can be controlled through good management combined with active employee involvement;
- Safety is the direct responsibility of all managers, supervisors, employees, contractors and port users;
- All employees will be aware of their statutory duty to take reasonable care of the health and safety of themselves and others who may be affected by their actions; and
- Health and safety for the company, in general will be steered towards a higher education.

(c) Revised Manual of Corporate Governance

The Group adopted a Manual on Corporate Governance in January 2003 and submitted to SEC its latest Revised Manual on Corporate Governance ("CG Manual") on July 30, 2014. The Company submitted a Certificate last January 28, 2016 which states that the Company is in full compliance thereof. The Company likewise submitted its 2014 Consolidated Changes in the Annual Corporate Governance Report on January 8, 2016. The Company's Compliance Officer was appointed in February 2014. Last February 9, 2016, concurrent as Chief Financial Officer, Rafael D. Consing, Jr. was appointed as the new Compliance Officer. The Compliance Officer coordinates with the Philippine SEC with respect to compliance requirements, monitor compliance with the revised manual and report any governance-related issues to the Board. The Company commits itself to principles and best practices of governance in the attainment of corporate goals.

(d) Continuing Improvements for Corporate Governance

ICTSI continues to improve its corporate governance, systems and processes to enhance adherence to practices of good corporate governance, which includes annual trainings for its Board of Directors and key officers pursuant to SEC Memorandum Circular 20-2013. These improvements are being updated and documented in its Annual Corporate Governance Report.

Recognition and Awards

2015

December: **Best Corporate Bond in the Philippines**
ICTSI's USD450 million perpetual bonds issued last August 2015 is cited as the Best Corporate Bond in the Philippines by The Asset Triple A Country Awards 2015. The award was received last January 12, 2016 in Hong Kong at the gala dinner organized by The Asset, Asia's leading financial publication for issuers and investors.

Platinum Award
For a second year in a row, ICTSI was again honored by **The Asset Corporate Awards** in the Platinum category as one of the elite companies in Asia that has shown All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations at a gala dinner on December 15, 2015 in Hong Kong.

April: ICTSI is again awarded by **Corporate Governance Asia** as one of the Best Investor Relations Companies in the Philippines, Arthur Tabuena as one of the Best Investor Relations Professionals and Enrique K. Razon, Jr. as one of Asia´s Best CEO.

2014

December: **Platinum Award**
ICTSI was honored by **The Asset Corporate Awards** in the Platinum category as one of the elite companies in Asia that has shown All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations at gala dinner on December 11, 2014 in Hong Kong.

November: **1st runner-up - Most Admired ASEAN Enterprise**
ICTSI led the group of six top Philippine awardees in the regional ASEAN Business and Investment Summit in Myanmar in November 2014.

Port Project Sponsor of the Year Award
A total of 17 project finance deals were cited by the publication, World Finance (a leading financial magazine based in the United Kingdom) with ICTSI receiving the Sponsor of the Year Award. The company was recognized for its "exceptional work in sponsoring a wide variety of deals." It also described ICTSI as choosing to "embrace the pathway to global expansion."

October: **Icon on Corporate Governance Award**
Asian Corporate Director of the Year Award
At the 10th Corporate Governance Asia Annual Recognition Awards in Hongkong on October 24, 2014, ICTSI and its chairman, Mr. Enrique Razon, Jr., were again one of the recipients of the Icon on Corporate Governance Award and Asian Corporate Director of the Year Award, respectively.

September: **Corporate Excellence Award**
At the inaugural of the ASEAN Business Awards - Philippines last September 9, 2014, the ASEAN Business Advisory Council (ABAC) of the Philippines honored ICTSI with the highest business recognition, the Corporate Excellence Award in the Large Enterprise Category. ABAC cited ICTSI "*not only for its outstanding growth performance, but also for its commitment to the welfare for its employees, as well as its impactful corporate social responsibility programs*." ICTSI represented the Philippines the regional ASEAN Business and Investment Summit in Myanmar in November 2014.

2013

March: ICTSI was awarded again as one of the Best Investor Relations Companies in the Philippines by Corporate Governance Asia.

June: ICTSI was awarded as Asia´s Icon on Corporate Governance in the 9th Corporate Governance Asia Awards - The Class of 2013.

2012

March: ICTSI was awarded as one of the Best Investor Relations Companies in the Philippines by

Corporate Governance Asia. Corporate Governance Asia is the region´s most authoritative journal on corporate governance.

June: ICTSI was given the Corporate Governance Asia Recognition Award for its continuing commitment to the development of Corporate Governance in the region.

2011

ICTSI was a recipient of a Silver Award from the Institute of Corporate Directors (ICD), as one of the few publicly- listed companies that met ICD's exacting standards of corporate governance.

Business of Issuer

Overview

ICTSI is an international operator of common user container terminals serving the global container shipping industry whose principal business includes the operation, management, development and acquisition of container terminals focusing on facilities with total annual throughputs ranging from 50,000 to 2,500,000 TEUs. The primary mechanism for the operation of these terminals is long-term concession agreements with local port authorities and governments through ICTSI and its subsidiaries. Currently, the Group is involved in 30 terminal concessions and port development projects in 20 countries worldwide. These are 25 operating terminals in eight key ports and an inland container terminal in the Philippines, two in Indonesia and one each in Brunei, China, the United States of America (U.S.A.), Ecuador, Brazil, Poland, Georgia, Madagascar, Croatia, Pakistan, Mexico, Honduras, Iraq and Argentina; three ongoing port development projects in Colombia, DR Congo and Australia; a sub-concession agreement to develop, manage and operate a port in Nigeria; and a recent acquisition of an existing concession to construct and operate a port in Tuxpan, Mexico. The expected start of commercial operations of the ongoing projects are third quarter of 2016 for Colombia and DR Congo and first quarter of 2017 for Australia. The construction of the terminal in Nigeria is expected to start in 2016 and is scheduled to commence initial operations in middle of 2019. As at March 3, 2016, the construction of the terminal in Argentina was completed and Tecplata has obtained all the required permits and is ready to operate.

In 2013, 2014 and 2015 the Group handled consolidated throughput of 6,309,840 TEUs, 7,438,635 TEUs, and 7,775,993 TEUs respectively.

The Group provides different services in each of the port operated based on the nature of business and industry of the country of operations and the general needs of customers including shipping lines, cargo owners and port users. The Group primarily handles international containerized cargoes, which include cargoes shipped in containers for international import or export. The Group's customer base mainly includes shipping lines and cargo owners. The Group also provides a number of ancillary services such as storage, container stripping and stuffing, inspection, weighing and services for refrigerated containers or reefers, as well as roll-on/roll-off and anchorage services to non-containerized cargoes or general cargoes on a limited basis.

These services fall into three general categories:

On-vessel. This refers to all work performed on board a ship. This includes the loading and unloading of cargoes, rigging gears, opening and closing hatches, securing cargo stored on board and shifting cargo to and from vessels;

Off-vessel. This refers to the services involved in moving containers from container yards to the gate. This includes the receiving, handling, checking and delivery of containers over piers, wharves, transit sheds,

warehouses and open storage areas and the transfer of containers from the tail of a consignee's transportation unit; and

Other Services. At some terminals, maintenance services to ships that are docked in the harbor for which the port operator receives berthing and harbor fees from shipping lines are provided. ICTSI also offers ancillary services relating to its core services, such as container and truck weighing, use of reefer outlets to provide power to refrigerated containers and extended storage.

The fee structure for the Group's services varies across the terminals it operates based upon local regulations and practices. In some terminals, such as MICT, the Company charges shipping lines fees for on-vessel charges and charges cargo owners separately for off-vessel services. The PPA sets different tariffs for on-vessel and off-vessel services. In other jurisdictions, the Group charges only the shipping lines or the cargo owners who have separate arrangements among themselves. ICTSI charges cargo owners on a cash-on-delivery basis. Containers are not allowed to leave the port facility until actual cash payment has been made and confirmed received. Shipping lines may be granted credit lines of up to 30 days.

For the three years ended December 31, 2013, 2014 and 2015, the percentage contribution of foreign operations or operations outside the Republic of the Philippines to revenues from cargo handling services and net income attributable to equity holders of the parent are as follows:

	2013	2014	2015
Gross revenues	59.4%	61.1%	58.8%
Net income attributable to equity holders of the parent*	66.7%	57.3%	14.8%

*Decreased in 2014 because of the depreciation and amortization, interest expense, start-up costs and net non-recurring charges of the new operating terminals (i.e., CMSA, OPC and ICTSI Iraq) and start-up companies (i.e., Tecplata, IDRC, LICTSLE and VICT). Decreased in 2015 mainly because of the impairment charges recognized for Tecplata and JASA and subsidiaries.

Competition

The Group's primary competitors are other international port operators, including financial investors, shipping lines and domestic concerns that operate terminals or that provide alternate routes for shipping lines that would otherwise utilize the Group's terminals.

Asia

Currently, South Harbour is MICT's only competitor in the international marine container service market in Manila. The PPA authorized Asian Terminals, Inc. (ATI) to provide fully integrated cargo handling services at the South Harbour from March 1992 to May 2013. It was granted a 25-year extension from May 2013. The PPA's tariffs are applied uniformly to both MICT and the South Harbour. MICT has an estimated market share of 69% of the container traffic in Manila. Other Philippine terminals either dominate the market share or do not have any direct competitor in their immediate area of operations.

After the Company's acquisition of 51% of YICT and divestment of its holdings in YRDICTL in July 2014, higher yielding international container cargo in the Port of Yantai has been handled exclusively by YICT. Domestic cargo has been handled exclusively by YRDICTL.

The Port of Karachi is one of the South Asia's largest and busiest deep-water seaports, handling about 60% of Pakistan's cargo traffic. The port currently has three terminals: ICTSI's PICT, Karachi International Container Terminal (KICT) operated by Hutchison Port Holdings, and Qasim International Container

Terminal (QICT) operated by Dubai Ports World. The Company believes that PICT captured 28% of the market in 2015, with KICT and QICT handling 36% and 36%, respectively.

Americas

The Group has eight terminals in the Americas: Tecon Suape, SA (TSSA); Contecon Guayaquil, SA (CGSA); Tecplata, SA (Tecplata); Sociedad Puerto Industrial Aguadulce, S.A. (SPIA); Contecon Manzanillo, SA (CMSA); ICTSI Oregon, Inc. (ICTSI Oregon), Operadora Portuaria Centroamericana, SA (OPC) and Terminal Maritima de Tuxpan, S.A de C.V (TMT). TSSA, ICTSI Oregon, CGSA, CMSA and OPC are operating; SPIA is under development; and as at March 3, 2016, the construction of the terminal in Argentina was completed and Tecplata has obtained all the required permits and is ready to operate. As at March 3, 2016, management is currently working on a development plan on TMT.

CGSA operates the port of Guayaquil, which serves as Ecuador's main international trading gateway. The port is connected to the main terrestrial highways of Ecuador and has good access to other principal cities in the country. As CGSA handles substantially the country's container traffic, it faces limited competition, generally, from small private ports. CGSA has an estimated market share of 67% of the traffic at the port.

OPC, on the other hand, dominates the Honduras market and a good portion of the El Salvador, Nicaragua and Guatemala markets. OPC faces limited competition from Puerto Castilla due to the competitor's small capacity. OPC has captured 84% of the container market in 2015.

The Manzanillo market, where CMSA operates, is currently dominated by SSA de Mexico, S.A. de C.V with 67% market share. CMSA's entry in the market is designed to address the congestion at the competing terminals and the competitor's inability to further expand their capacity to absorb the growing demand. CMSA has an estimated 20% market share.

TSSA faces limited local competition operating the Port of Suape as the nearest local ports are at least 800 kilometers away following the cessation of regular container handling activities of the port at Recife in 2004. TSSA has a market share of 100% and 45% of the container traffic at Pernambuco and Northeast region of Brazil, respectively.

Europe, Middle East and Africa (EMEA)

The Group has five operating terminals in the EMEA region: Baltic Container Terminal (BCT); Madagascar International Container Terminal, Ltd. (MICTSL); Batumi International Container Terminal (BICT); Adriatic Gateway Container Terminal (AGCT); and ICTSI Iraq. Compared with other operating terminals in the region, BCT faces stiffer competition. The stiff competition comes from Deepwater Container Terminal (DCT) in Gdansk, which has made efforts in 2011 to strengthen its efficiency by adding new equipment and has a plan to develop second berth in 2016. Currently, BCT's market share is estimated to be at 19% of the container traffic in Poland. As the majority of Poland is landlocked, BCT also faces competition from rail and trucking companies. In contrast, MICTSL is dominating the Madagascar container market and practically has no competition.

Key Competitive Strengths

Despite the presence of competition where ICTSI and subsidiaries operate, the Group has identified the following as its key competitive strengths:

Globally diversified revenue base

ICTSI owns or operates ports in 20 countries across three geographic regions namely: Asia, the Americas, and EMEA. This geographical scoping reduces the concentration of ICTSI's business in any particular country, region or industry. In 2015, Asia accounted for 52.7% of throughput and 53.7% of consolidated gross revenues from port operations, the Americas accounted for 35.2% of throughput and 35.9% of consolidated gross revenues from port operations, and EMEA accounted for 12.1% of throughput and 10.4% of consolidated gross revenues from port operations. Moreover, port facilities in various terminals serve a number of different shipping lines, which reduces reliance on any one particular customer. There is no single dominating customer, and no customer has contributed to more than 10% of the Group's consolidated gross revenues in 2013, 2014 and 2015.

Leading market positions in key targeted markets

The Group's major terminals enjoy leading positions in their respective geographic markets. In addition, most of its major terminals are strategically located in emerging markets with strong growth and profit potentials, including Asia, Africa and Latin America. The Company's terminals mainly serve as end-destination ports for discrete markets and cargo cachement areas. The Company believes that its strong market position in the regions where it operates allows it to enhance operating efficiencies and maximize throughput, which increases profitability. The Company owns or operates the largest container terminals in terms of volume throughput and capacity in the Philippines, Ecuador, the Brazilian state of Pernambuco, Madagascar and Honduras. At these terminals, there are limited opportunities for competition from other port operators, other ports or other terminals within the same ports due to high barriers to entry. Some of these barriers include the limited number of port sites, government controls and high terminal construction costs. This means that there are few substitutes for the Company's services, which allows it to maintain significant pricing power contributing to strong margins. The Company has targeted its acquisitions at port concessions that are privatized from government control. Many of these ports are in emerging markets, which generally exhibit stronger growth than developed markets; thus the Company believes that its leading position in these markets will allow it to directly capture organic growth in line with the economic growth of these markets. Furthermore, all of the Company's concession agreements are long-term agreements that ensure continued benefits from long-term GDP growth trends.

Experienced and dynamic management team

The Group's management team has extensive experience in the container terminal and container shipping sectors. Management structure is decentralized with extensive authority delegated to the regional operating units where management teams are closest to their customers and have the most comprehensive knowledge for the regulatory, labor and other key operating conditions prevailing in their respective jurisdictions. The decentralized structure also allows a lean and flat management team, which reduces administrative costs. Meanwhile, senior management at the corporate level focuses on providing overall strategy, direction and oversight as well as managing key global functions such as information technology, engineering and finance. The Group has strong financial controls over each operating entity through standardized monthly reporting, annual budget process, regular financial and operating audits, control over external sourcing of funds and capital, insurance coverage and risk management.

Established track record of improving operational efficiency and performance

The Group has also made substantial investments in terminal facilities to enhance handling capacity and efficiency, modernizing information technology systems and expanding and rehabilitating civil works. The Group also provides its know-how through enhanced training and improved work processes to streamline labor practices, and rationalize commercial strategies to boost yield per TEU. The Group has received

commendations and recognitions for its success in improving cargo handling and assisting in the development of private sector. The Group has been cited by the World Bank for its success in public-private partnerships in South America, Africa and Europe.

Strong and stable cash flows and strong capital structure

Furthermore, the Group believes that its major terminals provide stable cash flows because of its globally diversified operations and long-term concession agreements, which have a revenue-weighted average remaining term of approximately 17 years. In addition, the Group's terminals focus on end-destination cargo, which accounts for substantially all of the Group's consolidated throughput volume. The Group believes that its focus on end-destination cargo limits concentration risk to individual container shipping lines in that if a shipping line that calls at one of its terminals ceases to operate, the cargo intended for that particular destination will simply transfer to another shipping line that is still calling in that terminal.

Demonstrated ability to control operating costs

Lastly, the Group has continuously demonstrated its ability to control operating costs effectively, which allows the Group to generate profitable margins in both weak and strong economic environments. Cost containment measures are continuously enforced all throughout the Group.

Principal Suppliers

The Group is neither dependent on a single nor a few suppliers, of which the loss of any or more would have a material adverse effect on its operations, nor has existing major supply contracts.

Customers

Consistent with the high degree of concentration in the global shipping industry, major container shipping lines contribute significantly to the Group's business and revenues. However, ICTSI's business, primarily serving domestic markets as oppose to transshipment business, is as such not dependent on a single or a few customers, of which the loss of any or more would have a material adverse effect on the Group's operations taken as a whole (In a the domestic market the departure of a specific shipping line or consortium will not automatically result in loss of volumes to the Gate-way terminal operator since cargo volumes then shift to another shipping line or consortium). Although the Group provides services to many of its customers at two or more of its terminals, each entity negotiates contracts independently at each port and generally does not entertain any bulk rebates. The Group conducts selected marketing and sales activities with its shipping line customers, and concentrates on such commercial activities in jurisdictions in which it is a new entrant to ensure an early ramp-up of volumes as part of the commercial strategy. The Group maintains Terminal Service as well as Service Level Agreements with a number of shipping lines specifying service and performance standards. The Company will continue to maintain high-level relationships with a number of its clients, as it believes that this engagement is necessary to anticipate changes in a dynamic shipping industry and in turn to ensure alignment with ICTSI's service delivery. On the other hand, its business or profitability is not materially dependent on any relationship with any individual customer. As also seen in the previous years, ICTSI's customer base remains very broad. There is no single dominating customer, and no customer has contributed to more than 10% of the Group's consolidated revenues in 2013, 2014 and 2015.

On March 9, 2015, Hanjin Shipping Co. (Hanjin) stopped calling the Port of Portland. This is not the first time that Hanjin bypassed the Port of Portland and eventually came back. Hanjin bypassed the Port of Portland for six weeks in 2012. Hanjin also discontinued vessel service several times in the past before ICTSI took over the terminal operation in 2011. Hapag-Lloyd similarly stopped calling the Port of Portland on March 29, 2015. The total contribution of Hanjin and Hapag-Lloyd to the consolidated revenues is not

material.

Related Parties

Related party transactions are discussed in Part IV, Item 12 of the SEC Form 17-A, and in Note 23, *Related Party Transactions*, to the 2015 Annual Audited Consolidated Financial Statements.

Intellectual Property, Licenses, Contracts and Agreements

The "ICTSI" name and logo are registered trademarks in the Philippines and in the nations where the Company operates. The Company also possesses copyrights for certain of the proprietary software systems, whose remaining useful lives range from one to five years. The Group sees to it that its rights for the use of these software systems are secured at all times to ensure continued use and support from vendors.

Please refer also to Note 25, *Contracts and Agreements*, to the Annual Audited Consolidated Financial Statements for detailed discussion of the Group's contracts and agreements to operate, manage and develop the terminals.

Government Regulations and Licenses

The Group's operations are subject to a variety of laws and regulations promulgated by the national and local government of each jurisdiction in which it operates. Rights and obligations under the concession agreements are discussed in Note 25, *Contracts and Agreements*, to the Annual Audited Consolidated Financial Statements. The Group believes that it is in compliance, in all material aspects, with applicable government regulations in each jurisdiction in which it operates. The Group is not aware of any governmental proceedings or investigations to which it might become a party and which may have a material adverse effect on the Group's properties and operations.

Various governmental and quasi-governmental agencies and regulatory bodies require the holding of certain licenses, concessions and permits with respect to port and port-related operations. For example, the PPA regulates all port operations in the Philippines, except for ports in Misamis Oriental and Subic, which are regulated by PHIVIDEC Industrial Authority and Subic Bay Metropolitan Authority (SBMA), respectively. Services and fees being offered to the port users may be controlled and approved by the respective regulatory agency. Overseas operations are conducted under valid licenses, concessions, permits or certificates granted by the applicable regulatory body in that jurisdiction.

In addition, the fee structure for the Group's services varies across the terminals it operates based on local regulations and practices. In some terminals, the operator charges shipping lines fees for on-vessel services and charges cargo owners separately for off-vessel services. The port authority sets different tariffs for on-vessel and off-vessel services. In other jurisdictions, the operator charges only the shipping lines or the cargo owners who have separate arrangement among themselves. ICTSI charges cargo owners on a cash-on-delivery basis. Containers are not allowed to leave the port facility until actual cash payment has been made and confirmed received. Shipping lines may be granted credit lines up to 30 days. Yet in some jurisdictions, release order of cargoes should come from the port authority.

The Group maintains regular dialogue with local government and regulatory authorities through its management teams or representatives in each jurisdiction, to ensure compliance with the requirements and conditions for obtaining and maintaining the aforementioned licenses, concessions, permits or certificates.

As of December 31, 2015, there are no pending requests for government approval for any of the Group's principal activities, except those arising from new or ongoing bids to operate, manage, or develop ports, which the Group's Business Development Offices undertake.

Development Activities Expenses

Amount spent during the last three years on business development activities pursuing future port acquisitions are as follows (amounts in millions):

	Amounts	% of Revenues
2013	US$9.0	1.06%
2014	9.3	0.88%
2015	9.2	0.88%

Insurance

The Company has established a world-class comprehensive insurance program that maintains insurance policies that cover its physical assets as well as its employees. The Company's main insurance programs are its Global Port All Risk Property Policy, which covers handling equipment and terminal infrastructure from damage and loss due to, among others, natural catastrophe perils such as earthquake, seaquake, flood, named windstorm, tsunami, volcanic eruption and tornado, physical damage, and coverage for strikes, riots, labour disturbances and civil commotion; Terminal Operator's Liability Program, which embodies the standard terms of insurance coverage for port properties and terminal operators' liability for all its operations globally which coverage includes, but is not limited to, liabilities for cargo damage, uncollected cargo, unintended and unexpected pollution and disposal costs, third party property damage and third party liability; and Employee Benefits programs which covers among others the health care needs of its employees in the countries in which it operates and other insurance programs as reasonably needed by its terminals. The Company believes that its insurance coverage is adequate to cover all normal risks associated with the operation of its business and is consistent with industry standards.

Safety, Quality, Maintenance and Compliance with Environmental Laws

The Group provides regular maintenance of its equipment and facilities. It has established formal procedures for the maintenance and inspection of equipment that follow international guidelines or manufacturers' recommendations. Formal corporate policies are issued to address maintenance of critical items such as hoisting mechanisms, twist locks and load path crane components. From time to time, the Group commissions consultants to provide testing of equipment, such as crane structures. Purchase of wire ropes are always accompanied with load test certificates which are requirement that the suppliers must comply. Wire ropes installed on different container handling equipment are tested for defects through visual and mechanical inspection and discarded from usage based on established discard criteria.

The Group also strives to adhere to strict standards of quality and consistency of service in managing the ports. The operations of MICT received an ISO 9001:2008 Quality Management Systems Certification and an ISO 14001:2004 Environmental Management Systems Certification. CGSA has received seven certifications: ISO 9001:2008 for Quality Management Systems; ISO 14001:2004 Environmental Management Systems; OHSAS 18001:2007 for Occupational Health and Safety; ISO 28000:2007 for Supply Chain Security Management Systems, BASC for Safe and Secure International Trade, ISO 14045:2012 Eco-efficiency (Punto Verde), and Management System Occupational Risk Prevention. BCT has received four ISO certifications: an ISO 9001:2008 Quality Management Systems, ISO 14001:2004 Environmental Management Systems, ISO 22000:2005 Food Safety Management and ISO5001:2011 Energy Management Systems. TSSA has received two certifications: ISO 9001:2008 Quality Management Systems and an ISO 14001:2004 Environmental Management Systems. PICT received one certification: ISO 9001:2008 Quality Management Systems. MICTSL has received two certifications: ISO 9001:2008 Quality Management Systems Certification and ISO 14001:2004 Environmental Management Systems. CMSA has received four certifications: ISO 9001:2008 Quality Management Systems Certification, ISO 14001:2004 Environmental Management Systems Certification, OHSAS 18001:2007 for Occupational

Health and Safety and ISO 28000:2007 for Supply Chain Security Management Systems. Recently, ICTSI has launched the formation of Global Health, Safety, Security and Environmental (HSSE) Department, managed from the Corporate Office specifically to monitor and streamline the implementation of the above quality, safety, security and environmental management systems.

All of the Group's terminals are compliant with the regulations set forth under the International Ship and Port Facility Security (ISPS) Code, a comprehensive set of required and voluntary measures implemented under the International Convention for the Safety of Life at Sea to enhance the security of ships and port facilities, developed in response to the perceived threats to ships and port facilities. As part of the Group's efforts to be ISPS Code compliant, it has included weighing and scanning stations at the ports' gates.

Costs incurred by ICTSI and subsidiaries in obtaining these certifications including complying with environmental laws amounted to US$0.3 million in 2013, US$0.6 million in 2014 and US$0.7 million in 2015. The cost, particularly of the Parent Company, had been substantially minimized but still within compliance due to the reduction of testing interval, test parameters and contract enhancement modification, such as, in used oil and solid waste collection.

Employees

The Group has a total of 7,053; 7,967 and 7,962 permanent employees as of December 31, 2013, 2014 and 2015 respectively. The Group generally does not hire contractual employees as the Group believes that it can achieve greater efficiency with a dedicated staff of employees who are familiar with the Group's internal systems. The following table shows the number of employees by activity and location:

	As of December 31		
	2013	2014	2015
Employees by Activity			
Operations	4,515	5,073	5,207
Engineering	919	1,023	1,064
Finance and administration	1,038	1,245	1,059
Corporate offices	167	186	198
Others	414	440	434
Total	7,053	7,967	7,962
Employees by Geographic Region			
Asia	3,589	3,674	3,718
Americas	2,480	3,254	3,105
EMEA	984	1,039	1,139
Total	7,053	7,967	7,962

The Company's labor increased in 2014 due mainly to the start of commercial operations of CMSA and OPC in November and December 2013. The Group does not anticipate any major change or increase in its labor force in the ensuing 12 months from its existing operating terminals. There are no current or known threats from employees to engage in any work stoppage across all terminals.

Majority or a large portion of these employees are union members. As of December 31, 2013, 2014 and 2015, approximately 45.9 percent, 56.4 percent and 56.6 percent respectively, of the labor force are unionized. The Group has collective bargaining agreements (CBA) in many of the ports in which it operates.

Asia

MICT. On April 25, 2014, ICTSI and the Nagkakaisang Manggagawa sa Pantalan ng ICTSI – National Federation of Labor Unions (NMPI-NAFLU), the bargaining unit for MICT workers, renewed its CBA for another five years effective up to April 12, 2019.

A five-year CBA between ICTSI and Anchorage Labor Union-ICTSI-NAFLU (ALU-ICTSI-NAFLU), the bargaining unit for the MICT Anchorage Division, was also signed on February 27, 2014, effective until February 26, 2019.

Both CBAs contain provisions on employee benefits to union members such as: wage increases; rice and meal allowances; paid leaves; medical, dental and hospitalization benefits; life insurance; profit -sharing; retirements; uniforms; welfare, education, access to a calamity fund; and union leave with pay. The CBAs also provide a venue for settling grievances.

On April 29, 2009, MICT was given the Outstanding Achievement on Industrial Peace and Harmony Award by the Employee Conference of the Philippines, which indicates that the relationship between the union and MICT has developed into a partnership.

YICT/YRDICT. The right to unionize is guaranteed for the employees of YICT/YRDICT. All employees are unionized by law. Unionism is not a big issue in China since unions are considered as partners in a stable work force.

PICT. The Democratic Employees Union (PICT-DEU) was formed on April 23, 2014 as the bargaining unit for PICT workers. The first CBA was signed on January 16, 2015, effective for a period of two years.

Americas

CGSA. There is a non-unionized Works Council since October 2008 and a CBA signed initially on July 16, 2009. The CBA was renewed on September 25, 2015 and will be effective for the next two years. Besides the benefits that any worker is entitled by law, CBA secures for the employees some additional benefits: in-out transportation, food service and uniform. There have been no cases of strikes or walkouts since CGSA took over operations in 2007.

TSSA. The employees at TSSA is represented, for administrative and maintenance employees, by the Sindicato dos Auxiliares de Administracao de Aramazens Gerais do Estado de Pernambuco. The CBA is renewed every two years, and was last signed on February 28, 2015. The relationship between the Company and the union proceeds well and there has not been any major labour disturbances, such as strikes, slowdown, boycott or mass absences, in the last ten years. The employees receive benefits such as dental, health and life insurance, emergency loans, leaves and transportation services. The CBA will expire on February 28, 2017. From 2013 onwards, the operations staff has been represented by casual work unions and, since March 2014, specifically for operations in the customs inspections area, there is a CBA between TSSA and ushers union for casual workers and it will expire on March 2016 and is currently under review. TSSA signed ushers union CBA for operations employees which will expire on February 2016. As at report date, TSSA is under negotiations for the renewal of the CBA. There have been no cases of strikes or walkouts.

ICTSI Oregon. The labor union that performs stevedoring and terminal work for ICTSI Oregon is the International Longshore and Warehouse Union (ILWU). ILWU are not employees of ICTSI Oregon. ICTSI Oregon is a member of the Pacific Maritime Association (PMA), a West Coast employers group that negotiates a coastwise CBA on behalf of its members. Individual negotiations by members are not allowed. Non-members may negotiate directly with the union. The current ILWU-PMA contract

expired on June 30, 2014 and currently still subject to negotiation. A tentative agreement was ratified in May 2015 retroactive to July 2014. Under the ratified CBA, slowdowns, work stoppages or other interruptions are handled through the contract arbitration process. Resolution of this coastwise agreement did not necessarily alleviate the ILWU's slowdowns and other actions against ICTSI Oregon as the slowdown still continues as of December 31, 2015.

CMSA. CMSA has a Collective Work Contract (CWC) signed in November 2010 with Union de Estibadores y Jornaleros del Pacifico, which is part of Confederacion Regional Obrero Mexicana (CROM). CROM has not had a strike since it was founded 95 years ago. The CWC is effective until year 2044. There is an annual review of the salaries and every two years there is a salaries and benefits comprehensive review. CMSA is committed to give benefits in addition to those required by the Mexican Labor Law i.e., 5% savings fund, transportation uniforms, scholarships, contributions in the case of death of workers, sports support and life insurance. There is an additional fee of 16% of salary paid to the union to support the administration expenses and retirement fund of the workers.

EMEA

BCT. On March 20, 2008, the labor union at the terminal of BCT in Gdynia, Poland declared a strike because of a deadlock in the 2008 salary negotiations. The strike lasted until April 1, 2008. An agreement on salary regulations was signed between the Strike Committee and BCT Management Board.

Renegotiation on the CBA also began in 2009, but was suspended at the insistence of the union. The union has not approached BCT's management to resume negotiations. The new Remuneration and Work Regulations address the outstanding issues of the CBA and remain in place pending completion of the negotiations.

MICTSL. MICTSL assumed the CBA entered into by the previous port operator. The agreement sets out the obligations of the port operator with respect to matters such as medical care, housing allowances and holidays. A salary grid is produced from time to time under the agreement that sets forth applicable wages. Under the CBA and applicable employment regulations, union representatives may only be dismissed after the employer has successfully petitioned the Labour Inspectorate to do so. The right to strike is protected, provided that at least 48 hours' notice is given to management. In 2009, there was a two-day temporary operational disruption due to political unrest wherein the then President of Madagascar was ousted by the military. The disruption did not produce any adverse effect on MICTSL. In 2010, MICTSL experienced two strikes attributed to the politicization of the concession agreement and privatization of port operations. The CBA was renewed on October 1, 2015.

Risks Relating to the Group's Business

The Group's business is highly dependent on regional and global economic trends.

The volume of containers that the Group handles and the usage of other port-related services are influenced by the performance and growth of regional and international trading economies. The Group's business consists of the management, operation and development of container terminals and the provision of cargo handling and other port-related services within the Philippines as well as an international portfolio of terminals. Such services are required by the Group's shipping line customers for the transportation of containerized goods by sea within the global and regional marketplace. As a result, there is a correlation between the condition of global and regional economies and the volume of container throughput the Group handles. Furthermore, the global markets have experienced, and may continue to experience, economic downturn and political instability in several areas of the world, which may result in increased fuel prices,

lower trade volumes, interruptions of the continuity of operations, decreases in imports and exports or reduced trading partners, which may adversely affect its business and results of operations.

The Group operates in a number of emerging markets that have experienced economic and political instability.

The Group operates mainly in emerging markets, many of which have experienced political and economic instability in the past and may be continuing up to the present. Many of the countries where the Group operates or may operate in the future continue to face significant budget deficits, limited foreign currency reserves, volatile exchange rates, and highly regulated and less sophisticated banking sectors. Furthermore, many of ICTSI's subsidiaries, including the Philippines, have experienced frequent changes in governments, political scandals, terrorist attacks and civil strife. There is no assurance that the future political environment in these countries will become stable or that current or future governments will be able to adopt economic policies that will sustain economic growth.

The Group is dependent on concessions and other key contracts to conduct its business.

The conduct of the Group's business is restricted within the terms of the concession and other key contracts that put a limit to its operational and strategic options. ICTSI and subsidiaries usually only obtain the right, subject to certain conditions, to operate, manage and develop terminals for a set period of time. These contracts contain provisions that allow the relevant port authority to suspend, cancel or terminate the contract on specified grounds, including noncompliance with the terms of the contract and, in certain instances, the occurrence of a "change in control" of ICTSI without the consent of the relevant port authority or if the relevant port authority determines that the public interest may be better served by the cancellation of the contract in accordance with its regulations. Hence, there can be no assurance that further challenges in the Group's operations will not be raised or that its concessions will not be terminated for public policy reason. Also, these concessions and key contracts may limit the ability of the Group to raise tariffs that it charges to customers. The Group's major contracts and agreements are disclosed in Note 25, *Contracts and Agreements,* to the Annual Audited Consolidated Financial Statements.

The Group is limited in its ability to raise the tariffs billable to customers in most terminals.

The aforementioned contracts and agreements may prescribe maximum tariffs that the Group can charge or bill shipping lines and customers and either prohibit any changes in those tariffs without prior approval of the relevant port authority or subject the tariffs to an automatic adjustment mechanism. At certain terminals, tariff increases have recently been implemented in phases and there may be timing differences between the events that caused the Company to petition for an increase and the actual increase in tariff. In countries in which tariffs are not prescribed, such as Poland and Brazil, the Group is still limited in its ability to raise tariffs by market norms, competition and local demand.

The Group faces competition at its domestic and international terminals on factors such as location, facilities, supporting infrastructure, service and price.

Consequently, competition is heightened at domestic and international terminals on factors such as location, facilities, supporting infrastructure, service and price. The Group's competitors may offer lower tariffs than what its own terminal offers in a certain location; or have greater financial resources with which to develop the ports that they operate. One of the strategies that the Group employs is to acquire terminals in emerging markets, then improve operations and grow volume organically. If trading volume increase, competitors may begin to target these same markets. Increased competition from existing and future competitors may result in a reduction in the Group's market share in locations where it operates, a decrease in volume of

containers it handles, or increased price competition which could result in possible declines in the Group's cash flows, operating margins and profitability.

The Group's failure to effectively manage its existing container terminal operations and growth as a result of rapid expansion and development may adversely impact the Group's business.

The Group is rapidly expanding its container terminal operations, in particular, those located overseas. This rapid expansion into new markets diminishes the Group's management resources to effectively manage its existing container terminal operations and more ambitious growth. It has presented, and will continue to present significant challenges for the Group's management, operational and administrative systems and its ability to maintain effective systems of internal controls. The Group may not successfully integrate new acquisitions to meets its efficiency and performance standards, nor keep existing facilities up to those same standards. The Group needs to constantly develop and adjust management and administrative responsibilities to match market conditions and its growth and expansion. The Group's continued development into a global terminal operator requires it to identify new qualified personnel with widespread knowledge of its industry and the countries in which it operates. Failure to identify suitable personnel for these management and administrative positions may adversely affect the Group's ability to manage its growth and continue to pursue its growth strategy and eventually impact its business, results of operations and financial condition.

The Group's results of operations and financial condition may be adversely affected by exchange rate fluctuations.

Because of the geographic diversity of the Group's business, it receives revenue and incurs expenses in a variety of currencies. Its revenues are primarily in U.S. dollars, Philippine pesos, Brazilian real, Mexican Pesos and Euros while its expenses are generally in local currencies. The Group attempts to operationally hedge it's exposure by matching its revenues and expenses whenever possible and, from to time, engages in hedging activities to mitigate residual foreign exchange cash flow exposures. The Company is subject to translation risks whereby changes in exchange rates impact its reported revenues in U.S. dollar terms. Because the Company reports its financial statements in U.S. dollars, increases in the value of the U.S. dollar against the currencies in which it receives revenues in its international operations, such as Philippine pesos, Brazilian real, Mexican Pesos and Euros, could restrict its revenue growth in U.S. dollar terms and vice versa. For example, TSSA's revenues decreased by 12% in Brazilian real terms in 2015 but decreased by 38% in U.S. dollar terms due to the significant and continuing depreciation of the Brazilian real against the U.S. dollar. Continued fluctuations in the value of the U.S. dollar against its other subsidiaries' functional currencies could cause the Company's revenues to decrease in U.S. dollar terms and distort comparisons of its results of operations and financial condition across periods.

The Group's business has high dependence upon key personnel with special skills that are not readily available in the market.

In order for the Group to maintain its operating and performance standards, it highly leverages on the continued service of key personnel. The Group has a relatively small management team which makes it more dependent on senior personnel than some of its larger competitors. With the rapid growth of the container terminal industry, competition for skilled senior employees becomes intense and there are a limited number of qualified candidates. The Group's business and results of operations may be adversely affected if any of the existing key personnel leaves their position and the Group fails to find a similarly competent replacement.

The Group is subject to the risk of system failures.

The Group's business is highly reliant on complex information technology and automated systems to handle its terminal operations for high productivity and efficient handling of containers. Any systems failure may result in delayed or hindered terminal operations. These events may adversely affect the achievement of the Group's planned business growth and results of operations.

The Group's facilities could be exposed to unforeseen catastrophic events over which it has little or no control.

The Group's facilities could be exposed to effects of natural disasters and other potentially catastrophic events, such as major accidents, acts of God, terrorist attacks, armed conflicts and hostilities. To cite, the Philippines is vulnerable to typhoons, earthquakes and other major natural disasters, which could suspend MICT's operations temporarily or damage or destroy key equipment. Since operations at MICT have historically provided the majority of the Group's revenues from port operations, occurrence of a catastrophic event affecting the Philippines could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is subject to regulations that govern operational, environmental and safety standards.

Lastly, the Group's terminal services are conducted under licenses, concessions, permits or certificates granted by applicable regulatory body in the countries in which it operates. Various environmental and safety standards may also be enforced by each jurisdiction in which the Group operates. Failure to comply with relevant laws and regulations may result in financial penalties or administrative or legal proceedings against the Group, including revocation or suspension of the Group's concessions or licenses, which may adversely impact results of operations and financial condition.

Henceforth, the Group has established an Enterprise Risk Management function to assess these risks and ensure that any of these risks will not adversely impact the Group's business as a whole. These business risks, however, might result to financial statement risks for which the Group identifies and includes as part of its financial risk management objectives and policies. These risk factors are further discussed in Part III, Item 6 of this report and in Note 28, *Financial Risk Management Objectives and Policies*, to the Annual Audited Consolidated Financial Statements.

Principal Facilities

Asia

Philippines - MICT. MICT provides a full range of container cargo handling services to shipping lines transporting international containerized cargo to and from the Port of Manila with an estimated handling capacity of 2,500,000 TEUs per year. MICT occupies a total land area of 105 hectares, of which 94 hectares have been developed, and includes six berths. MICT also has a 1,750-meter long wharf which can accommodate six to seven ships, depending on the ships' sizes. In 2012, ICTSI completed the development of Berth 6, which was a condition for the extension of the MICT Contract and to accommodate increasing volume. Adjacent to the MICT wharf is a container yard, with a total stacking capacity of 47,000 TEUs, 1,500 TEUs of which are refrigeration-ready with reefer plugs. MICT also has three one hectare container freight stations (warehouses): two for imports; and one for exports. The facility also has a truck holding area, with 400 truck parking bays. MICT has three gates: two with six lanes; and one with seven lanes.

In August 2004, MICT completed the construction of a hazardous cargo control area mainly to reinforce compliance with the United Nations International Maritime Organization's ISPS Code. The hazardous cargo control area is located at the west side of the MICT to prevent the unnecessary movement of

dangerous cargo from the terminal to areas outside of the port zone. It can accommodate 500 full load containers stacked four rows at two tiers per block. There are also closed and open storage warehouses to facilitate dangerous cargo. The hazardous cargo control area is fully equipped with safety and emergency response system.

The terminal is fully equipped with security features recommended by the United States Homeland Security Agency, including gamma ray scanning devices and a closed-circuit television surveillance system.

On May 14, 2008, the Board of Investments of the Philippines approved ICTSI's registration of the construction of Berth 6 of the MICT with Pioneer status under the Omnibus Investments Code of 1987, which entitles Berth 6 to an income tax holiday for a six-year period from November 2011, among others. Berth 6 was completed and inaugurated in July 2012, and increased the terminal capacity to 2,500,000 TEUs per year. The new berth features additional 14 hectares of container space, two additional quay cranes for offloading ships and ten RTGs. A third quay crane was delivered in 2013. On July 2, 2015, the Board of Investments (BOI) approved the registration of ICTSI's construction of Berth 7 of the MICT as "New Operator of Port Infrastructure (Berth 6)" on a Non-Pioneer status under the Omnibus Investment Code of 1987. Berth 7 is entitled to an income tax holiday of three years starting from July 2017 or actual date of commercial operations, whichever is earlier.

As of December 31, 2015, ICTSI has a total of 13 quay cranes complemented by seven reach stackers 49 rubber-tired gantries (RTGs), and a huge fleet of transportation equipment.

Philippines - New Container Terminal 1. Subic Bay International Terminal Corporation (SBITC) originally developed, managed and operated the NSD Waterfront Area in Subic, Philippines. However, in April 2008, the NSD Waterfront Area was replaced by the New Container Terminal (NCT-1). NCT-1 is a 14-hectare terminal with a 280-meter berth and controlling depth of 13 meters, making it possible to handle post-Panamax vessels. The estimated handling capacity of NCT-1 is 300,000 TEUs per year. As of December 31, 2015, SBITC has two post-Panamax cranes, four reach stackers, two empty container handlers, three forklifts, 22 prime movers and 30 chassis.

Philippines - New Container Terminal 2. On July 27, 2011, SBMA and ICTSI signed the contract for the operation and management of NCT-2 for a period of 25 years. ICTSI subsequently assigned said contract to ICTSI Subic, Inc. and SBMA approved the assignment through a resolution dated August 19, 2011. NCT-2 is a 14-hectare terminal, which includes a 280-meter berth with 13 meters depth. ICTSI Subic, Inc has two post-Panamax quay cranes and two reach stackers. The new terminal has an annual throughput capacity of 300,000 TEUs.

Philippines - Bauan Terminal. Bauan International Ports, Inc. (BIPI) owns a 20-hectare facility, of which four hectares remain undeveloped, situated along the protected waters of Batangas Bay in Bauan, Batangas. The facility is a multi-purpose, multi-user terminal with a 240-meter berth with two berthing positions. The facility also contains a storage area and a car terminal facility, and is supported with various heavy lift cranes and two ten-ton forklifts. The car terminal facility can handle 182,200 completely built units per year.

Philippines - Mindanao Container Terminal (MCT). Mindanao International Container Terminal Services, Inc. or MICTSI operates the MCT located at Phividec Industrial Estate, Misamis Oriental. MICTSI has a 24-hectare terminal area for infrastructures, equipment and support facilities and handles containerized and non-containerized cargo. The terminal also has a 300-meter berth with a controlling depth of 13 meters that can service two vessels at once. The terminal is also supported by an 11-hectare yard area inclusive of container yard road networks, with a storage capacity of 6,816 TEUs. The terminal is also equipped with 262 reefer plugs at 440 volts. The estimated handling capacity of MCT is 250,000 TEUs per year. As of

December 31, 2015, MICTSI has a reach stacker, two quay cranes, two empty container handlers and four RTGs.

Philippines - Sasa Wharf. DIPSSCOR is a cargo handler at the Sasa International Port in Davao City, Philippines and the facilities are not for the exclusive use of DIPSSCOR. The terminal covers an area of 16.75 hectares with 10 berthing positions of 10.6 meters in depth and occupying a total length of 1,093 meters. The total throughput capacity of the terminal is 500,000 TEUs per year. As of December 31, 2015, DIPSSCOR has three RTGs, six reach stackers, an empty container handler and 12 forklifts.

Philippines - Makar Wharf. SCIPSI is a stevedoring and cargo handling service provider at the Makar Wharf, Port of General Santos, General Santos City, Southern Mindanao. The Makar Wharf is a general purpose wharf handling domestic and international containerized, general and roll-on/roll-off cargo as well as domestic passenger traffic. The terminal surface area is 14 hectares that includes nine berths at 850 meters in length with 8-12 meters depth. The terminal is also equipped with 204 reefer plugs and has a total capacity of 250,000 TEUs per year. As of December 31, 2015, SCIPSI has three reach stackers, ten chassis, ten prime movers and 16 operating forklifts.

Philippines - Hijo Port. In 2012, ICTSI, through its wholly owned subsidiary, Abbotsford, together with Hijo Resources Corp., a diversified group involved in leisure and tourism, agribusiness, property development and port operations, invested in HIPS for the construction, development and operation of Hijo Port. Hijo Port is a private commercial port owned by HIPS located in Barangay Madaum, Tagum, Davao del Norte in the Gulf of Davao. The existing port sits within a reclaimed land of about 10.3 hectares. It has two berths at 120 meters and 150 meters long, and various terminal support facilities. HIPS currently has a container handling capacity of about 250,000 to 300,000 TEUs per annum but will ultimately be developed and upgraded to handle approximately 2.0 million TEUs per annum of containerized cargo, especially banana in refrigerated containers. Such upgrade will be implemented in phases. HIPS is currently handling break bulk cargo. As of December 31, 2015, HIPS has two mobile harbor cranes and an empty container handler.

Philippines – Calamba, Laguna. LGICT inland container terminal covers 42 parcel of land located in Calamba City, Laguna, with an aggregate of 248,688 sq.m. As of December 31, 2015, LGICT has two RTGs and three side lifters.

China - Port of Yantai. YICT's terminal covers an area of 76.6 hectares with four berthing positions of 14 to 17 meters in depth and occupying a total length of 1,300 meters. The estimated handling capacity of YICT is 1,300,000 TEUs per year. As of December 31, 2015, YICT has seven quay cranes, which handle loading and unloading of cargoes with the support from one empty container handler, three RTGs, four reach stackers, 17 forklifts, 17 prime movers, 20 RMGs, 32 chassis, and a large fleet of transportation vehicles.

Indonesia - Makassar Container Terminal. Makassar Terminal Services (MTS) supplies and operates equipment for PT Pelabuhan Indonesia IV (Pelindo IV), the Indonesian government agency which operates the Port of Makassar. MTS covers an area of 12.4 hectares with 850-meter berth length and seven berthing positions with 12 meters of depth. The total port terminal capacity is 650,000 TEUs with the estimated handling capacity of MTS at 250,000 TEUs per year. As of December 31, 2015, MTS has two quay cranes, three RTGs, 10 prime movers and 10 chassis.

Brunei - Muara Container Terminal. ICTSI established New Muara Container Terminal Services Sdn Bhd (NMCTS) to manage the concession contract awarded by the Government of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam in May 2009. The contract is for the operation and maintenance of the Muara Container Terminal in Brunei Darussalam. The contract is for four years, and may be extended for a maximum of two years. In 2015, NMCTS got another extension for one year or until May 20, 2016

as an interim operator pending the result of the tender process, which NMCTS participated in. The said one year contract can be pre-terminated by the Brunei Government with a 30-day notice to NMCTS. The NMCTS' facilities include a 250-meter quay and occupy a total land area of five hectares, and have a capacity of 250,000 TEUs. As of December 31, 2015, NMCTS has two quay cranes, seven reach stackers, five empty container handlers, one forklift, 16 prime movers and 18 chassis.

Indonesia - Port of Tanjung Priok. In July 2012, ICTSI acquired 100% of the equity interest of OJA through its indirect majority owned subsidiary, JASA. OJA is an Indonesian limited liability company engaged in the loading and unloading of general goods and containers at the Port of Tanjung Priok, Jakarta, Indonesia. OJA has existing cooperation agreements with PT. Pelabuhan Indonesia II (Pelindo) under a profit sharing scheme. The scheme covers the terminal operations for fields 300, 301, 302 and 303, which are operated by Pelindo and located in Terminal III Operation of Tanjung Priok Port. These cooperation agreements have terms of two years that can be extended by the parties. On June 5, 2013, OJA signed a 15-year Cooperation Agreement with Pelindo, Tanjung Priok Branch for international container stevedoring services under a profit sharing scheme. The terminal has a capacity of 400,000 TEUs per year, berth length of 600 meters and 5.86 hectares container yard. As of December 31, 2015, the terminal has seven quay cranes, two RTGs, five rail mounted gantries, seven reach stackers, and thirty fleet of transportation equipment supporting its operations.

Pakistan - Karachi Port. In October 2012, ICTSI, through its wholly owned subsidiary ICTSI Mauritius, completed the acquisition of a majority shareholding in PICT. PICT has a contract with Karachi Port Trust for the exclusive construction, development, operations and management of a common user container terminal at Karachi Port for a period of 21 years commencing on June 18, 2002. The terminal has a capacity of 750,000 TEUs per year and a berth length of 600 meters with a depth of 13.5 meters. As of December 31, 2015, PICT has six quay cranes supplemented by three empty container handlers, 11 reach stackers, 16 forklifts, 20 RTGs, 45 prime movers, 57 chassis and a large fleet of transportation equipment handling the existing operations at Karachi Port.

Americas

Ecuador - Guayaquil Container and Multipurpose Terminal. CGSA is the exclusive operator of a container terminal in the Port of Guayaquil, Ecuador. The total land area of the terminal is 148 hectares, of which 115.4 hectares is developed. The total berth length is 1,717.5 meters with 10 berthing positions including tugboat berth with 10.5 meters of depth. The estimated handling capacity of CGSA is 1,400,000 TEUs per year with 3,700 reefer plugs to accommodate increasing demand for the containerization of bananas.

In 2008, CGSA completed upgrades to its inventory and maintenance processes and IT services. CGSA had also made physical improvements of the terminal including container and multipurpose yard improvements, construction of a new berth as a reinforcement of an existing one, construction of an electric substation, and acquisitions of cranes and RTGs. New reefer stations and plugs were also added to accommodate the shift from bananas as break bulk cargo to containers. As of December 31, 2015, CGSA has five quay cranes and three mobile harbor cranes that are supported by 23 RTGs, 10 reach stackers and a huge fleet of transportation equipment that handle movement of containerized cargoes at the terminal.

Brazil - Suape Container Terminal. TSSA is the exclusive operator of the container terminal in the port in Suape, Brazil until it handles approximately 700,000 TEUs for three consecutive years. The terminal covers a developed area of 41.1 hectares and undeveloped area of 4.5 hectares. TSSA has a 660-meter long two-berth wharf, a 24-hectare container yard, 576 reefer plugs, and a 3,400-square meter CFS and a truck weighing scale. The estimated handling capacity of TSSA is 700,000 TEUs per year.

TSSA has completed the build-out of the infrastructure of the Suape Container Terminal, including the acquisition of equipment and the development of civil works, such as yard expansions. As of December 31,

2015, TSSA has six quay cranes, six reach stackers, six empty container handlers, 13 forklifts,14 RTGs, 38 prime movers, 48 chassis and numerous transportation equipment that complement the servicing of all movements of containerized cargoes inside the terminal.

Colombia - Port of Buenaventura. SPIA owns 225 hectares of land in the Aguadulce Peninsula in Buenaventura. SPIA was granted a 30-year concession by the Colombian National Institute of Concessions to develop, construct and operate a container handling facility in Aguadulce. The Aguadulce Peninsula is across the channel from the existing Port of Buenaventura. Buenaventura is located on the west coast of Colombia. It is the biggest port in the country and the only Colombian port on the Pacific coast. Construction activities are ongoing and major port equipment have been delivered on-site. SPIA is expected to start commercial operations in the second quarter of 2016. As of December 31, 2015, SPIA has four quay cranes and 10 RTGs.

Argentina - Porta de la Plata. In October 2008, Tecplata was granted a 30-year concession to build and operate an all-purpose port terminal in the Port of La Plata, Argentina, by the *Consorcio de Gestion del Puerto La Plata*, which would expire in 2038. The port development project covers 41.2 hectares, 29.6 hectares of which is from the concession agreement and 11.6 hectares is from *Compania Fluvial del Sud S.A.* via a Usufruct Agreement for a term of 20 years renewable at Tecplata's option for another 20 years. The development of the terminal will be done in three phases with an estimated total handling capacity of 1,000,000 TEUs. In September 2010, Tecplata signed a civil works agreement with Dycasa, S.A. and began Phase 1 of the construction of the terminal facility in October 2010. Phase 1 has an estimated handling capacity of 450,000 TEUs with 600-meter berth having four berthing positions and controlling depth of 36 feet. As at March 3, 2016, the construction of the terminal in Argentina was completed and Tecplata has obtained all the required permits and is ready to operate. As of December 31, 2015, Tecplata has four quay cranes, two reach stackers, three empty container handlers, seven forklifts, 18 prime movers, 20 chassis and 9 RTGs,.

Mexico - Port of Manzanillo. In June 2010, ICTSI signed a 34-year concession for the development and operation of the Second Specialized Container Terminal (TEC-II) at the Port of Manzanillo in Mexico. ICTSI established CMSA to operate the Port of Manzanillo. The port development project covers about 77 hectares with 1,080 meters of seafront. The development of the container terminal will be done in three phases. Construction of Phase 1A development, which started in November 2011, was completed and CMSA formally commenced commercial operations in November 2013. The handling capacity of CMSA is 650,000 TEUs in 2015 with 360 reefer plugs. The total berth length of the first phase is 720 meters with two berthing positions with 16 meters of depth. As of December 31, 2015, CMSA has four quay cranes supported by five reach stackers, five empty container handlers, 10 RTGs, 21 forklifts, 30 prime movers, 31 chassis and a huge fleet of transportation equipment.

United States of America - Port of Portland. In May 2010, ICTSI Oregon, a subsidiary of ICTSI, signed a 25-year lease with the Port of Portland in Oregon, U.S.A. for the operation of the container/ break bulk facility at Terminal 6. ICTSI established ICTSI Oregon to operate the Port of Portland. In February 2011, ICTSI Oregon took over the terminal operations. The terminal includes a 78-hectare container/break bulk facility at Terminal 6 with 869-meter berth having three berthing positions and controlling depth of 13.1 meters. The facility also includes a 78-hectare container yard and 0.5-hectare hazardous cargo control area. As of December 31, 2015, ICTSI Oregon has 10 forklifts, 23 reach stackers and 54 chassis. The estimated handling capacity of ICTSI Oregon is 700,000 TEUs per year.

Honduras - Puerto Cortés. On February 1, 2013, ICTSI won and was awarded the Contract for the Design, Financing, Construction, Maintenance, Operation and Exploitation of the Specialized Container and General Cargo Terminal of Puerto Cortés in the Republic of Honduras for a period of 29 years through a public hearing held in Tegucigalpa, Honduras. The Container and General Cargo Terminal of Puerto Cortés

cover a developed area of 36.28 hectares and undeveloped area of 10.5 hectares. The terminal currently has 800-meter pier having three berthing positions and depth of 12.5 meters and has a capacity of 600,000 TEUs. OPC started its commercial operations in December 2013. As of December 31, 2015, OPC has one quay crane, four mobile harbor cranes and a huge fleet of transportation equipment.

EMEA

Poland - Gdynia Container Terminal. BCT has the exclusive lease contract to operate the Gdynia Container Terminal in Gdynia, Poland. The terminal covers an area of 57 hectares and its facilities include an 790-meter long wharf with five berths (four of which are for container loading and unloading operations and one of which is equipped with a hydraulic ramp for roll-on roll-off operations), a container stacking yard, a cargo handling zone, a warehouse and a rail facility with three rail tracks. The estimated handling capacity of BCT is 1,200,000 TEUs per year. As of December 31, 2015, BCT has two mobile harbor cranes, two rail-mounted gantries, three reach stackers, eight quay cranes, 20 RTGs, 23 forklifts, 33 chassis, 37 prime movers and a large fleet of transportation equipment that handle loading and unloading of containerized cargo at the terminal.

Madagascar - Port of Toamasina. MICTSL manages, operates and develops the Port of Toamasina, Madagascar. The terminal covers an area of 19 hectares and its facilities include two berths with a combined length of 307 meters and a depth between 10 and 12 meters. The estimated handling capacity of MICTSL is 400,000 TEUs per year. As of December 31, 2015, MICTSL has one empty container handler, three mobile harbor cranes, four forklifts, four reach stackers, six RTGs, 19 prime movers and 21 chassis.

Georgia - Port of Batumi. BICT operates a container terminal and a ferry and dry bulk handling facility in the Port of Batumi, in Georgia. BICT covers an area of 13.6 hectares, 10.0 hectares of which is still undeveloped. BICT has two berths with combined length of 465 meters and depth between 8 and 11.5 meters. The estimated handling capacity of BICT is 150,000 TEUs per year. As of December 31, 2015, BICT has two empty container handlers, two mobile harbor cranes, four reach stackers, eight prime movers and nine forklifts.

Croatia - Brajdica Container Terminal. In March 2011, ICTSI, through its wholly owned subsidiary, ICBV, entered into a Share Purchase Agreement with Luka Rijeka D.D., a Croatian company to acquire a 51% interest in AGCT. AGCT operates the Brajdica Container Terminal in Rijeka, Croatia with a concession period of 30 years until 2041. The port includes a 17 hectare yard, with a combined 790-meter quay and depth of 10.5 to 14.2 meters. The current capacity is 600,000 TEUs per year with 252 reefer plugs. As of December 31, 2015, AGCT has four quay cranes, six RTGs, two rail-mounted gantries, five reach stackers, an empty container handler, four forklifts, nine prime movers and 17 chassis to support its operations.

Iraq – Port of Umm Qasr. On April 8, 2014, ICTSI, through its wholly owned subsidiary ICTSI Dubai, and General Company for Ports of Iraq (GCPI) signed the Contract for the Construction and Operation of Three New Quays and Management and Operation of Quay No. 20 ("Contract") in the Port of Umm Qasr ("Port") in Iraq. The Contract grants ICTSI the rights to: (a) manage and operate the existing container facility at Berth 20 of the Port for a period of 10 years, (b) build, under a build-operate-transfer (BOT) scheme, a new container and general cargo terminal in the Port for a concession period of 26 years, and (c) provide container and general cargo terminal services in both components. ICTSI commenced trial operations at Berth 20 in September 2014 and full-fledged commercial operations in November 2014. The Port covers an area of 78.2 hectares, 49.6 hectares of which is still undeveloped. The Port has one berth with length of 200 meters and depth of 12.5 meters. The estimated current handling capacity of the Port is 250,000 TEUs per year. As of December 31, 2015, the terminal has one mobile harbor crane, one empty container handler, two quay cranes, nine forklifts, 12 reach stackers, 18 chassis and 22 prime movers. Phase 1 of the expansion project under the BOT scheme will have 250 meters of berth with an estimated capacity of 300,000 TEUs.

When fully developed, the facility will have 600 meters of quay with an estimated capacity of 900,000 TEUs. Phase 1 is expected to be completed by third quarter of 2016.

Congo - River Port in Matadi, Democratic Republic of Congo. On January 23, 2014, ICTSI, through its subsidiary, ICTSI Cooperatief, forged a business partnership with SIMOBILE for the establishment and formation of a joint venture company, ICTSI DR Congo. ICTSI DR Congo will build a new terminal along the river bank of the Congo River in Matado and manage, develop and operate the same as a container terminal, as well as provide exclusive container handling services and general cargo services therein. SIMOBILE is a concessionaire of a parcel of land along the Congo river in the district of of Mbengu, Township of Matadi in the Democratic Republic of Congo, intended for port use. The facility to be constructed in Phase 1 will consist of two berths that will be able to handle 175,000 TEUs and 350,000 metric tons. The capacity and berth length can, subject to demand, be doubled in Phase 2. The construction of the terminal commenced in January 2015 and is expected to start its initial operations in the third quarter of 2016.

Nigeria - Deep Water Port in the Lagos Free Trade Zone (LFTZ). On August 10, 2012, ICTSI and Lekki Port LFTZ Enterprise signed a sub-concession agreement, which grants ICTSI the exclusive right to develop and operate, and to provide certain handling equipment and container terminal services for a period of 21 years from the start of commercial operations. The container terminal will have a quay length of 1,200 meters, an initial draft of 14 meters with the potential for further dredging to 16.5 meters, and maximum capacity of 2,500,000 TEUs. With these features, shipping lines will be able to call with the new regional standard large vessels. The container terminal construction is expected to start in 2016, subject to fulfillment of certain conditions, and is scheduled to commence operations in the middle of 2019.

Other Properties Owned by ICTSI and Subsidiaries

Location	Descriptions/Owner	Encumbrance
Cabuyao, Laguna, Philippines	20-hectare property that was original site of the inland container depot project/ICTSI Warehousing, Inc. (IWI)[1]	None
Calamba, Laguna, Philippines	25-hectare property which is the site of LGICT's one-stop inland container terminal/ICTSI	None
Bauan, Batangas, Philippines	20-hectare (approximately) property in Batangas acquired from AG&P in December 1997/BIPI[2]	None

[1] *100% owned by ICTSI*
[2] *60% owned by IWI*

Market for Issuer's Common Equity and Related Stockholder Matters

Market Information

Principal Market where Company's common equity is traded**:** Philippine Stock Exchange

Principal Market for the Company's common equity: Philippine Stock Exchange

As of the latest practicable trading date on February 29, 2016, the share prices of ICTSI were:

	Price/Common Share*	
	In US Dollar	*In Philippine Peso*
Opening :	US$1.31	62.45
High :	1.35	64.15
Low :	1.27	60.50
Closing :	1.30	62.00

* *Amounts expressed in Philippine peso have been translated to USD using the closing exchange rate quoted from the Philippine Dealing System as at the end of February 29, 2016.*

The high and low share prices for each quarter within the last two years are:

Calendar Period	**Price/Common Share***			
	High		**Low**	
	In US Dollar	*In Philippine Peso*	*In US Dollar*	*In Philippine Peso*
2014				
Quarter 1	**US$2.422**	**₱108.00**	**US$2.120**	**₱95.00**
Quarter 2	**2.580**	**112.60**	**2.408**	**105.10**
Quarter 3	**2.630**	**118.00**	**2.409**	**108.10**
Quarter 4	**2.616**	**117.00**	**2.449**	**109.50**
2015				
Quarter 1	**US$2.635**	**₱117.80**	**US$2.416**	**₱108.00**
Quarter 2	**2.528**	**114.00**	**2.351**	**106.00**
Quarter 3	**2.418**	**113.00**	**1.606**	**75.05**
Quarter 4	**1.849**	**87.00**	**1.423**	**66.95**

**Amounts expressed in Philippine peso have been translated to USD using the closing exchange rates quoted from the Philippine Dealing System as at the end of each quarter in 2014 and 2015.*

Holders

The number of stockholders of record as of the latest practicable date on January 31, 2016 was 1,453. Common shares issued and outstanding as of the same date were 2,045,177,671 shares (including 11,925,155 treasury shares). While Preferred A and B shares outstanding as of the same date were 3,800,000 shares and 700,000,000 shares, respectively.

As of January 31, 2016, the public ownership level of the Company is at 50.96% based only on common shares. The public ownership level of the Company is at 37.91% if both common and Preferred B voting shares are considered.

The following are the Company's top 20 registered common stockholders as of January 31, 2016:

Name		No. of Shares Held	% of Total*
1.	PCD Nominee Corporation (Non-Filipino)	913,996,474	33.39%
2.	PCD Nominee Corporation (Filipino)	596,695,049	21.80%
3.	Bravo International Port Holdings, Inc.	279,675,000	10.22%
4.	Sureste Realty Corporation	90,895,511	3.32%
5.	Achillion Holdings, Inc.	80,000,000	2.92%
6.	A. Soriano Corporation	22,064,102	0.81%
7.	Enrique Razon	18,143,687	0.66%
8.	Enrique K. Razon, Jr., as voting trustee	15,936,201	0.58%
9.	Razon Industries, Inc.	6,058,133	0.22%
10.	Stephen Paradies	4,087,473	0.15%
11.	Henrietta R. Santos	2,827,592	0.10%
12.	Felicia S. Razon	868,725	0.03%
13.	Cosme Maria de Aboitiz	527,343	0.02%
14.	Antonio S. Tanjangco	283,582	0.01%
15.	Ma. Consuelo R. Medrano &/or Victorino S. Medrano, Jr.	250,000	0.01%
16.	Jose Sy Ching	220,000	0.01%
17.	Ong Tiong	213,360	0.01%
18.	Silverio J. Tan	200,000	0.01%
19.	Quintin Espinueva Jr.	200,000	0.01%
20.	Ma. Socorro S. Gatmaitan	196,000	0.01%

As of January 31, 2016, 700,000,000 Preferred B shares (25.57%)* are held by Achillion Holdings, Inc. and 3,800,000 Preferred A shares (0.14%)* are held by International Container Terminal Holdings, Inc.

*Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shares of 2,737,052,516 (which excludes treasury shares) as of January 31, 2016.

Dividends and Dividend Policy

Since 2013 to 2015, ICTSI was able to declare dividends from PhP 0.75 - PhP 0.90, which is based on the Company's unrestricted retained earnings. Dividends are payable to all common stockholders, on the basis of outstanding shares held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to stockholders whose names are recorded in the stock and transfer book as of the record date fixed by the Board. Preferred A shareholders are entitled to dividends at rates fixed by the Board. On the other hand, Preferred B shareholders shall earn no dividends.

The details of ICTSI's declaration of cash dividends are as follows:

	2014	**2015**
Date of BOD approval	April 10, 2014	**April 16, 2015**
Amount of cash dividends per share	US$0.019 (₱0.85)	**US$0.020 (₱0.90)**
Record date	April 28, 2014	**May 4, 2015**
Payment date	May 9, 2014	**May 15, 2015**

Recent Sale of Unregistered Securities

On May 15, 2013, ICTSI issued 53,110,811 new common shares to Mr. Enrique K. Razon, Jr. for a subscription price of Php91.00 per share. This is an exempt transaction under SRC Rule 10.1(e) (The sale of capital stock of a corporation to its own stockholders exclusively, where no commission or other remuneration is paid or given directly or indirectly in connection with the sale of such capital stock.)

Description of Registrant's Securities

ICTSI's capital stock comprised of common and preferred shares. Common shares are listed and traded in the Philippine Stock Exchange. Preferred shares comprising of preferred A and B shares are not traded. Details and movement in the shares of stock of ICTSI are disclosed in Note 15, *Equity*, to the 2015 Audited Annual Consolidated Financial Statements.

The stockholders of ICTSI, in a special stockholders meeting held on August 11, 2010, approved the creation of a class of voting low par value preferred shares. The stockholders representing at least 2/3 of the outstanding capital stock of ICTSI approved the amendment of the articles of incorporation of ICTSI to reclassify the existing 1,000,000,000 authorized Preferred Shares with a par value of US$0.048 (₱1.00) per share into: (a) 993,000,000 Preferred A Shares with a par value of US$0.048 (₱1.00) per share, inclusive of the outstanding Preferred Shares, and (b) 7,000,000 Preferred shares which were further reclassified into 700,000,000 Preferred B Shares with a par value of US$0.0002 (₱0.01). The creation of a class of low par value voting preferred shares was authorized by the Board on June 18, 2010.

The Preferred A shares, which were subscribed to by International Container Terminal Holdings, Inc., are non-voting, entitled to dividend at rates to be fixed by the Board, non-cumulative, convertible to common shares under such terms to be provided by the Board, redeemable at such price and terms determined by the Board and have preference over common shares in the distribution of the assets of the Parent Company (see Note 15.3 to the 2015 Audited Annual Consolidated Financial Statements). As of December 31, 2015, the Board has not fixed the dividend rate and terms of conversion of Preferred A shares.

The Preferred B shares issued to Achillion Holdings, Inc. (Achillion) have the following features: voting, issued only to Philippine nationals, not convertible into common shares, earn no dividend, redeemable at the option of the Board, and shall be redeemed if the nationality restrictions applicable on ICTSI is lifted by legislation or constitutional amendment. ICTSI shall have the right to designate a qualified Philippine national to acquire the Preferred B shares if Achillion wishes to transfer said shares.

International Container Terminal Services, Inc.

EXCELLENCE UNCONTAINED

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of International Container Terminal Services, Inc. (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements as of and for the years ended December 31, 2013, 2014 and 2015, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders, have examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders have expressed their opinion on the fairness of presentation upon completion of such examination.

Enrique K. Razon, Jr.	**Rafael D. Consing, Jr.**	**Jose Joel M. Sebastian**
Chairman and President	Senior Vice-President and Chief Financial Officer	Senior Vice-President, Finance

Signed this 3rd day of March 2016.

SUBSCRIBED AND SWORN to before me this 3rd day of March 2016 affiants personally appeared before me, exhibiting to me their respective government issued identification cards with photographs as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Enrique K. Razon, Jr.	EC5918738	09 November 2015	Manila
Rafael D. Consing, Jr.	EC3339689	02 February 2015	Manila
Jose Joel M. Sebastian	EB7564209	06 March 2013	Manila

Doc. No. 498
Page No. 99
Book No. I
Series of 2016.

ATTY. RAFAEL T. DURIAN
Notary Public until December 31, 2016
Roll No. 13080
IBP No. 957866, Manila I, November 12, 2014
PTR No. 4938277, Manila, December 22, 2014
MCLE Compliance No. IV-0018011 April 26, 2013
Office Address: ACCLAW Bldg., 451-461 Cabildo St. Intramuros, Manila

ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road, Port of Manila
Manila 1012, Philippines
Telephone: 63 2 / 245 4101
Facsimile: 63 2 / 245 2245
Email: info@ictsi.com
URL: www.ictsi.com

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
International Container Terminal Services, Inc.
ICTSI Administration Building
MICT South Access Road, Manila

We have audited the accompanying consolidated financial statements of International Container Terminal Services, Inc. and Subsidiaries, which comprise the consolidated balance sheets as at December 31, 2013, 2014 and 2015, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the three years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

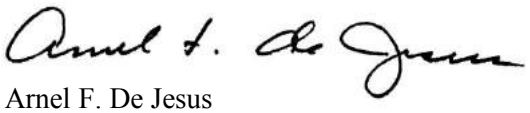
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of International Container Terminal Services, Inc. and Subsidiaries as at December 31, 2013, 2014 and 2015, and their financial performance and their cash flows for the three years then ended in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.



Arnel F. De Jesus
Partner
CPA Certificate No. 43285
SEC Accreditation No. 0075-AR-3 (Group A),
February 14, 2013, valid until April 30, 2016
Tax Identification No. 152-884-385
BIR Accreditation No. 08-001998-15-2015,
June 26, 2015, valid until June 25, 2018
PTR No. 5321627, January 4, 2016, Makati City

March 3, 2016

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2013	December 31, 2014	**December 31, 2015**
ASSETS			
Noncurrent Assets			
Intangibles (Notes 1, 4, 6, 16, 21 and 25)	US$1,702,104,416	US$1,770,539,612	**US$1,715,582,534**
Property and equipment (Notes 1, 4, 7, 16, 21 and 25)	708,148,227	934,435,672	**1,148,856,114**
Investment properties (Notes 1, 8 and 21)	12,608,949	12,227,571	**6,840,870**
Investments in and advances to a joint venture and an associate (Notes 1 and 9)	78,174,231	140,718,921	**231,915,840**
Deferred tax assets (Notes 1, 4, 21 and 22)	44,700,119	57,882,550	**87,005,602**
Other noncurrent assets (Notes 1, 4, 7, 10, 16, 21, 24, 25 and 27)	113,344,239	125,342,996	**137,513,798**
Total Noncurrent Assets	2,659,080,181	3,041,147,322	**3,327,714,758**
Current Assets			
Cash and cash equivalents (Notes 1, 4, 12, 21 and 27)	242,234,539	194,297,656	**354,481,813**
Receivables (Notes 1, 4, 13, 21 and 27)	85,140,662	90,819,288	**87,200,481**
Spare parts and supplies (Notes 1, 4 and 21)	21,609,741	26,139,888	**27,595,895**
Prepaid expenses and other current assets (Notes 1, 4, 14 and 21)	62,493,693	48,366,228	**44,108,114**
Derivative assets (Note 27)	737,581	–	**331,154**
	412,216,216	359,623,060	**513,717,457**
Noncurrent assets held for sale (Notes 1 and 8)	16,343,679	–	–
Total Current Assets	428,559,895	359,623,060	**513,717,457**
	US$3,087,640,076	US$3,400,770,382	**US$3,841,432,215**
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Capital stock:			
Preferred stock (Note 15)	US$236,222	US$236,222	**US$236,222**
Common stock (Note 15)	67,329,951	67,330,188	**67,330,188**
Additional paid-in capital (Notes 15 and 20)	526,490,736	530,677,807	**534,808,153**
Cost of shares held by a subsidiary (Note 15)	(72,492,481)	(72,492,481)	**(74,261,595)**
Treasury shares (Notes 15 and 20)	(1,374,486)	(1,176,660)	**(7,547,826)**
Excess of acquisition cost over the carrying value of non-controlling interests (Note 15)	(137,037,648)	(135,447,513)	**(142,555,041)**
Retained earnings (Note 15)	649,700,110	763,314,929	**723,158,999**
Perpetual capital securities (Note 15)	337,032,372	337,032,372	**831,910,439**
Other comprehensive loss - net (Notes 10, 15 and 27)	(120,307,104)	(173,432,739)	**(258,636,420)**
Total equity attributable to equity holders of the parent	1,249,577,672	1,316,042,125	**1,674,443,119**
Equity Attributable to Non-controlling Interests (Notes 4, 15 and 25)	103,659,705	157,523,057	**151,604,756**
Total Equity	1,353,237,377	1,473,565,182	**1,826,047,875**
Noncurrent Liabilities			
Long-term debt - net of current portion (Notes 4, 6, 7, 16 and 27)	905,697,628	998,193,586	**1,026,578,274**
Concession rights payable - net of current portion (Notes 1, 4, 6, 21, 25 and 27)	531,650,465	518,730,363	**503,207,718**
Deferred tax liabilities (Notes 4 and 22)	60,877,660	68,065,690	**77,493,410**
Other noncurrent liabilities (Notes 17, 24 and 25)	7,422,832	58,670,555	**119,353,699**
Total Noncurrent Liabilities	1,505,648,585	1,643,660,194	**1,726,633,101**
Current Liabilities			
Loans payable (Notes 18 and 27)	12,009,852	24,479,272	**2,027,231**
Accounts payable and other current liabilities (Notes 1, 4, 19, 21, 23 and 27)	159,553,121	185,665,716	**200,870,158**
Current portion of long-term debt (Notes 4, 6, 7, 16 and 27)	34,080,085	47,773,885	**54,465,076**
Current portion of concession rights payable (Notes 6, 25 and 27)	7,198,481	7,505,989	**8,830,040**
Income tax payable (Notes 4 and 22)	15,912,575	17,368,716	**22,004,517**
Derivative liabilities (Note 27)	–	751,428	**554,217**
Total Current Liabilities	228,754,114	283,545,006	**288,751,239**
Total Liabilities	1,734,402,699	1,927,205,200	**2,015,384,340**
	US$3,087,640,076	US$3,400,770,382	**US$3,841,432,215**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2013	2014	**2015**
INCOME			
Gross revenues from port operations (Note 25)	US$852,394,246	US$1,061,152,193	**US$1,051,324,893**
Interest income (Note 12)	12,024,661	10,915,149	**13,382,788**
Foreign exchange gain (Note 27)	3,662,538	1,156,709	**3,672,109**
Gain on sale of subsidiaries (Notes 1 and 4)	292,002	44,956,617	**323,414**
Other income (Notes 8, 21, 23 and 27)	4,492,155	14,203,365	**6,482,728**
	872,865,602	1,132,384,033	**1,075,185,932**
EXPENSES			
Port authorities' share in gross revenues (Notes 1, 21, 23, 25 and 27)	115,535,285	163,648,155	**169,003,118**
Manpower costs (Notes 20, 23 and 24)	154,586,619	205,398,916	**193,163,997**
Equipment and facilities-related expenses (Notes 23 and 25)	105,333,756	135,480,833	**124,753,827**
Administrative and other operating expenses (Notes 23 and 26)	99,615,590	113,615,160	**114,381,768**
Depreciation and amortization (Notes 6, 7 and 8)	99,484,286	121,686,193	**126,453,035**
Impairment losses (Notes 3 and 6)	–	38,147,779	**114,561,125**
Interest expense and financing charges on borrowings (Notes 10, 16 and 18)	42,653,329	58,855,664	**61,230,778**
Interest expense on concession rights payable (Note 6)	27,943,222	38,065,934	**37,301,423**
Foreign exchange loss (Note 27)	7,224,888	4,259,091	**3,742,129**
Equity in net loss of a joint venture (Note 9)	260,528	2,188,511	**3,229,754**
Other expenses (Notes 1, 9, 10, 16, 21, 24, 26 and 27)	5,260,961	5,643,111	**7,747,908**
	657,898,464	886,989,347	**955,568,862**
CONSTRUCTION REVENUE (EXPENSE) (Note 25)			
Construction revenue	135,281,752	106,174,672	**116,078,526**
Construction expense	(135,281,752)	(106,174,672)	**(116,078,526)**
	–	–	**–**
INCOME BEFORE INCOME TAX	214,967,138	245,394,686	**119,617,070**
PROVISION FOR INCOME TAX (Note 22)			
Current	57,452,455	60,759,365	**60,705,444**
Deferred	(23,157,217)	(6,877,551)	**(10,067,819)**
	34,295,238	53,881,814	**50,637,625**
NET INCOME	US$180,671,900	US$191,512,872	**US$68,979,445**
Attributable To			
Equity holders of the parent	US$172,379,532	US$181,988,167	**US$58,545,218**
Non-controlling interests	8,292,368	9,524,705	**10,434,227**
	US$180,671,900	US$191,512,872	**US$68,979,445**
Earnings Per Share (Note 29)			
Basic	US$0.072	US$0.075	**US$0.011**
Diluted	0.071	0.075	**0.011**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2013	2014	**2015**
NET INCOME FOR THE YEAR	US$180,671,900	US$191,512,872	**US$68,979,445**
OTHER COMPREHENSIVE LOSS			
Items to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations' financial statements (Note 15)	(42,150,014)	(58,470,094)	**(97,151,895)**
Net change in unrealized mark-to-market values of derivatives (Note 27)	(17,306,784)	(6,933,792)	**93,060**
Net unrealized loss on derivatives removed from equity and capitalized as construction in-progress (Note 27)	15,977,281	6,240,237	**1,855,269**
Net unrealized loss on derivatives removed from equity and recognized in profit or loss (Note 27)	3,719,684	2,831,048	**104,151**
Net unrealized mark-to-market gain (loss) on available-for-sale investments (Notes 10 and 27)	195,749	(5,167)	**72,395**
Income tax relating to components of other comprehensive income (loss)	2,592,178	149,244	**(89,335)**
	(36,971,906)	(56,188,524)	**(95,116,355)**
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains (losses) on defined benefit plans - net of tax (Note 24)	1,659,860	(1,716,070)	**1,360,510**
	(35,312,046)	(57,904,594)	**(93,755,845)**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	US$145,359,854	US$133,608,278	**(US$24,776,400)**
Attributable To			
Equity holders of the parent	US$137,094,595	US$128,862,532	**(US$26,658,463)**
Non-controlling interests	8,265,259	4,745,746	**1,882,063**
	US$145,359,854	US$133,608,278	**(US$24,776,400)**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013, 2014 AND 2015

	Attributable to Equity Holders of the Parent (Note 15)												
	Preferred Stock	Common Stock	Additional Paid-in Capital	Preferred Shares Held by a Subsidiary	Common Shares Held by Subsidiaries	Treasury Shares	Excess of Acquisition Cost over the Carrying Value of Non-controlling Interests	Retained Earnings	Perpetual Capital Securities	Other Comprehensive Loss - net	Total	Non-controlling Interests (Note 15)	Total Equity
Balance at December 31, 2012	US$236,222	US$66,036,873	US$331,318,532	(US$72,492,481)	US$–	(US$4,599,163)	(US$120,369,866)	US$539,647,628	US$337,032,372	(US$85,022,167)	US$991,787,950	US$118,448,153	US$1,110,236,103
Total comprehensive income for the year (Note 15)	–	–	–	–	–	–	–	172,379,532	–	(35,284,937)	137,094,595	8,265,259	145,359,854
Issuance of shares	–	1,292,717	114,571,594	–	–	–	–	–	–	–	115,864,311	–	115,864,311
Sale of treasury shares (Notes 15 and 20)	–	–	76,611,802	–	–	3,414,082	–	–	–	–	80,025,884	–	80,025,884
Cash dividends (Note 15)	–	–	–	–	–	–	–	(33,014,550)	–	–	(33,014,550)	(15,160,266)	(48,174,816)
Distributions on subordinated perpetual securities (Note 15)	–	–	–	–	–	–	–	(29,312,500)	–	–	(29,312,500)	–	(29,312,500)
Change in non-controlling interests (Notes 4 and 15)	–	–	–	–	–	–	(9,750,995)	–	–	–	(9,750,995)	(6,255,170)	(16,006,165)
Effect of deconsolidation of SPIA (Note 1)	–	–	–	–	–	–	(6,916,787)	–	–	–	(6,916,787)	(1,638,271)	(8,555,058)
Share-based payments (Note 20)	–	–	4,147,299	–	–	–	–	–	–	–	4,147,299	–	4,147,299
Purchase of treasury shares (Note 15)	–	–	–	–	–	(347,896)	–	–	–	–	(347,896)	–	(347,896)
Issuance of treasury shares for share-based payments (Notes 15 and 20)	–	–	(158,491)	–	–	158,491	–	–	–	–	–	–	–
Collection of subscriptions receivable	–	361	–	–	–	–	–	–	–	–	361	–	361
Balance at December 31, 2013	US$236,222	US$67,329,951	US$526,490,736	(US$72,492,481)	US$–	(US$1,374,486)	(US$137,037,648)	US$649,700,110	US$337,032,372	(US$120,307,104)	US$1,249,577,672	US$103,659,705	US$1,353,237,377
Balance at December 31, 2013	US$236,222	US$67,329,951	US$526,490,736	(US$72,492,481)	US$–	(US$1,374,486)	(US$137,037,648)	US$649,700,110	US$337,032,372	(US$120,307,104)	US$1,249,577,672	US$103,659,705	US$1,353,237,377
Total comprehensive income for the year (Note 15)	–	–	–	–	–	–	–	181,988,167	–	(53,125,635)	128,862,532	4,745,746	133,608,278
Cash dividends (Note 15)	–	–	–	–	–	–	–	(39,060,848)	–	–	(39,060,848)	(11,611,683)	(50,672,531)
Distributions on subordinated perpetual securities (Note 15)	–	–	–	–	–	–	–	(29,312,500)	–	–	(29,312,500)	–	(29,312,500)
Sale of subsidiaries (Notes 1 and 4)	–	–	–	–	–	–	–	–	–	–	–	(61,400,952)	(61,400,952)
Change in non-controlling interests (Notes 4 and 15)	–	–	–	–	–	–	1,590,135	–	–	–	1,590,135	(2,590,146)	(1,000,011)
Share-based payments (Note 20)	–	–	4,383,537	–	–		–	–	–	–	4,383,537	–	4,383,537
Collection of subscriptions receivable	–	237	1,360	–	–	–	–	–	–	–	1,597	–	1,597
Issuance of treasury shares for share-based payments (Notes 15 and 20)	–	–	(197,826)	–	–	197,826	–	–	–	–	–	–	–
Effect of business combination (Note 4)	–	–	–	–	–	–	–	–	–	–	–	124,720,387	124,720,387
Balance at December 31, 2014	US$236,222	US$67,330,188	US$530,677,807	(US$72,492,481)	US$–	(US$1,176,660)	(US$135,447,513)	US$763,314,929	US$337,032,372	(US$173,432,739)	US$1,316,042,125	US$157,523,057	US$1,473,565,182

	Attributable to Equity Holders of the Parent (Note 15)												
	Preferred Stock	Common Stock	Additional Paid-in Capital	Preferred Shares Held by a Subsidiary	Common Shares Held by Subsidiaries	Treasury Shares	Excess of Acquisition Cost over the Carrying Value of Non-controlling Interests	Retained Earnings	Perpetual Capital Securities	Other Comprehensive Loss - net	Total	Non-controlling Interests (Note 15)	Total Equity
Balance at December 31, 2014	**US$236,222**	**US$67,330,188**	**US$530,677,807**	**(US$72,492,481)**	**US$–**	**(US$1,176,660)**	**(US$135,447,513)**	**US$763,314,929**	**US$337,032,372**	**(US$173,432,739)**	**US$1,316,042,125**	**US$157,523,057**	**US$1,473,565,182**
Total comprehensive income for the year (Note 15)	–	–	–	–	–	–	–	**58,545,218**	–	**(85,203,681)**	**(26,658,463)**	**1,882,063**	**(24,776,400)**
Cash dividends (Note 15)	–	–	–	–	–	–	–	**(41,156,549)**	–	–	**(41,156,549)**	**(9,944,112)**	**(51,100,661)**
Distributions on perpetual capital securities (Note 15)	–	–	–	–	–	–	–	**(33,422,879)**	–	–	**(33,422,879)**	–	**(33,422,879)**
Sale of subsidiaries (Notes 1 and 4)	–	–	–	–	–	–	–	–	–	–	–	**(268,056)**	**(268,056)**
Change in non-controlling interests (Notes 4 and 15)	–	–	–	–	–	–	**(7,107,528)**	–	–	–	**(7,107,528)**	**2,411,804**	**(4,695,724)**
Share-based payments (Note 20)	–	–	**4,292,926**	–	–	–	–	–	–	–	**4,292,926**	–	**4,292,926**
Issuance of treasury shares for share-based payments (Notes 15 and 20)	–	–	**(219,641)**	–	–	**219,641**	–	–	–	–	–	–	–
Acquisition of ICTSI common shares (Note 15)	–	–	–	–	**(3,598,405)**	**(6,590,807)**	–	–	–	–	**(10,189,212)**	–	**(10,189,212)**
Sale of shares held by a subsidiary (Note 15)	–	–	**57,061**	–	**1,829,291**	–	–	–	–	–	**1,886,352**	–	**1,886,352**
Issuance and exchange of perpetual capital securities (Note 15)	–	–	–	–	–	–	–	**(23,233,696)**	**506,219,964**	–	**482,986,268**	–	**482,986,268**
Acquisition of perpetual capital securities (Note 15)	–	–	–	–	–	–	–	**(888,024)**	**(11,341,897)**	–	**(12,229,921)**	–	**(12,229,921)**
Balance at December 31, 2015	**US$236,222**	**US$67,330,188**	**US$534,808,153**	**(US$72,492,481)**	**(US$1,769,114)**	**(US$7,547,826)**	**(US$142,555,041)**	**US$723,158,999**	**US$831,910,439**	**(US$258,636,420)**	**US$1,674,443,119**	**US$151,604,756**	**US$1,826,047,875**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2013	2014	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	US$214,967,138	US$245,394,686	**US$119,617,070**
Adjustments for:			
Depreciation and amortization (Notes 6, 7 and 8)	99,484,286	121,686,193	**126,453,035**
Interest expense on:			
Borrowings (Notes 16 and 18)	42,653,329	58,855,664	**61,230,778**
Concession rights payable (Note 6)	27,943,222	38,065,934	**37,301,423**
Loss (gain) on:			
Sale of subsidiaries (Notes 1 and 4)	(292,002)	(44,956,617)	**(323,414)**
Sale of property and equipment - net (Note 21)	(24,183)	(547,960)	**233,952**
Termination of management contract (Notes 1, 6 and 21)	–	(2,880,829)	**–**
Termination of pre-payment option (Notes 21 and 27)	–	737,581	**–**
Settlement of insurance claims - net (Notes 21 and 26)	–	(724,871)	**–**
Early extinguishment of debt (Notes 16 and 21)	(294,293)	–	**–**
Impairment losses (Notes 3 and 6)	–	38,147,779	**114,561,125**
Interest income (Note 12)	(12,024,661)	(10,915,149)	**(13,382,788)**
Share-based payments (Notes 15 and 20)	4,020,536	4,370,775	**4,268,260**
Equity in net loss of a joint venture (Note 9)	260,528	2,188,511	**3,229,754**
Dividend income (Note 21)	(4,861)	(1,578,798)	**(646,559)**
Unrealized foreign exchange loss (gain)	(497,234)	1,059,336	**(617,469)**
Unrealized mark-to-market loss (gain) on derivatives (Notes 21 and 27)	460,859	–	**(331,154)**
Operating income before changes in working capital	376,652,664	448,902,235	**451,594,013**
Decrease (increase) in:			
Receivables	(13,165,367)	2,440,585	**(2,572,580)**
Spare parts and supplies	(3,870,004)	(4,944,583)	**(3,996,345)**
Prepaid expenses and other current assets	(1,262,968)	12,530,779	**2,213,257**
Increase (decrease) in:			
Accounts payable and other current liabilities	(14,113,364)	(13,684,428)	**14,950,833**
Pension liabilities	906,268	1,760,843	**1,724,747**
Cash generated from operations	345,147,229	447,005,431	**463,913,925**
Income taxes paid	(62,115,951)	(59,184,221)	**(56,177,186)**
Net cash flows provided by operating activities	283,031,278	387,821,210	**407,736,739**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 7)	(266,038,703)	(146,004,075)	**(252,613,499)**
Intangible assets (Notes 6 and 25)	(211,585,806)	(133,045,049)	**(143,423,774)**
Subsidiaries, net of cash acquired (Notes 1 and 4)	–	(135,422,490)	**(54,500,000)**
Proceeds from:			
Sale of property and equipment	888,366	5,042,277	**1,173,861**
Sale of subsidiaries, net of cash held by subsidiaries (Notes 1 and 4)	64,840,559	94,579,587	**(110,947)**
Termination of management contract (Notes 1, 6 and 21)	–	15,879,734	**–**
Increase in investment in and advances to a joint venture (Notes 9 and 23)	–	(64,733,201)	**(95,081,919)**
Interest received	12,146,823	10,537,506	**13,690,332**
Payments for concession rights	(9,882,960)	(8,033,121)	**(9,390,879)**
Decrease (increase) in other noncurrent assets (Note 10)	(32,665,496)	18,770,249	**(8,000,757)**
Dividends received	4,861	1,651,566	**646,559**
Net cash flows used in investing activities	(442,292,356)	(340,777,017)	**(547,611,023)**

(Forward)

	Years Ended December 31		
	2013	2014	**2015**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Issuance of perpetual capital securities (Note 15)	US$–	US$–	**US$482,986,268**
Long-term borrowings (Note 16)	425,494,318	112,934,078	**212,237,826**
Short-term borrowings (Note 18)	16,639,150	15,000,000	**7,231,507**
Sale of common shares held by a subsidiary (Note 15)	–	–	**1,886,352**
Subscriptions and issuance of capital stock (Note 15)	115,864,672	–	**–**
Sale of treasury shares (Note 15)	80,025,884	–	**–**
Payments of:			
Long-term borrowings (Notes 4 and 16)	(257,348,342)	(46,764,112)	**(178,008,493)**
Interest on borrowings and concession rights payable	(64,657,890)	(92,351,339)	**(92,822,617)**
Dividends (Note 15)	(49,030,499)	(49,551,834)	**(52,284,328)**
Distributions on subordinated perpetual capital securities (Note 15)	(29,312,500)	(29,312,500)	**(33,422,879)**
Short-term borrowings (Notes 4 and 18)	(14,905,248)	(7,030,474)	**(29,745,248)**
Acquisition of perpetual capital securities (Note 15)	–	–	**(12,229,921)**
Purchase of treasury shares (Note 15)	(347,896)	–	**(6,590,807)**
Increase in other noncurrent liabilities (Note 16)	2,078,981	8,938,126	**6,135,470**
Change in non-controlling interests (Note 15)	(16,006,163)	(6,000,011)	**(4,695,724)**
Acquisition of ICTSI common shares by a subsidiary (Note 15)	–	–	**(3,598,405)**
Net cash flows provided by (used in) financing activities	208,494,467	(94,138,066)	**297,079,001**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	6,156,237	(843,010)	**2,979,440**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	55,389,626	(47,936,883)	**160,184,157**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	186,844,913	242,234,539	**194,297,656**
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 12)	US$242,234,539	US$194,297,656	**US$354,481,813**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

1.1 General

International Container Terminal Services, Inc. (ICTSI or the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on December 24, 1987. The registered office address of the Parent Company is ICTSI Administration Building, MICT South Access Road, Manila. ICTSI's common shares are publicly traded in the Philippine Stock Exchange (PSE).

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors (the Board) on March 3, 2016.

1.2 Port Operations

ICTSI and subsidiaries (collectively referred to as "the Group") entered into various concessions of port operations which include development, management, and operation of container terminals and related facilities around the world. As at March 3, 2016, the Group is involved in 30 terminal concessions and port development projects in 20 countries worldwide. These are 25 operating terminals in eight key ports and an inland container terminal in the Philippines, two in Indonesia and one each in Brunei, China, the United States of America (U.S.A.), Ecuador, Brazil, Poland, Georgia, Madagascar, Croatia, Pakistan, Mexico, Honduras, Iraq and Argentina; three ongoing port development projects in Colombia, DR Congo and Australia; a sub-concession agreement to develop, manage and operate a port in Nigeria; and a recent acquisition of an existing concession to construct and operate a port in Tuxpan, Mexico. The expected start of commercial operations of the ongoing projects are third quarter of 2016 for Colombia and DR Congo and first quarter of 2017 for Australia. The construction of the terminal in Nigeria is expected to start in 2016 and is scheduled to commence initial operations in middle of 2019. As at March 3, 2016, the construction of the terminal in Argentina was completed and Tecplata has obtained all the required permits and is ready to operate.

Concessions for port operations entered into, acquired and terminated by ICTSI and subsidiaries for the last three years are summarized below:

Puerto Cortés in Honduras. On February 1, 2013, ICTSI won and was awarded the Contract for the Design, Financing, Construction, Preservation, Operation and Development of the Container and General Cargo of Puerto Cortés ("Agreement") in the Republic of Honduras for a period of 29 years through a public hearing held in Tegucigalpa, Honduras. On March 13, 2013, ICTSI and ICTSI Honduras Ltd. (formerly ICTSI Brazil Ltd.) established Operadora Portuaria Centroamericana, S.A. de C.V. (OPC, formerly Operadora de Puerto Cortes, S.A. de C.V.) to sign the Agreement with the Republic of Honduras acting through the Commission for the Public-Private Alliance Promotion (COALIANZA), a decentralized legal entity of the Presidency of the Republic. The said Agreement was signed on March 21, 2013 and shall be valid until August 30, 2042. OPC shall operate the Container and General Cargo Terminal of Puerto Cortes ("Terminal") and it shall carry out the design, financing, construction, preservation, and development of the Terminal and the provision of its services according to certain service and productivity levels.

In accordance with the Agreement, OPC paid an upfront fee of US$25.0 million (70.0 percent upon the execution of the Agreement and the remaining 30.0 percent in September 2013). OPC is also liable for monthly payments equivalent to 4.0 percent of its gross income to the Municipality of Puerto Cortés and 0.37 percent of its annual gross income to the Trustee Bank in accordance with the provisions set forth in the Legal Executive Order Number 082-2012. Furthermore, OPC shall pay the National Port Company the following: US$100,000 annually for each hectare occupied of the existing surfaces; US$75,000 annually for each hectare occupied of the newly built surfaces; and certain variable fees based on container moved, load, and/or passenger that uses the port. Such amounts shall be updated annually based on the formula agreed by the parties to the Agreement. Upon execution of the Agreement, OPC paid 2.0 percent of the total of the Referral Investment to COALIANZA in accordance with Legal Executive Order Number 143-2010 and a single payment to the Trustee Bank. OPC formally took over the Terminal in November 2013 and started commercial operations in December 2013.

Manila International Container Terminal in Philippines. On May 19, 2013, ICTSI's concession contract for the Manila International Container Terminal or MICT ("MICT Contract") was extended for another 25 years up to May 18, 2038, upon completion of agreed additional investments in port equipment and infrastructures, payment of upfront fees amounting to ₱670.0 million (US$16.4 million), and turnover and execution of Deed of Transfer of port facilities and equipment used at MICT and part of committed investment under the original concession agreement, among others. Under the renewal agreement and for the extended term of the MICT Contract, ICTSI shall be liable and committed to: (i) pay the Philippine Ports Authority (PPA) a fixed fee of US$600.0 million payable in 100 advanced quarterly installments; (ii) pay annual fixed fee on storage and berthside operations of ₱55.8 million (approximately US$1.3 million); (iii) pay variable fee of 20 percent of the gross revenue earned at MICT and 30 percent of annual gross storage revenues from international cargo operations in excess of ₱273.0 million, among others; (iv) upgrade, expand and develop the MICT, particularly the construction and development of Berth 7; (v) continuously align its Management Information System (MIS) with the MIS of the PPA with the objective towards paperless transaction and reporting system; and (vi) pay certain other fees based on the attainment of agreed volume levels.

River Port, Matadi, Democratic Republic of Congo. On January 23, 2014, ICTSI, through its subsidiary, ICTSI Cooperatief U.A. (ICTSI Cooperatief), forged a business partnership with La Societe de Gestion Immobiliere Lengo (SIMOBILE) for the establishment and formation of a joint venture company, ICTSI DR Congo S.A. (IDRC). IDRC, which is initially 60 percent-owned by ICTSI Cooperatief, will build a new terminal along the river bank of the Congo River in Matadi and manage, develop and operate the same as a container terminal, as well as provide exclusive container handling services and general cargo services therein. On May 19, 2015, ICTSI, through its subsidiary, ICTSI Cooperatief, and its joint venture partner, SIMOBILE, transferred their respective 8% and 2% ownership interest in IDRC to Societe Commerciale Des Transports Et Des Ports S.A. (SCTP SA). SIMOBILE transferred to its subsidiary, La Societe d'Investissement et de Placement (SIP) Sprl, its 10% ownership in IDRC. Thereafter, IDRC is owned 52% by ICTSI, 28% by SIMOBILE, 10% by SIP Sprl and 10% by SCTP SA.

The facility to be constructed in Phase 1 will consist of two berths that will be able to handle 120,000 twenty-foot equivalent units (TEUs) and 350,000 metric tons. The capacity and berth length can, subject to demand, be doubled in Phase 2. Phase 1 is expected to be completed within 18 to 24 months from the start of construction. The construction of the terminal commenced in January 2015 and is expected to start its initial operations in the third quarter of 2016.

Umm Qasr, Iraq. ICTSI, through its wholly owned subsidiary, ICTSI (M.E.) DMCC [formerly ICTSI (M.E.) JLT] (ICTSI Dubai), and General Company for Ports of Iraq (GCPI) signed on

April 8, 2014 the Contract for the Construction and Operation of Three New Quays and Management and Operation of Quay No. 20 ("Contract") in the Port of Umm Qasr ("Port") in Iraq. The Contract grants ICTSI the rights to: (a) manage and operate the existing container facility at Berth 20 of the Port for a period of 10 years, (b) build, under a build-operate-transfer (BOT) scheme, a new container and general cargo terminal in the Port for a concession period of 26 years, and (c) provide container and general cargo terminal services in both components.

ICTSI commenced trial operations at Berth 20 in September 2014 and full-fledged commercial operations in November 2014.

Phase 1 of the expansion project under the BOT scheme will have 250 meters of berth with an estimated capacity of 300,000 TEUs. When fully developed, the facility will have 600 meters of quay with an estimated capacity of 900,000 TEUs. Phase 1 is expected to be completed by the third quarter of 2016.

Port of Melbourne, Australia. On May 2, 2014, ICTSI, through its subsidiary in Australia, Victoria International Container Terminal Ltd. (VICT), signed a contract in Melbourne with Port of Melbourne Corporation ("POMC") for the design, construction, commissioning, operation, maintaining and financing of the Webb Dock Container Terminal (Terminal) and Empty Container Park (ECP) at Webb Dock East (WDE) in the Port of Melbourne. Initially, VICT was 90% owned by ICTSI through ICTSI Far East Pte. Ltd. (IFEL), a wholly owned subsidiary, and 10% by Anglo Ports Pty Limited ("Anglo Ports"). On February 4, 2015, IFEL acquired the 10% non-controlling interest from Anglo Ports and became 100% owner of VICT. The Contract grants VICT the rights to: (a) design, build and commission the new Terminal at berths WDE 4 and WDE 5, (b) design, build and commission the new ECP at WDE, and (c) operate the Terminal and ECP until June 30, 2040.

Phase 1 construction of the Terminal with a capacity of 350,000 TEUs and ECP with a capacity of 250,000 TEUs commenced and expected to be ready for operation by first quarter of 2017. Phase 2 construction of the Terminal with a capacity of more than 1,000,000 TEUs and ECP with a capacity of 250,000 TEUs is expected to be completed by end of 2017.

Port of Kattupalli, India. On June 30, 2014, ICTSI, through its subsidiaries, ICTSI Ltd. and International Container Terminal Services (India) Private Limited (ICTSI India), and L&T Shipbuilding Ltd. (LTSB) signed a termination agreement cancelling ICTSI's container port agreement for the management and operation of the Kattupalli Container Terminal in Tamil, Nadu, India. In accordance with the termination agreement, LTSB agreed to pay ICTSI India approximately US$15.9 million (INR957.5 million) as reimbursement of the license fee the latter paid to operate the terminal plus management fees and other amounts due to the latter. The transaction resulted to recognition of a gain on termination of management contract of US$2.9 million (INR175.1 million) in 2014 presented under "Other income" account, which represents the difference between the US$13.0 million book value of the intangible asset derecognized and the US$15.9 million proceeds from the termination collected on July 9, 2014.

Yantai, China. On July 1, 2014, ICTSI, through its subsidiary, ICTSI (Hongkong) Limited (IHKL), acquired 51 percent of the total equity interest of Yantai International Container Terminals, Limited (YICT). On the same date, ICTSI sold its 60 percent ownership interest in Yantai Rising Dragon International Container Terminal, Ltd. (YRDICTL) (see Note 4.1). The objective of these transactions is to consolidate and optimize the overall port operations within the Zhifu Bay Port Area. YICT became the only foreign container terminal and YRDICTL is dedicated to handling local container cargo within the Zhifu Bay Port Area.

Laguna Gateway Inland Container Terminal, Philippines. On March 2, 2015, Laguna Gateway Inland Container Terminal, Inc. (LGICT) started operating the first one-stop inland container terminal (ICT) located in Barangays Banlic and San Cristobal, Calamba City, Laguna. LGICT is 60%-owned by IW Cargo Handlers, Inc. (IW Cargo) and 40%-owned by Nippon Container Terminals Co. Ltd., Transnational Diversified Corporation and NYK - Fil-Japan Shipping Corp. The ICT primarily operates as an extension of the seaport operations of the MICT. In particular, the said ICT is intended to function as a regional logistics hub, which will service and support the operations of exporters and importers, both within and outside the economic zones in the LABARZON area. Only fifty-eight (58) kilometers from Metro Manila, the ICT is situated on a twenty one (21)-hectare property, strategically located near various economic export zones with an already existing adjacent railroad. Of the said twenty one (21) hectares, four (4) hectares have already been previously developed and available for immediate operations. Envisioned to be the first of its kind in magnitude and operations, the ICT will be developed as a 24/7 state-of-the-art facility with cutting edge terminal systems and equipment.

Tuxpan, Mexico. On May 27, 2015, ICTSI, through its subsidiary, ICTSI Tuxpan B.V., acquired from Grupo TMM S.A.B and Immobiliaria TMM S.A. de C.V 100 percent of the capital stock of Terminal Maritima de Tuxpan, S.A de C.V (TMT) for US$54.5 million. TMT is a company duly incorporated in accordance with the laws of Mexico with a concession to construct and operate a maritime container terminal in the Port of Tuxpan, Mexico and is the owner of the real estate where the maritime container terminal will be constructed. The concession agreement is valid until May 25, 2021, subject to extension for another 20 years. The concession covers an area of 29,109.68 square meters, which is adjacent to the 43 hectares of land owned by TMT. Under the concession agreement, TMT is liable and committed to: (1) pay fixed fee of MXN23.24 plus value added tax (VAT), per square meter of assigned area and (2) pay variable fee starting year 2018. As of March 3, 2016, management is currently working on a development plan on TMT.

Brunei, Darussalam. On May 21, 2009, ICTSI, through New Muara Container Terminal Services Sdn Bhd (NMCTS), entered into an Agreement with the Government for the operation and maintenance of the Muara Container Terminal in Brunei Darussalam. The Agreement is valid for a period of four years from commencement date or May 22, 2009. The term may be extended for a period of one year at a time, for a maximum of two years subject to the mutual agreement of the parties. In 2012, NMCTS got an extension for one year or until May 22, 2014. On April 3, 2014, NMCTS got another extension for one year or until May 20, 2015. In 2015, NMCTS got another extension for one year or until May 20, 2016 as an interim operator pending the result of the tender process, which NMCTS participated in. The said one year contract can be pre-terminated by the Brunei Government with a 30-day notice to NMCTS.

1.3 Subsidiaries and Joint Venture

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership					
				2013		2014		**2015**	
				Direct	Indirect	Direct	Indirect	**Direct**	**Indirect**
Asia									
International Container Terminal Holdings, Inc. (ICTHI) and Subsidiaries	Cayman Islands	Holding Company	US Dollar	100.00	–	100.00	–	**100.00**	–
Container Terminal Systems Solutions, Inc. (CTSSI)[n]	Mauritius	Software Developer	US Dollar	–	100.00	–	100.00	–	–
ICTSI Ltd.	Bermuda	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
ICTSI Mauritius	Mauritius	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
Aeolina Investments Limited (AIL)	British Virgin Island	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
PICT	Pakistan	Port Management	Pakistani Rupee	–	64.53	–	64.53	–	**64.53**
IFEL	Singapore	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2013 Direct	2013 Indirect	2014 Direct	2014 Indirect	**2015 Direct**	**2015 Indirect**
New Muara Container Terminal Services Sdn Bhd (NMCTS)	Brunei	Port Management	Brunei Dollar	–	100.00	–	100.00	–	**100.00**
JASA and Subsidiaries	Indonesia	Maritime infrastructure and logistics	US Dollar	–	80.16	–	80.16	–	**80.16**
PT PBM Olah Jasa Andal (OJA)	Indonesia	Port Management	US Dollar	–	80.16	–	80.16	–	**80.16**
PT Makassar Terminal Services, Inc. (MTS)	Indonesia	Port Management	Indonesian Rupiah	–	95.00	–	95.00	–	**95.00**
PT Container Terminal Systems Solutions Indonesia (PT CTSSI)	Indonesia	Software Developer	US Dollar	–	100.00	–	100.00	–	**100.00**
IHKL	Hong Kong	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
YRDICTL [(i)]	China	Port Management	Renminbi	–	60.00	–	–	–	–
YICT [(j)]	China	Port Management	Renminbi	–	–	–	51.00	–	**51.00**
Pentland International Holdings, Ltd. (PIHL)	British Virgin Island	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
ICTSI Georgia Corp. (IGC)	Cayman Island	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
Global Procurement Ltd. (GPL, formerly ICTSI Poland)	Bermuda	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
ICTSI Honduras Ltd.	Bermuda	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
ICTSI Ltd. Regional Headquarters	Philippines	Regional Headquarters	Philippine Peso	–	100.00	–	100.00	–	**100.00**
ICTSI India	India	Port Management	Indian Rupee	–	100.00	–	100.00	–	**100.00**
Container Terminal de Venezuela Conterven CA (CTVCC)	Venezuela	Holding Company	US Dollar	–	95.00	–	95.00	–	**95.00**
ICTSI Africa (Pty) Ltd.	South Africa	Business Development Office (BDO)	South African Rand	–	100.00	–	100.00	–	**100.00**
Australian International Container Terminals Limited (AICTL)[(a)]	Australia	Port Management	Australian Dollar	–	70.00	–	70.00	–	**70.00**
Mindanao International Container Terminal Services, Inc. (MICTSI)	Philippines	Port Management	Philippine Peso	100.00	–	100.00	–	**100.00**	–
Abbotsford Holdings, Inc.	Philippines	Holding Company	Philippine Peso	100.00	–	100.00	–	**100.00**	–
Hijo International Port Services, Inc. (HIPS)	Philippines	Port Management	Philippine Peso	–	65.00	–	65.00	–	**65.00**
Davao Integrated Port and Stevedoring Services Corporation (DIPSSCOR)	Philippines	Port Management	Philippine Peso	–	96.95	–	96.95	–	**96.95**
ICTSI Warehousing, Inc. (IWI)	Philippines	Warehousing	Philippine Peso	100.00	–	100.00	–	**100.00**	–
IW Cargo Handlers, Inc. (IW Cargo)	Philippines	Port Equipment Rental	US Dollar	–	100.00	–	100.00	–	**100.00**
Container Terminal Systems Solutions Philippines, Inc. (CTSSI Phils.)	Philippines	Software Developer	US Dollar	–	100.00	–	100.00	–	**100.00**
Bauan International Ports, Inc. (BIPI)	Philippines	Port Management	Philippine Peso	–	60.00	–	60.00	–	**60.00**
Prime Staffers and Selection Bureau, Inc. (PSSBI)[(a)]	Philippines	Manpower Recruitment	Philippine Peso	100.00	–	100.00	–	**100.00**	–
ICTSI Subic, Inc. (ICTSI Subic)	Philippines	Port Management	US Dollar	100.00	–	100.00	–	**100.00**	–
Subic Bay International Terminal Holdings, Inc. (SBITHI)	Philippines	Holding Company	US Dollar	83.33	–	83.33	–	**83.33**	–
Subic Bay International Terminal Corporation (SBITC)	Philippines	Port Management	US Dollar	–	83.33	–	83.33	–	**83.33**
Cebu International Container Terminal, Inc. (CICTI)[(i)]	Philippines	Port Management	Philippine Peso	51.00	–	–	–	–	–
Cordilla Properties Holdings Inc. (Cordilla)	Philippines	Holding Company	Philippine Peso	100.00	–	100.00	–	**100.00**	–
South Cotabato Integrated Port Services, Inc. (SCIPSI)	Philippines	Port Management	Philippine Peso	35.70	14.38	35.70	14.38	**35.70**	**14.38**
ICTSI Dubai	United Arab Emirates	BDO	US Dollar	100.00	–	100.00	–	**100.00**	–
ICBV	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
Naha International Container Terminal, Inc. (NICTI) [(q)]	Japan	Port Management	Japanese Yen	60.00	–	60.00	–	–	–
Icon Logistiek B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
Royal Capital B.V. (RCBV)	The Netherlands	Holding Company	US Dollar	–	75.00	–	75.00	–	**75.00**
ICTSI Cooperatief	The Netherlands	Holding Company	US Dollar	1.00	99.00	1.00	99.00	**1.00**	**99.00**

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2013 Direct	2013 Indirect	2014 Direct	2014 Indirect	**2015 Direct**	**2015 Indirect**
Global Container Capital, B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
ICTSI Treasury B.V. (ITBV or ICTSI Treasury)[b]	The Netherlands	Holding Company	US Dollar	–	75.00	–	75.00	–	**75.00**
ICTSI Americas B.V.[b]	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
ICTSI Africa B.V.[b]	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
ICTSI Cameroon B.V. (formerly Global Procurement B.V.)[b]	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
CMSA B.V.[b]	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
Tecplata B.V.[b]	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
SPIA Colombia B.V.[b]	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
TSSA B.V.[b]	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
CGSA B.V.[b]	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
SPIA Spain SL[b]	Spain	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
CGSA Transportadora SL[b]	Spain	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
Crixus Limited	British Virgin Island	Holding Company	US Dollar	–	100.00	–	100.00	–	**100.00**
VICT[a,b]	Australia	Port Management	US Dollar	–	90.00	–	90.00	–	**100.00**
Asia Pacific Port Holdings Private Ltd. (APPH)[k]	Singapore	Holding Company	US Dollar	–	–	–	50.50	–	**50.50**
ICTSI Global Finance B.V. (IGFBV)[d]	The Netherlands	Holding Company	US Dollar	–	–	–	75.00	–	**75.00**
ICTSI Oceania B.V.[d]	The Netherlands	Holding Company	US Dollar	–	–	–	100.00	–	**100.00**
ICTSI Tuxpan B.V.[d]	The Netherlands	Holding Company	US Dollar	–	–	–	100.00	–	**100.00**
ICTSI Asia Pacific Business Services, Inc.[o]	Philippines	Business Process Outsourcing	US Dollar	–	–	–	–	–	**100.00**
ICTSI Ltd. Regional Operating Headquarters[o]	Philippines	Regional Operating Headquarters	US Dollar	–	–	–	–	–	**100.00**
ICTSI Project Delivery Services Co. Pte. Ltd. (IPDS)[o]	Singapore	Port Equipment Sale and Rental	US Dollar	–	–	–	–	–	**100.00**
ICTSI Qatar LLC[o]	Qatar	Holding Company	US Dollar	–	–	–	–	–	**100.00**
ICTSI South Asia Pte. Ltd.[o]	Singapore	Holding Company	US Dollar	–	–	–	–	–	**100.00**
LGICT[o]	Philippines	Port Management	Philippine Peso	–	–	–	–	–	**60.00**
ICTSI Middle East DMCC[o]	United Arab Emirates	Holding Company	US Dollar	–	–	–	–	–	**100.00**
ICTSI Global Cooperatief U.A.[o]	The Netherlands	Holding Company	US Dollar	–	–	–	–	**100.00**	–
Europe, Middle East and Africa (EMEA)									
Tartous International Container Terminal, Inc. (TICT)[h]	Syria	Port Management	US Dollar	100.00	–	100.00	–	**100.00**	–
Madagascar International Container Terminal Services, Ltd. (MICTSL)	Madagascar	Port Management	Euro	–	100.00	–	100.00	–	**100.00**
Baltic Container Terminal Ltd. (BCT)	Poland	Port Management	US Dollar	–	100.00	–	100.00	–	**100.00**
Adriatic Gate Container Terminal (AGCT)[m]	Croatia	Port Management	Euro	–	51.00	–	51.00	–	**51.00**
Batumi International Container Terminal LLC (BICTL)	Georgia	Port Management	US Dollar	–	100.00	–	100.00	–	**100.00**
Lekki International Container Terminal Services LFTZ Enterprise (LICTSLE)[a]	Nigeria	Port Management	US Dollar	–	100.00	–	100.00	–	**100.00**
IDRC[a]	Congo	Port Management	US Dollar	–	–	–	60.00	–	**52.00**
ICTSI (M.E.) DMCC Iraq Branch (ICTSI Iraq)[d]	Iraq	Port Management	US Dollar	–	–	–	100.00	–	**100.00**
Americas									
Contecon Guayaquil, S.A. (CGSA)	Ecuador	Port Management	US Dollar	99.99	0.01	99.99	0.01	**99.99**	**0.01**

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2013 Direct	2013 Indirect	2014 Direct	2014 Indirect	**2015 Direct**	**2015 Indirect**
Contecon Manzanillo S.A. (CMSA)[g]	Mexico	Port Management	Mexican Peso	1.00	99.00	1.00	99.00	**1.00**	**99.00**
Tecon Suape, S.A. (TSSA)	Brazil	Port Management	Brazilian Real	–	100.00	–	100.00	**–**	**100.00**
ICTSI Oregon, Inc. (ICTSI Oregon)	U.S.A.	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
C. Ultramar, S.A. (CUSA)	Panama	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Future Water, S.A. (FWSA)	Panama	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Kinston Enterprise Corporation (KEC)	Panama	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
International Ports of South America and Logistics SA (IPSAL)	Uruguay	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Tecplata S.A. (Tecplata)[a]	Argentina	Port Management	US Dollar	–	96.25	–	100.00	**–**	**100.00**
Nuevos Puertos S. A. (NPSA)[c]	Argentina	Holding Company	US Dollar	–	54.92	4.00	96.00	**4.00**	**96.00**
OPC[b, e]	Honduras	Port Management	US Dollar	30.00	70.00	30.00	70.00	**30.00**	**70.00**
TMT[p]	Mexico	Port Management	Mexican Peso	–	–	–	–	–	**100.00**
Sociedad Puerto Industrial Aguadulce SA (SPIA)[a,f,l]	Colombia	Port Management	US Dollar	–	45.65	–	45.65	**–**	**46.30**

[a] *Not yet started commercial operations as at December 31, 2015*
[b] *Established in 2013*
[c] *Acquired in 2013*
[d] *Established in 2014*
[e] *Started commercial operations in December 2013*
[f] *Became a joint venture starting November 1, 2013*
[g] *Started commercial operations in November 2013*
[h] *Ceased commercial operations on January 27, 2013*
[i] *Sold in 2014*
[j] *Acquired in 2014*
[k] *Acquired in March 2014 for US$89.1 thousand. This was not accounted for as a business combination due to immateriality of amount involved.*
[l] *Changed its functional currency from Colombian Peso to US Dollar in 2014*
[m] *Changed its functional currency from Croatian Kuna to Euro in 2014*
[n] *Dissolved on January 5, 2015*
[o] *Established in 2015*
[p] *Acquired in 2015*
[q] *Disposed in 2015*

In 2013 and 2014, ICTSI, through its subsidiaries ICTSI Ltd. and IPSAL, purchased 54.92 percent and 45.08 percent ownership in NPSA, non-controlling shareholder of Tecplata, for US$14.0 million and US$6.0 million, respectively. The purchase was accounted for as an acquisition of non-controlling interests. This transaction effectively increased ICTSI's ownership in Tecplata to 96.25 percent in 2013 and 100.00 percent in 2014 (see Note 15.4).

On September 18, 2013, ICTSI and PSA International Pte. Ltd. (PSA), through their wholly owned subsidiaries, signed a Share Purchase Agreement whereby ICTSI agreed to the purchase by PSA of 45.64 percent of SPIA's issued and outstanding share capital, subject to certain conditions precedent to completion. On October 31, 2013, PSA finalized and completed its investment in SPIA. With the completion of the investment, ICTSI and PSA, through their respective subsidiaries, now jointly own 91.29 percent of issued and outstanding share capital of SPIA. Accordingly, SPIA ceased to be a consolidated subsidiary of ICTSI and became a joint venture, which is accounted for under the equity method. Net proceeds from the sale amounted to US$64.8 million. As a result of the transaction, the Company recognized a net gain on sale amounting to US$0.3 million in the 2013 consolidated statement of income (see Note 9).

On November 28, 2013, ICTSI and the other shareholders of CICTI (the "Sellers") entered into a conditional Share Purchase Agreement (SPA) with Cebu Asian Rim Property and Development Corporation and Hongkong Land (Philippines) BV (the "Buyers") for the sale of its entire ownership in CICTI. On January 13, 2014, and upon fulfillment of conditions under the SPA, the

Sellers executed a Deed of Absolute Sale in favor of the Buyers. ICTSI's share in the net proceeds from the sale amounted to US$26.6 million (₱1.2 billion).

Consequently, the net assets of CICTI to be transferred to the Sellers were classified as "Noncurrent assets held for sale" in the 2013 consolidated balance sheet, and consist of the following:

Investment property (see Note 8)	US$16,551,836
Prepaid expenses and other current assets	2,703
Accounts payable and other current liabilities	(210,860)
	US$16,343,679

Net cash inflow from the sale of CICTI, which excludes the cash and cash equivalents of CICTI as at date of sale, amounted to US$26.5 million. The sale resulted in the recognition of gain on sale amounting to US$13.2 million in the 2014 consolidated statement of income shown as part of "Gain on sale of subsidiaries" account (see Note 4.2).

On February 4, 2015, IFEL acquired the 10% non-controlling interest from Anglo Ports and became 100% owner of VICT for US$5.8 million. This resulted in the reduction of non-controlling interests account and the difference between the purchase price and carrying value of the non-controlling interest of US$6.2 million was recognized under "Excess of acquisition cost over the carrying value of non-controlling interests" account in the 2015 consolidated balance sheet.

On April 27, 2015, NICTI purchased ICTSI's 60 percent ownership interest in NICTI for JPY107.0 million (approximately US$0.9 million) as part of its treasury shares. The 10-year lease agreement of NICTI will expire at yearend and negotiations for its renewal will soon commence and ICTSI is no longer interested in participating in the said negotiations. The transaction resulted in the recognition of gain on sale amounting to US$0.3 million in the 2015 consolidated statement of income.

In the 2015 consolidated statement of cash flows, the net cash outflow at disposal date on the sale of NICTI amounting to US$0.1 million was derived as follows:

	Amount
Cash proceeds from sale	US$873,569
Less cash and cash equivalents of NICTI	984,516
Net cash outflow for the sale of NICTI	(US$110,947)

On May 19, 2015, ICTSI, through its subsidiary, ICTSI Cooperatief, and its joint venture partner, SIMOBILE, transferred their respective 8% and 2% ownership interest in IDRC to Societe Commerciale Des Transports Et Des Ports S.A. (SCTP SA) in exchange for the latter's contribution of technical knowledge, skills and substantial experience in the port and port system in DRC and operation of railroad system and undertaking to facilitate the activities of IDRC and to assist in its relations with the public authorities. SIMOBILE transferred to its subsidiary, SIP Sprl, its 10% ownership in IDRC. Thereafter, IDRC is owned 52% by ICTSI, 28% by SIMOBILE, 10% by SIP Sprl and 10% by SCTP SA. The transaction was accounted for as a change in non-controlling interest and was recorded as an increase of US$0.9 million in the "Excess of acquisition cost over the carrying value of non-controlling interests" account in the 2015 consolidated balance sheet.

On May 27, 2015, ICTSI, through its subsidiary, ICTSI Tuxpan B.V., acquired from Grupo TMM S.A.B and Immobiliaria TMM S.A. de C.V 100 percent of the capital stock of TMT for US$54.5 million. The acquisition did not qualify as an acquisition of a business in accordance with PFRS 3, *Business Combination*, and was therefore accounted for as acquisition of assets, mainly composed of land and concession rights.

The fair values of the identifiable assets and liabilities of TMT at the date of acquisition were:

	Fair Value Recognized on Acquisition
Assets	
Property and equipment - land	US$51,411,762
Intangibles - concession rights	3,246,838
Prepaid expenses and other current assets	162,744
	54,821,344
Liabilities	
Accounts payable and other current liabilities	321,344
Purchase consideration transferred and satisfied by cash	US$54,500,000

2. Basis of Preparation and Consolidation and Statement of Compliance

2.1 Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale (AFS) investments and derivative financial instruments, which have been measured at fair value. The consolidated financial statements are presented in United States dollars (US dollar, USD or US$), the Parent Company's functional and presentation currency. All values are rounded to the nearest US dollar unit, except when otherwise indicated.

2.2 Basis of Consolidation

The consolidated financial statements of the Group include the accounts of ICTSI and its subsidiaries where the Parent Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in PICT, MTS, AICTL, CTVCC, SBITC, SBITHI, BIPI, NICTI (until April 2015), DIPSSCOR, YRDICTL (until June 30, 2014), YICT, SCIPSI, RCBV, AGCT, JASA, OJA, ITBV, HIPS, VICT (until February 2015), APPH, IGFBV, IDRC, SPIA (until October 31, 2013), Tecplata and NPSA (both until March 2014) and LGICT, not held by the Group and are presented separately in the consolidated statement of income and the consolidated statement of comprehensive income, and consolidated balance sheet separate from equity attributable to equity holders of the parent.

An acquisition, transfer or sale of a non-controlling interest is accounted for as an equity transaction. No gain or loss is recognized in an acquisition of a non-controlling interest. The difference between the fair value of the consideration and book value of the share in the net assets acquired is presented under "Excess of acquisition cost over the carrying value of non-controlling interests" account within the equity section of the consolidated balance sheet. If the Group loses control over a subsidiary, it: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and the cumulative translation differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in the consolidated statement of income; and (iii) reclassifies the Parent Company's share of components previously recognized in other comprehensive income to the consolidated statement of income or retained earnings, as appropriate.

Transactions Eliminated on Consolidation. All intragroup transactions and balances including income and expenses, and unrealized gains and losses are eliminated in full.

Accounting Policies of Subsidiaries. The financial statements of subsidiaries are prepared for the same reporting year using uniform accounting policies as those of the Parent Company.

Functional and Presentation Currency. The Group's consolidated financial statements are presented in US dollar, which is ICTSI's functional and presentation currency. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying transactions, events and conditions relevant to that entity, and items included in the financial statements of each entity are measured using that functional currency. When there is a change in those underlying transactions, events and conditions, the entity reassesses its functional currency. When there is a change in functional currency, the entity accounts for such change in accordance with the Group's accounting policy on Change in Functional Currency.

At the reporting date, the assets and liabilities of subsidiaries whose functional currency is not the US dollar are translated into the presentation currency of ICTSI using the Bloomberg closing rate at balance sheet date and, their statements of income are translated at the Bloomberg weighted average daily exchange rates for the year. The exchange differences arising from the translation are taken directly and deferred to the consolidated statement of comprehensive income under the "Cumulative translation adjustments" account. Upon disposal of the foreign entity, the deferred

cumulative translation amount recognized in the consolidated statement of comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of income.

2.3 Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS includes Philippine Accounting Standards (PAS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the Financial Reporting Standards Council (FRSC).

3. Summary of Significant Accounting Policies, Significant Accounting Judgments, Estimates and Assumptions

3.1 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following amended standards as at January 1, 2015:

- Amendments to PAS 19, *Defined Benefit Plans: Employee Contributions*
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014.

  This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)
These improvements are effective from July 1, 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. Unless otherwise stated, these amendments have no impact on the Group's consolidated financial statements. They include:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - A performance condition must contain a service condition
  - A performance target must be met while the counterparty is rendering service
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - A performance condition may be a market or non-market condition
  - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls

within the scope of PAS 39, *Financial Instruments: Recognition and Measurement*. The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The adoption of this amendment did not have any impact in the Group's consolidated financial statements as the Group's property, plant and equipment and intangible assets are not carried at revalued amounts.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011-2013 Cycle)
These improvements are effective from July 1, 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. Unless otherwise stated, these amendments have no impact on the Group's consolidated financial statements. They include

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3.2 Significant Accounting Judgments, Estimates and Assumptions

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, in addition to those involving estimations, that can have significant effects on the amounts recognized in the consolidated financial statements:

Determination of Control or Joint Control over an Investee Company. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, joint control is presumed to exist when the investors contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In 2013, after the sale of the 45.64 percent equity interest in SPIA, management had determined that it has joint control with PSA over the operation of SPIA (see Note 1.3). Based on the significant provisions of the agreement between ICTSI and PSA, all significant resolutions should be passed with the consent of each party. This joint arrangement is classified as a joint venture since the parties have rights to the net assets of the arrangement.

Determination of Acquisition of Group of Assets as a Business in Accordance with PFRS 3. Management uses judgment in assessing if the group of assets and liabilities acquired would constitute a business. In accordance with PFRS 3, business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

On May 27, 2015, ICTSI, through its subsidiary, ICTSI Tuxpan B.V., acquired from Grupo TMM S.A.B and Immobiliaria TMM S.A. de C.V 100 percent of the capital stock of TMT for US$54.5 million. The acquisition did not qualify as an acquisition of a business in accordance with PFRS 3 since ICTSI obtains control of an input or set of inputs without any processes. The main purpose of the acquisition of TMT is acquisition of land and concession rights. Thus, it is unlikely that the acquired inputs would be considered a business, even if a market participant had all the processes necessary to operate the inputs as a business.

Functional Currency. Management uses judgment in assessing the functional currency of the Parent Company and its subsidiaries. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (see Note 1.3).

Service Concession Arrangements. The Group has determined that the concession contracts of the Parent Company, SBITC, MICTSL, TICT, CGSA, Tecplata, AGCT, ICTSI Subic, LICTSLE, PICT, OPC and ICTSI Iraq are within the scope of IFRIC 12, *Service Concession Arrangements,* accounted for under the intangible asset model. The intangible assets pertaining to concession rights as at December 31, 2013, 2014 and 2015 are presented in Note 6 to the consolidated financial statements.

Gross versus Net Revenue Recognition. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements because the Group is the primary

obligor who is responsible for providing the services to the customers and the Group bears the credit risk. The Group accounts and presents its revenues from port operations and the port authorities' share in revenues on a gross basis.

Operating Lease. The evaluation of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. An arrangement is, or contains, a lease when the fulfillment of the arrangement depends on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Concession contracts outside the scope of IFRIC 12 and accounted by the Group in accordance with IFRIC 4, *Determining whether an Arrangement Contains a Lease*, were determined as operating leases.

The Group has also entered into operating lease agreements on property, office spaces and/or equipment as a lessor and as a lessee. The Group, as a lessee, has determined that the lessor retains all significant risks and rewards of ownership of these properties which are on operating lease agreements. As a lessor, the Group retains substantially all the risks and benefits of ownership of the assets.

Deferred Tax Assets. Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Deferred tax assets recognized as at December 31, 2013, 2014 and 2015 are disclosed in Note 22 to the consolidated financial statements. Unrecognized deferred tax assets on net operating loss carry-over (NOLCO) and other losses of certain subsidiaries amounted to US$4.0 million, US$5.2 million and US$11.0 million as at December 31, 2013, 2014 and 2015, respectively. These losses relate to subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Contingencies. The Group is currently a defendant in a number of cases involving cargo, labor, tax and civil suits, claims and disputes and is a plaintiff in a maritime dispute involving claims for port equipment and infrastructure damages. The Group's estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsels handling the defense for these matters and is based upon an analysis of probable results. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions, if any, will not have a material adverse impact on the Group's consolidated financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings. Provision for claims and losses amounted to US$11.3 million, US$9.6 million and US$13.3 million as at December 31, 2013, 2014 and 2015, respectively (see Notes 19 and 26). On the other hand, the Group recognized claims receivable up to the extent of actual expenditures in restoring the damaged cranes and facilities caused by two separate incidents in its ports in Ecuador and Poland in 2010 and 2012 amounting to US$7.6 million as at December 31, 2013 and nil as at December 31, 2014 and 2015 (see Note 13). The receivables from the vessel owners were collected in 2014 (see Note 13).

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Concession Rights. The determination of the cost of concession rights on service concession arrangements requires management to make estimates and assumptions to determine the extent to which the Group receives a right or license to charge users of the public service. Management is also required to make estimates and assumptions in determining the fair value of concession rights acquired through business combinations. In making those estimates, management is required to determine a suitable discount rate to calculate the present value of these cash flows. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. The carrying amounts of concession rights as at December 31, 2013, 2014 and 2015 are disclosed in Note 6 to the consolidated financial statements.

Construction Revenue and Cost Recognition. The Group's revenue from construction services in relation to its service concession arrangement is recognized using the percentage-of-completion method and measured by reference to the percentage of costs incurred to date to estimated total costs for each contract.

Expenditures to cover the work program for the development of the concession area or committed investments for each port development or project are provided in the concession agreement. When the costs incurred to date exceed the committed investments, an assessment is conducted to determine the cause of the cost overrun. Cost overruns arising from uncontrollable factors such as oil price, wage increases and changes in technical work programs due to unforeseen economic, political and geological conditions are capitalized while all other cost overruns are treated as period costs.

Impairment of Nonfinancial Assets and Assets Not Yet Available for Use. PFRS requires nonfinancial assets to be tested for impairment when certain impairment indicators are present and intangible asset that has not yet been brought into use to be tested for impairment annually, irrespective of whether there are any indications of impairment. Nonfinancial assets include intangible assets already in use, except goodwill and intangible assets not yet available for use, property and equipment, investment properties, and investments in a joint venture and an associate.

Management is required to make estimates and assumptions to determine the future cash flows to be generated from the continued use and ultimate disposition of these assets in order to determine the value of these assets. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. Future adverse events may cause management to conclude that the affected assets are impaired and may have a material impact on the financial condition and results of operations of the Group. The carrying amounts of intangible assets, including intangible assets not yet available for use, property and equipment, investment properties and investments in and advances to a joint venture and an associate are disclosed in Notes 6, 7, 8 and 9 to the consolidated financial statements, respectively. There was no impairment loss in 2013 and 2014. In 2015, the Group recognized an impairment loss of US$88.0 million in respect of the concession rights - port infrastructure in Tecplata, as a result of the lower projected cash flows on its updated business plan caused by the prevailing and challenging economic conditions in Argentina. The construction of the terminal in Argentina was completed and Tecplata has obtained all the required permits and is ready to operate and is yet to service its first international shipping line (see Note 6).

Impairment of Goodwill. Purchase accounting requires extensive use of accounting estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at the acquisition date. It also requires the acquirer to recognize goodwill. The Group's business acquisitions have resulted in goodwill which is subject to a periodic impairment test. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate to calculate the present value of those cash flows. There was no impairment loss in 2013. In 2014, the Group recognized an impairment charge of US$38.1 million in respect of the goodwill in Tecplata as a result of the lower projected cash flows on its updated business plan caused by the prevailing and challenging economic conditions in Argentina. In 2015, the Group recognized an impairment charge of US$26.6 million in respect of the goodwill in JASA and subsidiaries as a result of the lower projected cash flows on its updated business plan than originally expected (see Note 6).

The carrying amounts of goodwill as at December 31, 2013, 2014 and 2015 are disclosed in Note 6 to the consolidated financial statements.

Estimating Useful Lives. Management determines the estimated useful lives and the related depreciation and amortization charges for its concession rights, computer software, property and equipment, and investment properties based on the period over which these assets are expected to provide economic benefits. Management's estimation of the useful lives of concession rights, property and equipment, and investment properties is based on collective assessment of industry practice, internal technical evaluation, and experience with similar assets. These estimations are reviewed periodically and could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. Management will increase the depreciation and amortization charges where useful lives are less than what have previously been estimated.

A reduction in the estimated useful lives of intangible assets (including concession rights), property and equipment, and investment properties will increase recorded expenses and decrease noncurrent assets. The carrying values of concession rights, property and equipment, and investment properties are disclosed in Notes 6, 7 and 8 to the consolidated financial statements, respectively.

Fair Value of Financial Instruments. When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of financial assets and liabilities by category and the fair value hierarchy are set out in Note 27 to the consolidated financial statements.

Estimating Allowance for Doubtful Accounts. Allowance for doubtful accounts is calculated using two methods, each of these methods are combined to determine the total amount of reserve. The first method is specific evaluation of information available that certain customers are unable to meet their financial obligations. In these cases, management uses judgment, based on the best available facts and circumstances, including but not limited to, the length of relationship with

customer and the customer's current credit status based on third party credit reports and known market factors, to record specific reserves for customers against amounts due and to reduce receivable amounts to expected collection. These specific reserves are re-evaluated and adjusted as additional information received affects the amounts estimated. Second, a provision is established as a certain percentage of receivables not provided with specific reserves. This percentage is based on a collective assessment of historical collection, write-off experience, current economic trends, changes in customer payment terms and other factors that may affect the Group's ability to collect payments. Full allowance is provided for receivables with contested status.

The amounts and timing of recorded provision for doubtful accounts for any period would differ if the Group made different assumptions or utilized different estimates. An increase in the Group's allowance for doubtful accounts would increase the recorded operating expenses and decrease its current assets. The carrying values of receivables are disclosed in Note 13 to the consolidated financial statements.

Estimating Net Realizable Value of Spare Parts and Supplies. The Group carries spare parts and supplies at net realizable value when such value is lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The carrying amounts of spare parts and supplies carried at net realizable value as at December 31, 2013, 2014 and 2015 amounted to US$21.6 million, US$26.1 million and US$27.6 million, respectively.

The cost of these spare parts and supplies amounted to US$22.4 million, US$27.2 million and US$28.5 million as at December 31, 2013, 2014 and 2015, respectively.

Write-downs of spare parts and supplies amounted to US$0.1 million in 2013, US$0.3 million in 2014 and US$61 thousand in 2015 were recognized in the consolidated statements of income under "Equipment and facilities-related expenses" account.

Pension Cost. The determination of the obligation and cost for pension benefits is dependent on the selection of certain assumptions provided by the Group to its actuaries in calculating such amounts. Those assumptions were described in Note 24 and included among others, discount rate and future salary increases. In accordance with Revised PAS 19, *Employee Benefits*, actual results that differ from the Group's assumptions are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's pension and other pension obligations.

The carrying values of pension assets and pension liabilities as at December 31, 2013, 2014 and 2015 are disclosed in Note 24 to the consolidated financial statements.

3.3 Significant Accounting Policies

Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is recognized at fair value at acquisition date. Following initial recognition, intangible assets, except goodwill, are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred. The Group accounts for goodwill following the accounting policy on Business Combinations and Goodwill.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that intangible assets may be impaired. The amortization period and method for an intangible asset with a finite useful life is reviewed at least annually. Changes in expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income under the "Depreciation and amortization" account, which is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives such as goodwill and intangible assets not yet brought into use are not amortized but tested for impairment annually, either individually or at the cash-generating unit level, irrespective of whether there is any indication of impairment. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The following intangibles are recognized and determined by the Group to have finite useful lives:

Concession Rights. Concession rights are either purchased or acquired through business combinations or recognized on service concession arrangements.

Concession rights purchased or acquired through business combinations are recognized at fair value at the date of acquisition and are categorized as upfront fees.

Concession rights on service concession arrangements are recognized when the Group effectively receives a license or right to charge users for the public service it provides. Concession rights consist of:

a. Upfront fees payments on the concession contracts;

b. The cost of port infrastructure constructed and under construction, including related borrowing costs, and port equipment purchased and committed in accordance with the terms and conditions of the concession arrangements accounted for under IFRIC 12. These are not recognized as property and equipment of the Group but as an intangible asset; and

c. Future fixed fee considerations in exchange for the license or right for concession arrangements accounted for under IFRIC 12. Fixed fees are recognized at present value using the discount rate at the inception date with a corresponding liability recognized. Interest on the unwinding of discount of the liability and foreign exchange differences arising from translations are recognized in the consolidated statement of income.

Subsequent costs and expenditures related to port infrastructure and equipment arising from the Group's commitments to the concession contracts, or that increase future revenue are recognized as additions to the intangible asset and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are recognized as property and equipment and accounted for in accordance with the accounting policy on Property and Equipment. When the Group has contractual obligations that it must fulfill as a condition of its license to: (i) maintain the infrastructure to a specified level of serviceability or, (ii) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service concession arrangement, it recognizes and measures these contractual obligations in accordance with the accounting policy

on Provisions. Repairs and maintenance and other expenses that are routinary in nature are expensed and recognized in the consolidated statement of income as incurred in accordance with the accounting policy on Equipment and Facilities-related Expenses.

Concession rights are amortized using the straight-line method over the term of the concession arrangements ranging from 4 months to 40 years. Upfront fees are amortized upon the effectivity of the concession agreement while port infrastructure and fixed fees are amortized when the terminal is ready for use or upon start of commercial operations, whichever is earlier.

Computer Software Cost. Computer software cost includes costs incurred in the development and acquisitions of computer software used in operations. Computer software is amortized when it is available for use on a straight-line method over five years.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method.

Initial Measurement

The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred such as finder's fees; advisory, legal, accounting, valuation and other professional or consulting fees; general administrative costs, including the costs of maintaining an internal acquisitions department or business development offices are expensed and included as part of "Administrative and other operating expenses" account in the consolidated statements of income.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statement of income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with the changes in fair value recognized either in the consolidated statement of income or as a change to other comprehensive income. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with appropriate PFRS. Contingent consideration that is classified as equity is not remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of

the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

If the initial accounting for business combination can be determined only provisionally by the end of the period by which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts for the combination using provisional values. Adjustments to these provisional values because of completing the initial accounting shall be made within 12 months from the acquisition date. The carrying amount of an identifiable asset, liability or contingent liability that is recognized as a result of completing the initial accounting shall be calculated as if the asset, liability or contingent liability's fair value at the acquisition date had been recognized from that date. Goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

Subsequent Measurement

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's format determined in accordance with PFRS 8, *Operating Segments*.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized as gain or loss in the consolidated statement of income.

Goodwill is shown as part of "Intangibles" account in the consolidated balance sheet.

Acquisition of Assets

When assets are acquired, through corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business.

When such an acquisition is not judged to be an acquisition of a business, it is not treated as a business combination. Rather, the cost to acquire the entity is allocated between the identified assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Property and Equipment
Property and equipment, except land, are stated at cost less accumulated depreciation, amortization and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost also includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met, and any obligation related to the retirement of the asset. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are generally recognized in the consolidated statement of income in accordance with the accounting policy on Equipment and Facilities-related Expenses. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of income of such period.

Depreciation and amortization start when the property and equipment are available for use and computed using the straight-line method over the estimated useful lives of the assets or the terms of the operating contract with port authorities or concessions, whichever is shorter.

The estimated useful lives of property and equipment are as follows:

Leasehold rights and improvements	5-48 years or terms of the operating contract with port authorities or concessions, whichever is shorter
Port facilities and equipment	5-25 years or terms of the operating contract with port authorities or concessions, whichever is shorter
Transportation equipment	3-5 years
Office equipment, furniture and fixtures	3-5 years
Miscellaneous equipment	5 years

The useful lives, depreciation and amortization method, and any residual values are reviewed periodically and adjusted prospectively, if appropriate, to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization is charged to current operations.

An item of property and equipment and any significant part initially recognized are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the property and equipment) is included in the consolidated statement of income when the asset is derecognized.

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time the relevant assets are completed and available for operational use.

Port equipment spare parts represent major components or parts of port equipment such as quay cranes, which generally include insurance spares, that are critical for the continuous operations of the terminal equipment and facilities that have significantly different patterns of consumption of economic benefits. Spare parts are classified as property and equipment if the expected time of use is more than twelve months and provided that the capitalization thresholds are met.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset including intangibles and property and equipment while the qualifying asset is under construction are capitalized as part of the cost of that asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Capitalization of borrowing cost should commence when: (i) expenditures for the asset and borrowing costs are being incurred; and (ii) activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when the asset is substantially ready for its intended use or sale. If active development is interrupted for an extended period, capitalization is suspended. When construction occurs piecemeal and use of each part is possible as construction continues, capitalization of each part ceases upon substantial completion of that part. For borrowing of funds associated with a specific asset, the actual rate on that borrowing is used. Otherwise, a weighted average cost of borrowing is used.

All other borrowing costs are expensed as incurred.

However, if the carrying amount of the asset after capitalization of borrowing costs exceeds its recoverable amount, an impairment loss is recognized.

Investment Properties

Investment properties consisting mainly of land and improvements are initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less depreciation and amortization, and any impairment in value.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 15 to 25 years.

Investment properties are derecognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses are measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognized in the consolidated statement of income upon retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the cost and the carrying amount of the property transferred do not change. If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the accounting policy on Property and Equipment up to the date of change in use.

Investments in an Associate and a Joint Venture

Investment in an associate in which the Group exercises significant influence and which is neither a subsidiary nor a joint venture of the Group is accounted for under the equity method of accounting.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's investment in a joint venture is accounted for using the equity method.

Under the equity method, the cost of investment in an associate and a joint venture is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate and the joint venture. Goodwill, if any, relating to an associate or a joint venture is included in the carrying amount of the investment and is not amortized or separately tested for impairment. The consolidated statement of income reflects the share of the results of operations of the associate and joint venture. Where there has been a change recognized directly in the equity of the associate and the joint venture, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealized profits or losses resulting from transactions between the Group and the associate and joint venture are eliminated to the extent of the interest in the associate and joint venture.

The reporting dates of the associate, the joint venture and the Parent Company are identical and the accounting policies of the associate and joint venture conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as "Equity in net losses of a joint venture and associate" in the consolidated statement of income.

Upon loss of joint control over the joint venture and loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture and the associate upon loss of joint control and siginificant influence, respectively, and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Fair Value Measurement

The Group measures financial instruments, such as, derivatives, at fair value at each balance sheet date. Also, fair values of non-financial assets such as investment properties and financial instruments measured at amortized cost are disclosed in Notes 8 and 27.1, respectively.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of the fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Impairment of Nonfinancial Assets

Intangibles, except intangibles not yet brought into use, property and equipment, investment properties, and investment in an associate and a joint venture are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the consolidated statement of income. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal or value-in-use. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Fair value less costs of diposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less costs of disposal while value-in-use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or from its disposal at the end of its useful life.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's cash generating unit to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For

longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on spare parts and supplies, are recognized in the consolidated statement of income in expense categories consistent with the function of the impaired asset.

For these nonfinancial assets excluding goodwill and intangibles not yet brought into use, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

Intangibles not yet brought into use are tested for impairment annually irrespective of whether there is any impairment indicator.

The following assets have specific characteristic for impairment testing:

Goodwill. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit, which is also the operating entity acquired through business combination and to which the goodwill relates or has been allocated. When the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

The Group performs its annual impairment test for intangibles not yet brought into use and goodwill at December 31.

Investments in an Associate and a Joint Venture. After application of the equity method, the Group determines whether it is necessary to recognize additional impairment loss of the Group's investment in its associate and joint venture. The Group determines at each balance sheet date whether there is any objective evidence that the investment in an associate and a joint venture is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount of the associate and joint venture and the carrying amount of the investment, and recognizes the amount in the consolidated statement of income. The Group's investment in an associate has been fully provided with an allowance for probable loss (see Note 9).

Financial Instruments

Financial Assets and Financial Liabilities. Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss (FVPL).

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. In the case of a regular

way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Financial assets are classified into the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, and AFS investments. Financial liabilities are classified as either financial liabilities at FVPL or as other financial liabilities. The Group determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this designation at every reporting date.

There were no reclassifications within the categories of the financial assets and liabilities in 2013, 2014 and 2015.

Financial Assets and Financial Liabilities at FVPL. These include financial assets and liabilities held for trading and financial assets and liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract.

Financial assets or financial liabilities may be designated by management at initial recognition as at FVPL if any of the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or (ii) the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value with gains or losses recognized in the consolidated statement of income.

This category includes derivative assets and liabilities (see Note 27).

Derivative Financial Instruments and Hedging

Derivative financial instruments are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated, and are subsequently re-measured and accounted for in the consolidated balance sheet at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge of an identified risk and qualifies for hedge accounting treatment or accounted for as derivative not designated for hedges.

The objective of hedge accounting is to match the impact of the hedged item and the hedging instrument in the consolidated statement of income. To qualify for hedge accounting, the hedging relationship must comply with strict requirements such as the designation of the derivative as a hedge of an identified risk exposure, hedge documentation, probability of occurrence of the

forecasted transaction in a cash flow hedge, assessment and measurement of hedge effectiveness, and reliability of the measurement bases of the derivative instruments.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group's derivative financial instruments are accounted for as either cash flow hedges or transactions not designated as hedges.

Cash Flow Hedges. Cash flow hedges are hedges of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset, liability or a highly probable forecast transaction and could affect the consolidated statement of income. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized as "Net change in unrealized mark-to-market values of derivatives" in the consolidated statement of comprehensive income, whereas any hedge ineffectiveness is immediately recognized in the consolidated statement of income.

Amounts taken to equity are transferred to the consolidated statement of income when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as in the periods that depreciation expense or cost of sales is recognized). However, if an entity expects that all or a portion of a loss recognized in other comprehensive income will not be recovered in one or more future periods, it shall reclassify from equity to profit or loss as a reclassification adjustment the amount that is not expected to be recovered.

Hedge accounting is discontinued prospectively when the hedge ceases to be highly effective. When hedge accounting is discontinued, the cumulative gains or losses on the hedging instrument that has been reported as "Net change in unrealized mark-to-market values of derivatives" is retained in the consolidated statement of comprehensive income until the hedged transaction impacts the consolidated statement of income. When the forecasted transaction is no longer expected to occur, any net cumulative gains or losses previously reported in the statement of comprehensive income is recognized immediately in the consolidated statement of income.

Other Derivative Instruments not Accounted for as Hedges. Certain freestanding derivative instruments that provide economic hedges under the Group's policies either do not qualify for hedge accounting or are not designated as accounting hedges. Changes in the fair values of derivative instruments not designated as hedges are recognized immediately in the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. For bifurcated embedded derivatives in financial and non-financial contracts that are not designated or do not qualify as hedges, changes in the fair value of such transactions are recognized in the consolidated statement of income.

Embedded Derivatives

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and c) the hybrid or combined instrument is not recognized at FVPL.

Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group determines whether a modification to cash flows is significant by considering the extent to which the expected future cash flows associated with the embedded derivative, the host contract or both have changed and whether the change is significant relative to the previously expected cash flow on the contract.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortized cost using the effective interest rate (EIR) method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are integral part of the EIR and transaction costs. Gains and losses are recognized in the consolidated statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the balance sheet date otherwise; these are classified as noncurrent assets.

This category includes cash and cash equivalents and receivables (see Notes 12 and 13).

HTM Investments. HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities and which the Group has the positive intention and ability to hold to maturity. After initial measurement HTM investments are measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the EIR method of any difference between the initially recognized amount and the maturity amount, less allowance for impairment. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognized in the consolidated statement of income when the investments are derecognized or impaired, as well as through the amortization process. Assets under this category are classified as current assets if maturity is within 12 months from the balance sheet date otherwise these are classified as noncurrent assets.

The Group had no HTM investments.

AFS Investments. AFS investments are non-derivative financial assets that are designated as AFS or are not classified in any of the three preceding categories. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. After initial measurement, AFS investments are measured at fair value with unrealized gains or losses being recognized directly in OCI. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recorded in the consolidated statement of comprehensive income is recognized in the consolidated statement of income. Interest earned on the investments is reported as interest income using the EIR method. Dividends earned on investments are recognized in the consolidated statement of income when the right of payment has been established. AFS investments are classified as noncurrent assets unless the intention is to dispose such assets within 12 months from balance sheet date.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on balance sheet date. When current prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For investments where there is no active market, except investments in unquoted equity securities, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions; reference to the current market value of another instrument which is substantially the same; net present value techniques and other relevant valuation models. Investments in unquoted equity securities are carried at cost, net of accumulated impairment losses.

AFS investments consist of the Group's investments in quoted and unquoted equity shares (see Note 10).

Other Financial Liabilities (including Interest-bearing Loans and Borrowings)
Other financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs. Financial liabilities are classified under this category if they are not held for trading or not designated as FVPL upon the inception of the liability.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the amortization process.

The Group's loans payable, accounts payable and other current liabilities, other noncurrent liabilities, concession rights payable and long-term debt are included under this classification.

Impairment of Financial Assets
The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Assets Carried at Amortized Cost. If there is an objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in the consolidated statement of

income. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery.

The Group first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the group of financial assets with similar credit risk characteristics and the group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of impairment. The Group considers factors such as the age of the receivable, payment status and collection experience in determining individually impaired financial assets. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as customer type, location and past due status.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS Investments - Carried at Fair Value. If an AFS investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the consolidated statement of income, is transferred from other comprehensive income to the consolidated statement of income.

An AFS investment is considered impaired if there is prolonged or significant decline in market value against cost. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost.

AFS Investment - Carried at Cost. If there is an objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Reversals of impairment losses in respect of equity instruments classified as AFS are not recognized in the consolidated statement of income, increases in their fair value after impairment are recognized directly in other comprehensive income. Reversals of impairment losses on debt instruments are reversed through the consolidated statement of income; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either: a) has transferred substantially all the risks and rewards of the asset; or b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through agreement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of income. Otherwise, where the net present value of the cash flows under the new terms is less than 10 percent different from the discounted present value of the remaining cash flows of the original debt instrument, the financial liability is not derecognized.

Day 1 Difference

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In case where data used are not observable, the difference between the transaction price and model value is recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 difference.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Classification of Financial Instruments Between Debt and Equity

A financial instrument is classified as debt, if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or

- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Cash does not include restricted cash, which is classified in the consolidated balance sheet either as a current or noncurrent asset depending on the relationship to the asset for which the funds are restricted. If cash is restricted for investments, the restricted portion is classified as noncurrent.

Spare Parts and Supplies
Spare parts and supplies inventories are valued at the lower of cost or net realizable value. Net realizable value is the current replacement cost.

Cost is determined by using the first-in, first-out method. If the cost of spare parts and supplies inventories exceeds its net realizable value, provisions are made currently for the differences between the cost and the net realizable value.

Prepayments
Prepayments are expenses paid in advance and recorded as asset before they are utilized. This account comprises the following:

Input Tax. Input tax is recognized when an entity in the Group purchases goods or services from a Value Added Tax (VAT)-registered supplier or vendor. This account is offset, on a per entity basis, against any output tax previously recognized.

Prepaid Port Fees, Insurance, Bonds and Other Expenses, and Advanced Rent and Deposits. Prepaid insurance, port fees, bonds and other expenses, and advanced rent and deposits are apportioned over the period covered by the payment and charged to the appropriate account in the consolidated statement of income when incurred.

Creditable Withholding Tax. Creditable withholding tax is deducted from income tax payable on the same year the revenue was recognized.

Tax Credit Certificates. Tax credit certificates are issued by tax authorities in lieu of tax refunds, which can be used to offset against future tax liabilities and customs duties. In some jurisdictions, tax credit certificates can be sold or exchanged for cash and cash equivalents.

Advances to Suppliers and Contractors. Advances to suppliers and contractors are reclassified to the proper asset or expense account and deducted from the contractors' billings as specified in the provisions of the contract.

Prepayments that are expected to be realized within 12 months from the balance sheet date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Capital Stock and Additional Paid-in Capital
Capital stock is measured at par value for all shares issued. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against the retained earnings.

Cost of Shares Held by Subsidiaries
Own equity instruments which are held by subsidiaries are treated as treasury shares and recognized and deducted from equity at cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized as additional paid-in capital.

Treasury Shares
Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital. Voting rights related to treasury shares are nullified for the Parent Company and no dividends are allocated to them respectively. Shares vested during the reporting period are satisfied with treasury shares.

Retained Earnings
Retained earnings are the result of Group's accumulated profits or losses, declaration of dividends and the effects of retrospective application or retrospective restatement recognized in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded by each entity at its functional currency ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the entity's functional currency rate of exchange at the balance sheet date. All foreign currency differences are taken to the consolidated statement of income except exchange differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation. These foreign currency borrowings include long-term receivables or loans to a foreign operation denominated in either the functional currency of the parent or of the foreign operations. Related exchange differences arising from net investment in foreign operations are taken directly to equity until the disposal of the net investment, at which time they are recognized in the consolidated statement of income. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any goodwill arising from the acquisition of a foreign operation and any fair value adjustments made to the carrying amounts of assets and liabilities arising from the acquisition are treated as assets and liabilities of the foreign operations and translated at the closing exchange rate at the balance sheet date.

Year-End Exchange Rates

The following rates of exchange have been adopted by the Group in translating foreign currency balance sheet and statement of income items as at and for the years ended December 31:

	2013		2014		**2015**	
	Closing	Average	Closing	Average	**Closing**	**Average**
Foreign currency to 1 unit of US dollar (USD or US$):						
Argentine peso (AR$)	6.520	5.480	8.465	8.121	**12.932**	**9.264**
Australian dollar (AUD)	1.121	1.033	1.223	1.108	**1.372**	**1.329**
Brazilian real (BRL or R$)	2.362	2.161	2.658	2.355	**3.961**	**3.338**
Brunei dollar (BND or B$)	1.262	1.251	1.325	1.267	**1.418**	**1.375**
Chinese renminbi (RMB)	6.054	6.148	6.206	6.162	**6.494**	**6.285**
Colombian peso (COP)	1,929.510	1,869.310	2,376.510	2,001.650	**3,174.500**	**2,748.667**
Croatian kuna (HRK)	5.545	5.707	6.335	5.756	**7.036**	**6.859**
Euro (EUR or €)	0.728	0.753	0.827	0.753	**0.921**	**0.901**
Georgian lari (GEL)	1.737	1.663	1.885	1.766	**2.400**	**2.275**
Honduran lempira (HNL)	20.250	20.104	21.020	20.507	**22.368**	**21.846**
Hong Kong dollar (HKD)	7.754	7.757	7.755	7.755	**7.751**	**7.753**
Indian rupee (INR)	61.800	58.601	63.044	61.032	**66.154**	**64.153**
Indonesian rupiah (IDR or Rp)	12,171.000	10,440.000	12,388.000	11,881.000	**13,788.000**	**13,398.000**
Iraqi dinar (IQD)	–	–	1,195.025	1,188.193	**1,165.000**	**1,202.306**
Japanese yen (JPY or ¥)	105.310	97.630	119.780	105.920	**120.220**	**121.045**
Malagasy ariary (MGA)	2,240.000	2,219.350	2,585.000	2,475.430	**3,216.000**	**3,093.696**
Mexican peso (MXN)	13.037	12.762	14.752	13.314	**17.208**	**15.881**
Pakistani rupee (PKR or Rs)	105.326	101.592	100.523	101.034	**104.731**	**102.749**
Philippine peso (₱)	44.395	42.430	44.720	44.395	**47.060**	**45.523**
Polish zloty (PLN)	3.023	3.159	3.544	3.156	**3.923**	**3.771**
Singaporean dollar (SGD)	1.263	1.251	1.326	1.267	**1.419**	**1.375**
South African rand (ZAR)	10.493	9.650	11.571	10.850	**15.469**	**12.780**

Change in Functional Currency

When there is a change in an entity's functional currency, the entity should apply the translation procedures applicable to the new functional currency prospectively from the date of change. An entity translates all items into the new functional currency using the exchange rate at the date of the change. The resulting translated amounts for nonmonetary items are treated as their historical cost. Exchange differences arising from the translation at the date of change are recognized as cumulative translation adjustment reported under the consolidated statement of comprehensive income and presented in the equity section of the consolidated balance sheet. Exchange differences arising from translation of a foreign operation recognized in other comprehensive income are not reclassified from equity to the consolidated statement of income until the disposal of the foreign operation.

The comparative financial statements shall be presented into the new presentation currency in accordance with the translation procedures described in PAS 21, *The Effects of Changes in Foreign Exchange Rates*, as follows:

a. all assets and liabilities at the exchange rates prevailing at the balance sheet date;

b. equity items at historical exchange rates;

c. revenue and expense items at the approximate exchange rates prevailing at the time of transactions; and

d. all resulting exchange differences are recognized in cumulative translation adjustments account, presented as part of the consolidated statement of comprehensive income.

Concession Rights Payable

Concession rights payable is recognized at the date of inception as the present value of the fixed portion of port fees or rental fees to the port authorities if the arrangement qualifies under IFRIC 12, *Service Concession Arrangements*, or IFRIC 4, *Determining whether an Agreement contains a Lease*, as a finance lease, respectively. This account is debited upon payment of port fees or rental fees to the port authorities. Such payments are apportioned between interest payment and payment of the principal. Interest arising from the accretion of concession rights payable is presented under "Interest expense on concession rights payable" account in the consolidated statement of income.

Concession rights payable that are expected to be settled for no more than 12 months after the reporting period are classified as current liabilities presented as Current portion of concession rights payable. Otherwise, these are classified as noncurrent liabilities.

Accounts Payable and Other Current Liabilities

Accounts payable is part of the working capital used in the normal operating cycle of the Group. Other current liabilities are not settled as part of the Group's normal operating cycle but are due for settlement within 12 months after the balance sheet date. Accounts payable and other current liabilities are recognized in the period when incurred. This account classification includes the following:

Trade Payable. Trade payable represents payable to port authorities other than concession rights pertaining to upfront fees payable in installments and fixed fees, such as accrual of variable portion of port fees and those payable to suppliers and vendors of goods and services.

Accrued Expenses. Accrued expenses are comprised of accruals relating to interest, salaries and benefits, and output and other taxes, among others.

Provisions for Claims and Losses. Provisions for claims and losses pertain to estimated probable losses on cargo, labor-related and other claims from third parties. Provision for losses not settled at the balance sheet date is reassessed and adjusted, if necessary.

Customers' Deposits. Customers' deposits represent advance payment of customers subject to refund or for future billing applications.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;

b. A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or

d. There is substantial change in the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios a, c, or d, and at the date of renewal or extension period for scenario b.

Group as Lessee. Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the consolidated statement of income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the consolidated statement of income on a straight-line basis over the lease term.

Group as Lessor. Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Pension Benefits

Defined Benefit Plans. The Parent Company, BCT, BIPI, DIPSSCOR, SBITC, ROHQ, MTS, JASA, OJA, SCIPSI, MICTSL, MICTSI, AGCT, CGSA and CMSA have separate, noncontributory, defined benefit retirement plans covering substantially all of its regular employees. The pension plans of the Parent Company, BIPI, DIPSSCOR, SBITC and SCIPSI are funded.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined benefit costs comprise service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by

applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined Contribution Plan. YRDICTL/YICT, ICTSI Oregon and PICT have defined contribution plans under a state pension scheme. Contributions under the plan are recorded as expense in the consolidated statement of income. There are no further obligations beyond the contribution.

Share-based Payment Transactions

Certain qualified officers and employees of the Parent Company and subsidiaries receive remuneration for their services in the form of equity shares of the Parent Company ("equity-settled transactions").

The cost of equity-settled transactions with officers and employees is measured by reference to the fair value of the stock at the date on which these are granted.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date").

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, excluding discounts, rebates, output tax, and other sales taxes or duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in substantially all its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Gross Revenues from Port Operations. Revenue is generally recognized when services are rendered.

Construction Revenue and Cost. When the Group provides construction or upgrade services on concession arrangements accounted for within the scope of IFRIC 12, the consideration is measured at the fair value of the construction services provided. The Group recognizes revenue and costs relating to construction or upgrade services by reference to the stage of completion of the contract in accordance with PAS 11, *Construction Contracts*.

Interest Income. Revenue is recognized as the interest accrues taking into account the effective yield of the asset.

Dividend Income. Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend, and is included as part of "Other income" account in the consolidated statement income.

Rental Income. Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included as part of "Other income" account in the consolidated statement of income.

Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is initially recognized as a liability in the consolidated balance sheet and recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to the acquisition or construction of a fixed asset, it is initially recognized as a liability in the consolidated balance sheet and recognized as income in equal amounts over the period of depreciation of the related asset.

Expenses

Expenses are recognized as incurred. Expenses constitute the following:

Port Authorities' Share in Gross Revenues. Port authorities' share in gross revenues includes variable fees paid to port authorities as stipulated in the concession agreements.

Manpower Costs. Manpower costs include remunerations and benefits provided by the Group to its officers and employees such as salaries, wages, allowances, and bonuses, among others.

Equipment and Facilities-related Expenses. Equipment and facilities-related expenses include fixed fees paid to port authorities as stipulated in the concession agreements that qualify as leases under IFRIC 4 and expenses incurred for general repairs and maintenance of the Group's port facilities and other equipment such as consumption of fuel, oil and lubricants, contracted services, power, light and water, and technology and systems development expenses.

Administrative and Other Operating Expenses. Administrative and other operating expenses normally include costs of administering the business as incurred by administrative departments such as professional fees, transportation and travel, taxes and licenses, security and janitorial services, insurance and bonds, representation, utilities and general office expenses. This account also includes costs of business development offices in relation to the acquisition of new terminals or projects under exploratory stage.

Taxes

Current Tax. Income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income.

Current tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax. Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses or NOLCO, to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits and NOLCO can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognized outside the consolidated statement of income is recognized outside of the consolidated statement of income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is treated as a reduction to goodwill (as long as it does not

exceed goodwill) if it was incurred during the measurement period; otherwise, these shall be recognized in profit or loss.

Project Development Costs
Project development costs that do not qualify for capitalization as port infrastructure recognized as concession rights or property and equipment are expensed as incurred.

Preoperating Expenses
Preoperating expenses are expensed as incurred.

Earnings Per Share
Basic earnings per common share is computed by dividing the net income attributable to equity holders of the parent, adjusted by the effect of cumulative distributions on subordinated perpetual capital securities classified as equity in accordance with PAS 32 by the weighted average number of common shares outstanding during each year after giving retroactive effect to stock dividends declared during the year.

Diluted earnings per common share is computed in the same manner, adjusted for the effect of the shares issuable to qualified officers and employees under the Parent Company's stock incentive plan which are assumed to be exercised at the date of grant.

Where the effect of the vesting of stock under the stock incentive plan is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Geographical Segments
The Group operates principally in one industry segment which is cargo handling and related services. The Group's operating business is organized and managed separately according to location, namely Asia, EMEA, and Americas. Financial information on geographical segments is presented in Note 5 to the consolidated financial statements.

Provisions
General. Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingent Liabilities Recognized in a Business Combination. A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the requirements for revenue recognition.

Contingencies
Contingent assets and liabilities are not recognized in the consolidated financial statements. Contingent assets are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable and recognized in the consolidated balance sheet and the related income in the consolidated statement of income when an inflow of economic benefits is virtually certain. On the other hand, contingent liabilities are disclosed in the notes to consolidated

financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Events after the Balance Sheet Date
Post year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3.4 Future Changes in Accounting Policies

Pronouncements Issued but Not yet Effective
Pronouncements issued but not yet effective as at December 31, 2015 are listed below. These pronouncements are those that the Group reasonably expects to have an impact on its accounting policies or disclosures unless otherwise indicated. The Group intends to adopt the following pronouncements when they become effective.

Deferred

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The Securities and Exchange Commission and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group.

Effective January 1, 2016

- PFRS 10, *Consolidated Financial Statements, and PAS 28, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception (Amendments)*

  These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments are not applicable to the Group since none of the entities within the Group is an investment entity nor does the Group have investment entity associates or joint venture.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments)*
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests (Amendments)*
  The amendments to PFRS 11 require a joint operator that is accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business (as defined by PFRS 3), to apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- PAS 1, *Presentation of Financial Statements – Disclosure Initiative (Amendments)*
  The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:
    - That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions
    - That specific line items in the statement of income and other comprehensive income and the statement of financial position may be disaggregated
    - That entities have flexibility as to the order in which they present the notes to financial statements
    - That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

  Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Group is currently assessing the impact of these amendments on its consolidated financial statements.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the

statement of income and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

- PAS 16, *Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants*
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)*
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its noncurrent assets.

Annual Improvements to PFRSs (2012-2014 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group. They include:

- PFRS 5*, Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures – Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative

disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7- *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits – regional market issue regarding discount rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- PFRS 9, *Financial Instruments*
  In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments. The new standard (renamed as PFRS 9) reflects all phases of the financial instruments project and replaces PAS 39, Financial Instruments: Recognition and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Group did not early adopt PFRS 9.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The adoption will also have an effect on the Group's application of hedge accounting and on the amount of its credit losses. The Group is currently assessing the impact of adopting this standard

- International Financial Reporting Standard (IFRS) 15, *Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 by the International Accounting Standards Board (IASB) and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Group is currently assessing the impact of IFRS 15.

Effective January 1, 2019

- IFRS 16, *Leases*
  On January 13, 2016, the IASB issued its new standard, IFRS 16, Leases, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, Revenue from Contracts with Customers. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of IFRS 16.

4. Business Combinations and Disposals

The Group, in the process of acquiring new ports, recognizes goodwill from business combination representing the expected synergies and other benefits from combining the acquiree's net assets with those of the acquirer.

4.1 Acquisition of YICT and Sale of YRDICTL in 2014

On July 1, 2014, ICTSI, through its subsidiary IHKL, acquired 51 percent of the total equity interest of YICT for a total cash consideration of approximately US$137.3 million (RMB854.2 million) paid in four installments. On the same date, ICTSI sold its 60 percent ownership interest in YRDICTL to Yantai Port Holdings (YPH) for a total cash consideration of approximately US$94.8 million (RMB588.1 million) paid in two installments in July 2014. All the proceeds from the sale of YRDICTL were used to partially fund the acquisition of YICT. The contracts also provide for contingent consideration for the sale and acquisition transactions, based on the change in net asset value of YICT and YRDICTL from August 31, 2013 to June 30, 2014 subject to external audit. IHKL expected to receive from Yantai Port Group (YPG) a net amount of US$1.0 million (RMB6.1 million) in 2015 representing the additional consideration for the sale and acquisition transactions based on the change in net asset value of YICT and YRDICTL from August 31, 2013 to June 30, 2014 in accordance with the contract. On June 12, 2015, IHKL received from YPG a net amount of US$0.8 million (RMB5.2 million). The receipt of the final

net contingent consideration in 2015 resulted in the reduction of gain on sale of YRDICTL by US$0.2 million (RMB0.9 million).

The objective of these transactions is to consolidate and optimize the overall port operations within the Zhifu Bay Port Area in Yantai, China. YICT became the only foreign container terminal and YRDICTL is dedicated to handling local container cargo within the Zhifu Bay Port Area. DP World China (Yantai) and YPH owns 12.5 percent and 36.5 percent ownership interest, respectively, in YICT, with ICTSI as the majority shareholder. YRDICTL is now 100 percent owned by YPH and dedicated to handling local container cargo.

The fair values of the identifiable assets and liabilities of YICT at the date of acquisition were:

	Final Fair Value Recognized on Acquisition
Assets	
Property and equipment	US$222,168,465
Intangibles	81,736,381
Other noncurrent assets	433,653
Cash and cash equivalents	1,888,381
Receivables - net of allowance for doubtful accounts of US$74.8 thousand	5,307,382
Spare parts and supplies	599,354
Prepaid expenses and other current assets	63,120
	312,196,736
Liabilities	
Deferred tax liabilities	US$11,663,798
Loans payable	4,513,872
Accounts payable and other current liabilities	2,735,273
Current portion of long-term debt	38,566,201
	57,479,144
Total identifiable net assets at fair value	US$254,717,592
Non-controlling interest measured at proportionate fair value	(124,811,620)
Goodwill arising on acquisition	10,239,388
Purchase consideration transferred and satisfied by cash	US$140,145,360

In the 2014 consolidated statement of cash flows, the net cash outflow on the acquisition amounting to US$135.4 million was derived as follows:

	Amount
Cash paid at acquisition date	US$137,310,871
Less cash and cash equivalents of YICT	1,888,381
Net cash outflow at acquisition date	US$135,422,490
Add cash paid for contingent consideration in 2015	2,834,489
Net cash outflow	US$138,256,979

Net cash inflow from the sale of YRDICTL amounted to US$68.0 million, which excludes the cash and cash equivalents of YRDICTL as at date of sale amounting to US$26.7 million (RMB165.8 million). This amount also excludes the additional amount received from YPG in 2015 amounting to US$3.7 million (RMB23.7 million). Adjusted gain on sale of YRDICTL after the receipt of the final net contingent consideration in 2015 is US$31.7 million.

The carrying values of the assets and liabilities of YRDICTL at the date of disposal were:

	Carrying Value at Disposal Date
Assets	
Property and equipment	US$75,936,567
Intangibles	27,044,395
Deferred tax assets	418,463
Other noncurrent assets	17,731
Cash and cash equivalents	26,725,571
Receivables	4,222,680
Spare parts and supplies	380,263
Prepaid expenses and other current assets	98,433
	US$134,844,103
Liabilities	
Deferred tax liabilities	US$1,269,212
Accounts payable and other current liabilities	1,130,400
	US$2,399,612

Gross revenues and net income attributable to equity holders of the parent of YICT from acquisition date to December 31, 2014 amounted to US$16.5 million (RMB101.9 million) and US$0.4 million (RMB2.7 million). If the acquisition and sale had taken place at the beginning of the year, consolidated revenues would have been higher by US$0.7 million (RMB4.2 million) and net income attributable to equity holders of the parent would have been lower by US$0.8 million (RMB4.9 million) for the year ended December 31, 2014.

4.2 Sale of CICTI

On November 28, 2013, ICTSI and the other shareholders of CICTI (the "Sellers") entered into a conditional Share Purchase Agreement (SPA) with Cebu Asian Rim Property and Development Corporation and Hongkong Land (Philippines) BV (the "Buyers") for the sale of its entire ownership in CICTI. On January 13, 2014, and upon fulfillment of conditions under the SPA, the Sellers executed a Deed of Absolute Sale in favor of the Buyers. The net assets of CICTI to be transferred to the Sellers were classified as "Noncurrent assets held for sale" in the 2013 consolidated balance sheet. Net proceeds from the sale amounted to US$26.6 million (₱1.2 billion). Net cash inflow from the sale of CICTI, which excludes the cash and cash equivalents of CICTI as of date of sale, amounted to US$26.5 million (₱1.2 billion). The sale resulted in the recognition of gain on sale amounting to US$13.2 million in the 2014 consolidated statement of income.

4.3 Sale of NICTI

On April 27, 2015, NICTI purchased ICTSI's 60 percent ownership interest in NICTI for JPY107.0 million (approximately US$0.9 million) as part of its treasury shares. The 10-year lease agreement of NICTI will expire at yearend and negotiations for its renewal will soon commence and ICTSI is no longer interested in participating in the said negotiations. The transaction resulted in the recognition of gain on sale amounting to US$0.3 million in the 2015 consolidated statement of income.

5. Segment Information

A segment is a distinguishable component of the Group that is engaged either in providing types of services (business segment) or in providing the services within a particular economic environment (geographic segment).

The Group operates principally in one industry segment which is cargo handling and related services. ICTSI has organized its cargo handling and related business into three geographical segments:

- Asia - includes MICT, BIPI, DIPSSCOR, SCIPSI, SBITC, ICTSI Subic, HIPS, MICTSI and LGICT in the Philippines; YRDICTL (until June 30, 2014) and YICT (starting July 1, 2014) in China; OJA, JASA and MTS in Indonesia; VICT in Australia; NICTI (until April 27, 2015) in Japan; NMCTS in Brunei; PICT in Pakistan; ICTHI, ICTSI Ltd. and other holding companies and those companies incorporated in The Netherlands for the purpose of supporting the funding requirements of the Group;

- EMEA - includes BCT in Poland, BICTL in Georgia, AGCT in Croatia, MICTSL in Madagascar, LICTSLE in Nigeria, IDRC in Congo and ICTSI Iraq in Iraq; and

- Americas - includes TSSA in Brazil, CGSA in Ecuador, SPIA in Colombia, Tecplata in Argentina, CMSA and TMT in Mexico, OPC in Honduras and ICTSI Oregon in Oregon, U.S.A.

Management monitors the operating results of its operating unit separately for making decisions about resource allocation and performance assessment. The Group evaluates segment performance based on contributions to gross revenues, which is measured consistently with gross revenues from port operations in the consolidated statement of income.

Financing is managed on a group basis and centralized at the Parent Company level or at the entities created solely for the purpose of obtaining funds for the Group. Funding requirements that are secured through debt are recognized as liabilities of the Parent Company or of the entity issuing the debt instrument, classified under the geographical region of Asia and are not allocated to other geographical segments where funds are eventually transferred and used.

The tables below present financial information on geographical segments as at and for the year ended December 31:

	2013			
	Asia	EMEA	Americas	Consolidated
Volume[(a)]	3,790,334	794,182	1,725,324	6,309,840
Gross revenues	US$457,855,773	US$90,259,925	US$304,278,548	US$852,394,246
Capital expenditures	66,222,405	54,998,462	356,403,642	477,624,509
Other information:				
Segment assets[(b)]	1,452,136,575	212,606,343	1,378,197,039	3,042,939,957
Segment liabilities[(c)]	1,365,373,428	88,731,278	203,507,758	1,657,612,464

	2014			
	Asia	EMEA	Americas	Consolidated
Volume[(a)]	3,820,572	930,616	2,687,447	7,438,635
Gross revenues	US$531,484,228	US$105,092,686	US$424,575,279	US$1,061,152,193
Capital expenditures	84,371,708	57,890,248	136,787,168	279,049,124
Other information:				
Segment assets[(b)]	1,670,614,107	264,308,937	1,407,964,788	3,342,887,832
Segment liabilities[(c)]	1,541,031,122	101,750,427	198,989,245	1,841,770,794

	2015			
	Asia	**EMEA**	**Americas**	**Consolidated**
Volume[(a)]	**4,094,580**	**943,334**	**2,738,079**	**7,775,993**
Gross revenues	**US$564,577,184**	**US$109,108,972**	**US$377,638,737**	**US$1,051,324,893**
Capital expenditures	**210,120,324**	**92,312,291**	**93,604,658**	**396,037,273**
Other information:				
Segment assets[(b)]	**2,029,186,271**	**332,850,949**	**1,392,389,393**	**3,754,426,613**
Segment liabilities[(c)]	**1,549,562,434**	**76,149,743**	**290,174,236**	**1,915,886,413**

[(a)] Measured in twenty-foot equivalent units (TEUs).

[(b)] Segment assets do not include deferred tax assets amounting to US$44.7 million, US$57.9 million and US$87.0 million as at December 31, 2013, 2014 and 2015, respectively.

[(c)] Segment liabilities do not include income tax payable amounting to US$15.9 million, US$17.4 million and US$22.0 million, and deferred tax liabilities amounting to US$60.9 million, US$68.1 million and US$77.5 million as at December 31, 2013, 2014 and 2015, respectively.

Moreover, management monitors the Group's earnings before interest, taxes, depreciation and amortization (EBITDA) on a consolidated basis for decision-making purposes. The following table shows the computation of EBITDA as derived from the consolidated net income attributable to equity holders of the parent for the year ended December 31:

	2013	2014	**2015**
Net income attributable to equity holders of the parent	US$172,379,532	US$181,988,167	**US$58,545,218**
Non-controlling interests	8,292,368	9,524,705	**10,434,227**
Provision for income tax	34,295,238	53,881,814	**50,637,625**
Income before income tax	214,967,138	245,394,686	**119,617,070**
Add (deduct):			
Depreciation and amortization	99,484,286	121,686,193	**126,453,035**
Interest and other expenses[(a)]	83,342,928	147,160,090	**227,813,117**
Interest and other income[(b)]	(20,471,356)	(71,231,840)	**(23,861,039)**
EBITDA[(c)]	US$377,322,996	US$443,009,129	**US$450,022,183**

[(a)] Interest and other expenses include the following as shown in the consolidated statements of income: foreign exchange loss; interest expense on concession rights payable; interest expense and financing charges on borrowings; impairment losses; equity in net loss of a joint venture; and other expenses.

[(b)] Interest and other income include the following as shown in the consolidated statements of income: gain on sale of subsidiaries; foreign exchange gain; interest income; and other income.

[(c)] EBITDA is not a uniform or legally defined financial measure. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. EBITDA is also frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry.

The Group EBITDA figures are not, however, readily comparable with other companies' EBITDA figures as they are calculated differently and thus must be read in conjunction with related additional explanations. EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under PFRS. Some of the limitations concerning EBITDA are:

- *EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;*
- *EBITDA does not reflect changes in, or cash requirements for working capital needs;*
- *EBITDA does not reflect the interest expense, or cash requirements necessary to service interest or principal debt payments;*
- *Although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and*
- *Other companies in the industry may calculate EBITDA differently, which may limit its usefulness as a comparative measure.*

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of the business. The Group compensates for these limitations by relying primarily on PFRS results and uses EBITDA only as supplementary information.

All segment revenues are from external customers. Gross revenues from port operations of ICTSI and other Philippine-based subsidiaries comprised 40.6 percent, 38.9 percent and 41.2 percent of the consolidated gross revenues from port operations for the years ended December 31, 2013, 2014 and 2015, respectively. Gross revenues from port operations outside the Republic of the Philippines comprised 59.4 percent, 61.1 percent and 58.8 percent of the consolidated gross revenues from port operations for the years ended December 31, 2013, 2014 and 2015, respectively.

6. Intangibles

This account consists of:

	2013						
	Concession Rights						
	Upfront Fees (See Note 25)	Fixed Fees (See Note 25)	Port Infrastructure (See Note 25)	Subtotal	Computer Software (See Note 25)	Goodwill (See Note 4)	Total
Cost							
Balance at beginning of year	US$267,956,601	US$212,992,230	US$850,086,271	US$1,331,035,102	US$21,437,319	US$146,897,070	US$1,499,369,491
Acquisitions or additions (see Notes 25.1 and 25.11)	51,279,735	394,254,596	155,762,166	601,296,497	4,543,905	–	605,840,402
Effect of expiration of first MICT Contract (see Note 1.2)	–	(30,614,729)	(12,485,207)	(43,099,936)	–	–	(43,099,936)
Effect of deconsolidation of SPIA (see Note 1.3)	(42,453,876)	(12,332,510)	–	(54,786,386)	(185,737)	(13,892,197)	(68,864,320)
Transfers from other accounts (see Note 7)	–	–	–	–	1,721,437	–	1,721,437
Translation adjustments	(5,846,005)	(1,035,367)	(4,455,364)	(11,336,736)	(1,175,786)	(9,622,350)	(22,134,872)
Balance at end of year	270,936,455	563,264,220	988,907,866	1,823,108,541	26,341,138	123,382,523	1,972,832,202
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	51,156,770	68,335,606	133,614,561	253,106,937	11,648,791	277,080	265,032,808
Amortization for the year	9,189,392	17,160,505	32,131,463	58,481,360	2,953,815	–	61,435,175
Effect of expiration of first MICT Contract	–	(30,614,729)	(12,485,207)	(43,099,936)	–	–	(43,099,936)
Effect of deconsolidation of SPIA (see Note 1.3)	(8,946,761)			(8,946,761)	(89,024)	–	(9,035,785)
Translation adjustments	(1,040,493)	(256,217)	(1,590,444)	(2,887,154)	(717,322)	–	(3,604,476)
Balance at end of year	50,358,908	54,625,165	151,670,373	256,654,446	13,796,260	277,080	270,727,786
Net Book Value	US$220,577,547	US$508,639,055	US$837,237,493	US$1,566,454,095	US$12,544,878	US$123,105,443	US$1,702,104,416

	2014						
	Concession Rights						
	Upfront Fees (See Note 25)	Fixed Fees (See Note 25)	Port Infrastructure (See Note 25)	Subtotal	Computer Software (See Note 25)	Goodwill (See Note 4)	Total
Cost							
Balance at beginning of year	US$270,936,455	US$563,264,220	US$988,907,866	US$1,823,108,541	US$26,341,138	US$123,382,523	US$1,972,832,202
Acquisitions or additions (see Notes 25.6 and 25.11)	–	–	130,519,963	130,519,963	2,525,086	–	133,045,049
Effect of business combination (see Note 4.1)	90,861,849	–	–	90,861,849	–	10,239,388	101,101,237
Effect of deconsolidation of subsidiaries (see Note 4.1)	(34,517,481)	–	–	(34,517,481)	(65,550)	(1,291,320)	(35,874,351)
Effect of termination of management contract (see Note 1.2)	(14,196,942)	–	–	(14,196,942)	–	–	(14,196,942)
Transfers from (to) other accounts (see Note 7)	–	–	(5,738,343)	(5,738,343)	3,394,658	–	(2,343,685)
Translation adjustments	(2,771,577)	(3,282,522)	(1,348,595)	(7,402,694)	(1,392,603)	(798,680)	(9,593,977)
Balance at end of year	310,312,304	559,981,698	1,112,340,891	1,982,634,893	30,802,729	131,531,911	2,144,969,533
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	50,358,908	54,625,165	151,670,373	256,654,446	13,796,260	277,080	270,727,786
Amortization for the year	12,151,179	23,277,728	29,919,555	65,348,462	4,619,308	–	69,967,770
Impairment loss for the year	–	–	–	–	–	38,147,779	38,147,779
Effect of business combination (see Note 4.1)	9,125,468	–	–	9,125,468	–	–	9,125,468
Effect of deconsolidation of subsidiaries (see Note 4.1)	(8,811,125)	–	–	(8,811,125)	(18,831)	–	(8,829,956)
Effect of termination of management contract (see Note 1.2)	(1,198,038)	–	–	(1,198,038)	–	–	(1,198,038)
Transfers from other accounts (see Note 7)	–	–	(222,637)	(222,637)	(379,632)	–	(602,269)
Translation adjustments	(949,153)	(847,915)	(38,938)	(1,836,006)	(1,072,613)	–	(2,908,619)
Balance at end of year	60,677,239	77,054,978	181,328,353	319,060,570	16,944,492	38,424,859	374,429,921
Net Book Value	US$249,635,065	US$482,926,720	US$931,012,538	US$1,663,574,323	US$13,858,237	US$93,107,052	US$1,770,539,612

	2015						
	Concession Rights						
	Upfront Fees (See Note 25)	Fixed Fees (See Note 25)	Port Infrastructure (See Note 25)	Subtotal	Computer Software (See Note 25)	Goodwill (See Note 4)	Total
Cost							
Balance at beginning of year	**US$310,312,304**	**US$559,981,698**	**US$1,112,340,891**	**US$1,982,634,893**	**US$30,802,729**	**US$131,531,911**	**US$2,144,969,533**
Acquisitions or additions (see Notes 25.6 and 25.12)	**88,394**	**–**	**136,695,487**	**136,783,881**	**6,639,893**	**–**	**143,423,774**
Effect of acquisition of TMT (see Note 1.3)	**3,246,838**	**–**	**–**	**3,246,838**	**–**	**–**	**3,246,838**
Transfers from (to) other accounts (see Note 7)	**–**	**–**	**(571,726)**	**(571,726)**	**57,901**	**–**	**(513,825)**
Translation adjustments	**(8,592,209)**	**(3,659,187)**	**(4,499,988)**	**(16,751,384)**	**(4,111,171)**	**(3,834,333)**	**(24,696,888)**
Balance at end of year	**305,055,327**	**556,322,511**	**1,243,964,664**	**2,105,342,502**	**33,389,352**	**127,697,578**	**2,266,429,432**
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	**60,677,239**	**77,054,978**	**181,328,353**	**319,060,570**	**16,944,492**	**38,424,859**	**374,429,921**
Amortization for the year	**12,636,606**	**23,034,124**	**31,889,549**	**67,560,279**	**4,671,208**	**–**	**72,231,487**
Impairment losses for the year	**–**	**–**	**88,000,000**	**88,000,000**	**–**	**26,561,125**	**114,561,125**
Transfers from (to) other accounts (see Note 7)	**–**	**–**	**–**	**–**	**(2,630,929)**	**–**	**(2,630,929)**
Translation adjustments	**(1,942,189)**	**(1,348,056)**	**(2,420,168)**	**(5,710,413)**	**(2,034,293)**	**–**	**(7,744,706)**
Balance at end of year	**71,371,656**	**98,741,046**	**298,797,734**	**468,910,436**	**16,950,478**	**64,985,984**	**550,846,898**
Net Book Value	**US$233,683,671**	**US$457,581,465**	**US$945,166,930**	**US$1,636,432,066**	**US$16,438,874**	**US$62,711,594**	**US$1,715,582,534**

Concession Rights

Additions to concession rights under upfront fees pertain to the renewal of MICT contract (see Notes 1.2 and 25.1) and payment for OPC in 2013 (see Notes 1.2 and 25.11); and, acquisition through business combination of YICT on July 1, 2014, representing land use rights with useful life of 30 years, partially offset by the sale of YRDICTL in 2014 (see Note 4.1). On the other hand, additions to fixed fees pertain to the net present value of future fixed fees in MICT, OPC (see Note 1.2) and changes in concession area in AGCT and PICT in 2013. Additions to concession rights under port infrastructure pertain to acquisitions of port equipment and construction mainly in Tecplata, MICT and OPC in 2013, in Tecplata and OPC in 2014 and in Tecplata and ICTSI Iraq in 2015; and, acquisition of TMT on May 27, 2015. Additions to concession rights under port infrastructure which are not yet available for use are not amortized but tested for impairment at December 31 in accordance with the Group's accounting policy on Impairment Testing on Nonfinancial Assets (see Note 11). As discussed in Note 1.2, ICTSI

signed a termination agreement cancelling ICTSI's container port agreement for the management and operation of the Kattupalli Container Terminal in Tamil, Nadu, India on June 30, 2014.

Concession rights have remaining amortization periods ranging from 4 months to 40 years.

Upon recognition of the fair value of fixed fee on concession contracts, the Group also recognized the corresponding concession rights payable. Maturities of concession rights payable arising from the capitalization of fixed portion of port fees and upfront fees as at December 31, 2015 are as follows:

	Amount
2016	US$8,830,040
2017	13,797,665
2018	15,178,006
2019	16,484,989
2020 onwards	457,747,058
Total	US$512,037,758

Interest expense on concession rights payable amounted to US$27.9 million in 2013, US$38.1 million in 2014 and US$37.3 million in 2015.

Capitalized borrowing costs amounted to US$20.5 million in 2013 at a capitalization rate of 7.56 percent, US$24.3 million in 2014 at a capitalization rate of 6.82 percent and US$20.6 million in 2015 at a capitalization rate of 6.64 percent. Unamortized borrowing costs amounted to US$65.2 million, US$88.3 million and US$107.7 million as at December 31, 2013, 2014 and 2015, respectively.

Computer Software

Computer software have remaining amortization periods ranging from one to five years.

Goodwill

Goodwill arises from the excess acquisition costs over fair values of net assets at acquisition dates of the following subsidiaries:

	2013	2014	**2015**
PICT	US$28,863,844	US$30,243,084	**US$29,027,938**
AGCT	19,798,326	17,329,864	**15,602,740**
YRDICTL/YICT (see Note 4.1)	1,323,058	10,624,814	**10,153,269**
DIPSSCOR	6,865,310	6,815,417	**6,476,528**
Tecplata	38,147,779	–	**–**
JASA and subsidiaries	26,561,125	26,561,125	**–**
Others	1,546,001	1,532,748	**1,451,119**
	US$123,105,443	US$93,107,052	**US$62,711,594**

Goodwill is not amortized but subject to an annual impairment testing as at December 31 (see Note 11).

Impairment of Goodwill and Concession Rights

Tecplata. An impairment charge of US$38.1 million in 2014 and US$88.0 million in 2015 was recorded in respect of the Group's goodwill and concession rights, respectively, in Tecplata based on value in use calculation using discounted cash flows throughout the concession period. The recoverable amount of Tecplata is US$413.0 million and US$353.3 million based on the said

value in use calculation as of December 31, 2014 and 2015, respectively. The remaining carrying value of goodwill and concession rights-port infrastructure in Tecplata after the impairment charge is nil and US$352.7 million, respectively. The reportable segment of Tecplata is Americas. The impairment charges in Tecplata were as a result of lower projected cash flows on its updated business plan caused by the prevailing and unfavorable economic conditions in Argentina (see Note 3). The remaining carrying value of concession rights - port infrastructure in Tecplata after the impairment charge approximates the prevailing depreciated replacement cost as determined by an independent technical consultant.

JASA and subsidiaries. In 2015, an impairment charge of US$26.6 million was recorded in respect of the Group's goodwill in JASA and subsidiaries based on value in use calculation using discounted cash flows throughout the concession period. The recoverable amount of JASA and subsidiaries is US$20.6 million as of December 31, 2015 based on the said value in use calculation. The remaining carrying value of goodwill in JASA and subsidiaries after the impairment charge is nil. The reportable segment of JASA and subsidiaries is Asia. The impairment charge in JASA and subsidiaries was as a result of lower projected cash flows on its updated business plan than originally expected (see Note 3).

The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group used discount rates based on the industry's Weighted Average Cost of Capital (WACC). Management assumed a discount rate of 12.54 percent and 10.3 percent for Tecplata as of December 31, 2014 and 2015, respectively, and 7.59 percent for Jasa and subsidiaries as of December 31, 2015. Management recognizes that unfavorable conditions can materially affect the assumptions used in the determination of value-in-use. A reduction of 0.86 percent and 1.79 percent in the discount rate would give a value-in-use equal to the carrying amount of the net assets of Tecplata as of December 31, 2014 and 2015, respectively. A reduction of 9.59 percent in the discount rate would give a value-in-use equal to the carrying amount of the net assets of Jasa and subsidiaries.

7. Property and Equipment

This account consists of:

	2013								
	Land	Leasehold Rights and Improvements	Port Facilities and Equipment (See Notes 1, 4, 19 and 23)	Transportation Equipment	Office Equipment, Furniture and Fixtures (See Note 4)	Miscellaneous Equipment (See Note 4)	Port Equipment Spare Parts	Construction in Progress	Total
Cost									
Balance at beginning of year	US$29,609,645	US$139,131,514	US$282,795,795	US$57,211,653	US$29,847,247	US$7,602,507	US$2,694,943	US$234,124,540	US$783,017,844
Additions	–	2,164,076	46,108,493	2,785,489	4,162,990	970,805	508,043	209,338,807	266,038,703
Disposals	–	–	(8,431,470)	(822,421)	(117,553)	(44,741)	(22,762)	–	(9,438,947)
Effect of deconsolidation of SPIA (see Note 1.3)	(4,945,623)	(179,102)	–	(789,546)	(215,546)	(21,809)	–	(71,405,534)	(77,557,160)
Transfers from (to) other accounts (see Note 6)	–	61,787,627	150,145,687	10,292,510	5,026,282	(669,897)	460,270	(225,324,657)	1,717,822
Translation adjustments	(2,095,026)	1,120,292	(15,376,931)	(941,788)	(467,041)	(111,755)	(274,065)	(16,434,601)	(34,580,915)
Balance at end of year	22,568,996	204,024,407	455,241,574	67,735,897	38,236,379	7,725,110	3,366,429	130,298,555	929,197,347
Accumulated Depreciation, Amortization and Impairment Losses									
Balance at beginning of year	1,317,641	35,553,229	111,516,466	26,791,741	21,483,595	4,215,148	1,122,895	–	202,000,715
Depreciation and amortization for the year	–	7,347,938	18,823,729	6,002,240	4,651,630	658,387	217,295	–	37,701,219
Disposals	–	–	(3,837,029)	(707,379)	(55,446)	(42,381)	(3,029)	–	(4,645,264)
Effect of deconsolidation of SPIA (see Note 1.3)	(1,317,641)	(152,149)	–	(439,300)	(144,325)	(21,809)	–	–	(2,075,224)
Transfers from (to) other accounts	–	202,728	(4,538,851)	308,369	1,557,048	–	–	–	(2,470,706)
Translation adjustments	–	(3,002,223)	(4,796,346)	(314,964)	(1,209,432)	(14,816)	(123,839)	–	(9,461,620)
Balance at end of year	–	39,949,523	117,167,969	31,640,707	26,283,070	4,794,529	1,213,322	–	221,049,120
Net Book Value	US$22,568,996	US$164,074,884	US$338,073,605	US$36,095,190	US$11,953,309	US$2,930,581	US$2,153,107	US$130,298,555	US$708,148,227

	2014								
	Land	Leasehold Rights and Improvements	Port Facilities and Equipment (See Notes 1, 4, 19 and 23)	Transportation Equipment	Office Equipment, Furniture and Fixtures (See Note 4)	Miscellaneous Equipment (See Note 4)	Port Equipment Spare Parts	Construction in Progress	Total
Cost									
Balance at beginning of year	US$22,568,996	US$204,024,407	US$455,241,574	US$67,735,897	US$38,236,379	US$7,725,110	US$3,366,429	US$130,298,555	US$929,197,347
Additions	7,635,000	1,347,539	31,378,648	2,966,409	4,322,279	2,574,116	544,438	143,157,116	193,925,545
Disposals	–	(16,096)	(3,938,272)	(1,327,597)	(133,747)	(75,305)	(1,025,276)	–	(6,516,293)
Effect of business combination (see Note 4.1)	–	87,182,424	43,088,279	2,317,355	1,172,676	1,295,580	–	127,248,834	262,305,148
Effect of deconsolidation of subsidiaries (see Notes 1.3, 4.1 and 4.2)	–	(70,945,512)	(47,555,842)	(1,196,908)	(1,015,017)	(299,006)	–	–	(121,012,285)
Transfers from (to) other accounts (see Note 6)	–	83,620,879	90,693,120	715,321	(32,873)	2,472,401	748,181	(176,550,369)	1,666,660
Translation adjustments	(164,019)	(15,955,923)	(29,754,366)	(788,707)	(981,917)	(156,968)	(184,069)	(13,808,502)	(61,794,471)
Balance at end of year	30,039,977	289,257,718	539,153,141	70,421,770	41,567,780	13,535,928	3,449,703	210,345,634	1,197,771,651
Accumulated Depreciation, Amortization and Impairment Losses									
Balance at beginning of year	–	39,949,523	117,167,969	31,640,707	26,283,070	4,794,529	1,213,322	–	221,049,120
Depreciation and amortization for the year	–	12,334,067	26,188,907	7,551,889	4,342,660	682,954	270,165	–	51,370,642
Disposals	–	–	(883,174)	(970,565)	(84,478)	(47,165)	(26,746)	–	(2,012,128)
Effect of deconsolidation of a subsidiary (see Notes 1.3 , 4.1 and 4.2)	–	(18,837,284)	(24,022,845)	(1,057,681)	(908,763)	(249,145)	–	–	(45,075,718)
Effect of business combination (see Note 4.1)	–	20,743,894	15,563,630	1,948,303	952,525	928,331	–	–	40,136,683
Transfers from (to) other accounts	–	444,752	(62,330)	24,100	(596,508)	652,199	(17,461)	–	444,752
Translation adjustments	–	(1,739,708)	189,293	(509,243)	(383,438)	(59,556)	(74,720)	–	(2,577,372)
Balance at end of year	–	52,895,244	134,141,450	38,627,510	29,605,068	6,702,147	1,364,560	–	263,335,979
Net Book Value	US$30,039,977	US$236,362,474	US$405,011,691	US$31,794,260	US$11,962,712	US$6,833,781	US$2,085,143	US$210,345,634	US$934,435,672

	2015								
	Land	**Leasehold Rights and Improvements**	**Port Facilities and Equipment** (See Notes 1, 4, 19 and 23)	**Transportation Equipment**	**Office Equipment, Furniture and Fixtures** (See Note 4)	**Miscellaneous Equipment** (See Note 4)	**Port Equipment Spare Parts**	**Construction in Progress**	**Total**
Cost									
Balance at beginning of year	**US$30,039,977**	**US$289,257,718**	**US$539,153,141**	**US$70,421,770**	**US$41,567,780**	**US$13,535,928**	**US$3,449,703**	**US$210,345,634**	**US$1,197,771,651**
Additions	**776,000**	**3,617,477**	**8,113,472**	**1,382,711**	**2,983,044**	**1,334,389**	**335,557**	**299,703,768**	**318,246,418**
Disposals	**–**	**(547,994)**	**(2,938,486)**	**(1,303,063)**	**(412,952)**	**(114,528)**	**(162,510)**	**(81,293)**	**(5,560,826)**
Effect of acquisition of TMT (see Note 1.3)	**51,411,762**	–	–	–	–	–	–	–	**51,411,762**
Effect of deconsolidation of a subsidiary (see Notes 1.3 and 4.3)	**–**	**–**	**–**	**(28,120)**	**(68,273)**	**(219,884)**	**–**	**–**	**(316,277)**
Transfers from (to) other accounts (see Notes 6 and 8)	**4,805,661**	**76,093,690**	**31,735,004**	**4,670,147**	**670,564**	**3,741,306**	**1,642,911**	**(118,416,319)**	**4,942,964**
Translation adjustments	**(6,863,393)**	**(30,024,758)**	**(55,384,578)**	**(2,095,374)**	**(1,655,627)**	**(322,246)**	**(971,800)**	**(26,817,809)**	**(124,135,585)**
Balance at end of year	**80,170,007**	**338,396,133**	**520,678,553**	**73,048,071**	**43,084,536**	**17,954,965**	**4,293,861**	**364,733,981**	**1,442,360,107**
Accumulated Depreciation, Amortization and Impairment Losses									
Balance at beginning of year	**–**	**52,895,244**	**134,141,450**	**38,627,510**	**29,605,068**	**6,702,147**	**1,364,560**	**–**	**263,335,979**
Depreciation and amortization for the year	**–**	**15,243,055**	**25,397,581**	**7,414,086**	**4,302,687**	**1,252,195**	**264,341**	**–**	**53,873,945**
Disposals	**–**	**(18,235)**	**(2,578,849)**	**(1,079,910)**	**(365,820)**	**(110,199)**	**–**	**–**	**(4,153,013)**
Effect of deconsolidation of a subsidiary (see Notes 1.3 and 4.3)	**–**	**–**	**–**	**(16,299)**	**(55,312)**	**(73,997)**	**–**	**–**	**(145,608)**
Transfers from (to) other accounts (Notes 6 and 8)	**–**	**6,129,395**	**(5,078,664)**	**(20,863)**	**(569,913)**	**412,552**	**–**	**–**	**872,507**
Translation adjustments	**–**	**(8,689,095)**	**(9,432,793)**	**(944,173)**	**(905,047)**	**(142,581)**	**(166,128)**	**–**	**(20,279,817)**
Balance at end of year	**–**	**65,560,364**	**142,448,725**	**43,980,351**	**32,011,663**	**8,040,117**	**1,462,773**	**–**	**293,503,993**
Net Book Value	**US$80,170,007**	**US$272,835,769**	**US$378,229,828**	**US$29,067,720**	**US$11,072,873**	**US$9,914,848**	**US$2,831,088**	**US$364,733,981**	**US$1,148,856,114**

Capitalized borrowing costs amounted to US$15.1 million in 2013 at a capitalization rate of 7.56 percent, US$0.6 million in 2014 at a capitalization rate of 6.82 percent and US$6.9 million in 2015 at a capitalization rate of 6.64 percent. Borrowing costs capitalized in 2013 mainly pertains to CMSA, which formally started commercial operations in November 2013. Borrowing costs capitalized in 2015 mainly pertains to VICT. Unamortized borrowing costs amounted to US$28.9 million, US$28.9 million and US$35.2 million as at December 31, 2013, 2014 and 2015, respectively.

Construction in progress is mainly composed of ongoing port development and expansion projects in Mexico and Poland as of December 31, 2013; Australia, China, Poland and Mexico as of December 31, 2014; and Australia, Congo and Mexico as of December 31, 2015 (see Note 1.2).

Fully depreciated property and equipment with cost amounting to US$37.4 million, US$41.7 million and US$56.8 million as at December 31, 2013, 2014 and 2015, respectively, are still being used in the Group's operations.

Port equipment of BCT with a total carrying value of US$24.3 million, US$54.0 million and nil were pledged as collateral for its outstanding term loan facility (see Note 16.2.2) as at December 31, 2013, 2014 and 2015, respectively; port equipment of AGCT with a total carrying value of HRK170.9 million (approximately US$30.8 million), HRK166.0 million (approximately US$26.2 million) and HRK160.4 million (approximately US$22.8 million) were pledged as collateral for its outstanding foreign currency-denominated loan (see Note 16.2.4) as at December 31, 2013, 2014 and 2015, respectively; and all present and future plant machinery, tools and equipment of PICT of up to Rs.2.0 billion (approximately US$19.0 million), Rs.2.0 billion (approximately US$19.9 million) and Rs.2 billion (approximately US$19.1 million) are used to secure its long-term debt from a commercial bank in Pakistan (see Note 16.2.4) as at December 31, 2013, 2014 and 2015, respectively; and port equipment and intangible assets of YICT with a respective total carrying value of RMB307.5 million (approximately US$49.6 million) and RMB156.1 million (approximately US$24.0 million); and RMB87.6 million (approximately US$14.1 million) and RMB82.9 million (approximately US$12.8 million) were pledged as collateral for its outstanding foreign currency-denominated loan as at December 31, 2014 and 2015, respectively.

8. Investment Properties

The details of investment properties are as follows:

	2013		
	Land and Improvements	Building and Others	Total
Cost			
Balance at beginning of year	US$34,610,158	US$685,445	US$35,295,603
Reclassification to noncurrent assets held for sale (see Note 1.3)	(16,551,836)	–	(16,551,836)
Translation adjustments	(1,727,815)	(11,654)	(1,739,469)
Balance at end of year	16,330,507	673,791	17,004,298
Accumulated Depreciation and Amortization			
Balance at beginning of year	3,714,141	337,484	4,051,625
Amortization during the year	315,872	32,020	347,892
Translation adjustments	–	(4,168)	(4,168)
Balance at end of year	4,030,013	365,336	4,395,349
Net Book Value	US$12,300,494	US$308,455	US$12,608,949

	2014		
	Land and Improvements	Building and Others	Total
Cost			
Balance at beginning of year	US$16,330,507	US$673,791	US$17,004,298
Additions	–	803	803
Translation adjustments	(34,847)	–	(34,847)
Balance at end of year	16,295,660	674,594	16,970,254
Accumulated Depreciation and Amortization			
Balance at beginning of year	4,030,013	365,336	4,395,349
Amortization during the year	315,872	31,909	347,781
Translation adjustments	–	(447)	(447)
Balance at end of year	4,345,885	396,798	4,742,683
Net Book Value	US$11,949,775	US$277,796	US$12,227,571

	2015		
	Land and Improvements	**Building and Others**	**Total**
Cost			
Balance at beginning of year	**US$16,295,660**	**US$674,594**	**US$16,970,254**
Transfer to property and equipment (see Note 7)	**(4,805,661)**	–	**(4,805,661)**
Translation adjustments	**(236,695)**	–	**(236,695)**
Balance at end of year	**11,253,304**	**674,594**	**11,927,898**
Accumulated Depreciation and Amortization			
Balance at beginning of year	**4,345,885**	**396,798**	**4,742,683**
Amortization during the year	**315,872**	**31,731**	**347,603**
Translation adjustments	–	**(3,258)**	**(3,258)**
Balance at end of year	**4,661,757**	**425,271**	**5,087,028**
Net Book Value	**US$6,591,547**	**US$249,323**	**US$6,840,870**

Land and improvements mainly include land held for capital appreciation and land improvements subject to operating leases. Investment properties of MICT and IWI located in Cabuyao, Laguna have a fair value of US$13.1 million as at November 21, 2014 as determined based on valuations performed by qualified independent appraiser whose report was dated November 28, 2014. In March 2015, LGICT used the investment property in Calamba, Laguna to operate the first one-stop inland container terminal (ICT). As a result, the Group reclassified the US$4.8 million land used by LGICT from investment property to property and equipment. The fair value of the land located in Calamba, Laguna used by LGICT amounted to US$16.4 million as at November 21, 2014 as determined based on valuations performed by qualified independent appraiser whose report was dated November 28, 2014.

Fair value of the investment properties was determined using the market comparable method. This means that valuations performed by qualified independent appraiser are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property. This is categorized as *Level 3* in the fair value hierarchy as of December 31, 2013, 2014 and 2015.

Rental income derived from rental-earning investment properties presented as part of "Other income" account in the consolidated statements of income amounted to US$0.3 million in 2013, US$0.2 million in 2014 and nil in 2015 (see Note 21.1). These amounts include the rental income from the investment property classified as noncurrent asset held for sale in 2013 (see Note 1.3). There were no restrictions on realizability of investment properties and no significant repairs and maintenance were made to maintain the Group's investment properties in 2013, 2014 and 2015. The rent agreement covering rental-earning investment properties is renewable at the option of both parties yearly.

Operating expenses related to the investment property amounted to US$47 thousand in 2013, US$45 thousand in 2014 and US$34 thousand in 2015, respectively, which pertains mainly to real property taxes.

9. Investments in and Advances to a Joint Venture and an Associate

This account consists of:

	2013	2014	**2015**
Investment in and advances to a joint venture (see Note 1.3)	US$78,174,231	US$140,718,921	**US$231,915,840**
Investment in an associate	7,474,994	7,474,994	**7,474,994**
	85,649,225	148,193,915	**239,390,834**
Less allowance for probable losses	7,474,994	7,474,994	**7,474,994**
	US$78,174,231	US$140,718,921	**US$231,915,840**

Investment in and Advances to a Joint Venture

Investment in a joint venture pertains to the Group's remaining 45.65 percent interest in SPIA starting November 1, 2013 (see Note 1.3). The ownership interest in SPIA increased to 46.30 percent as at December 31, 2015 as a result of acquisition of additional shares. The advances to SPIA represent interest-bearing loans used by SPIA to finance its ongoing construction of the terminal in Colombia (see Note 23.1).

The movements and details of this account are as follows:

	2013	2014	**2015**
Investment in a Joint Venture:			
Balance at beginning of the period	US$–	US$27,785,209	**US$25,596,698**
Acquisition of additional shares in SPIA (see Note 1.3)	–	–	**307,871**
Translation adjustment	–	–	**(655,246)**
Retained interest in SPIA[(1)] (see Note 1.3)	28,045,737	–	**–**
Equity in net loss during the period[(2)]	(260,528)	(2,188,511)	**(3,229,754)**
Balance at end of year	27,785,209	25,596,698	**22,019,569**
Advances to a joint venture (see Note 23.1)	50,389,022	115,122,223	**209,896,271**
	US$78,174,231	US$140,718,921	**US$231,915,840**

(1) *Remeasured at fair value*
(2) *Represents share in net loss of SPIA from November 1, 2013*

The summarized financial information of SPIA, which is currently in construction stage, as at and for the year ended December 31 follows:

	2013	2014	**2015**
Current assets, including cash and cash equivalents[(a)]	US$16,088,748	US$27,044,606	**US$3,535,750**
Noncurrent assets	187,358,271	304,781,051	**503,157,022**
Current liabilities[(b)]	126,753,018	260,188,415	**434,743,660**
Noncurrent liabilities[(c)]	18,118,341	18,280,291	**23,429,685**

(a) Current assets include cash and cash equivalents amounting to US$13.8 million, US$24.3 million and US$0.5 million as at December 31, 2013, 2014 and 2015, respectively.

(b) Current liabilities include income tax payable amounting to US$51.4 thousand, US$43.7 thousand and US$48.2 thousand as at December 31, 2013, 2014 and 2015, respectively.

(c) Noncurrent liabilities include deferred tax liabilities amounting to US$7.2 million, US$7.4 million and US$7.4 million as at December 31, 2013, 2014 and 2015, respectively.

	2013	2014	**2015**
EBITDA	(US$2,315,031)	(US$2,576,869)	**(US$3,337,605)**
Depreciation and amortization	(1,380,197)	(217,526)	**(312,256)**
Other income[(d)]	1,530,586	2,674,872	**2,269,911**
Other expenses[(e)]	(4,217,770)	(5,142,315)	**(6,285,984)**
Benefit from income tax	459,798	467,728	**672,859**
Net loss	(US$5,922,614)	(US$4,794,110)	**(US$6,993,075)**

(d) Other income includes interest income amounting to US$36.7 thousand in 2013, US$34.8 thousand in 2014 and US$65.2 thousand in 2015.

(e) Other expenses include interest expense on concession rights payable amounting to US$1.3 million in 2013, 2014 and 2015.

As at December 31, 2013, 2014 and 2015, noncurrent assets and current liabilities of SPIA consist mainly of construction in-progress and advances from stockholders, respectively.

SPIA is expected to start its commercial operations by third quarter of 2016.

The difference between the carrying value of investment in SPIA against the share in net assets of SPIA represents the fair value of the concession rights of SPIA.

Investment in an Associate

The Group also has a 49 percent investment in Asiaview Realty and Development Corporation (ARDC), an associate. ARDC had stopped commercial operations. The investment in ARDC was covered with a full allowance for probable losses amounting to US$7.5 million.

10. **Other Noncurrent Assets**

This account consists of:

	2013	2014	**2015**
Input tax (see Note 14)	US$58,061,956	US$61,375,338	**US$67,693,033**
Restricted cash (see Notes 1.2, 21.2, 25.4, 25.15 and 26)	14,183,276	15,155,886	**25,003,088**
Advance rent and deposits	24,312,545	25,394,012	**22,519,676**
Advances to suppliers and contractors (net of impairment loss of US$0.7 million as at December 31, 2013, 2014 and 2015)	10,582,523	11,286,677	**13,037,815**
Debt issue costs (see Note 16.2.6)	–	7,074,391	**5,101,594**
AFS investments (see Note 27):			
Quoted equity shares - at fair value	1,580,395	1,574,744	**1,690,929**
Unquoted equity shares - at cost	752,226	749,133	**728,124**
Pension assets (see Note 24)	983,648	4,980	**125,948**
Prepaid expenses and others	2,887,670	2,727,835	**1,613,591**
	US$113,344,239	US$125,342,996	**US$137,513,798**

Input Tax

Input tax arises when an entity purchases goods or services from a VAT-registered supplier or vendor. This mainly includes input tax recognized by Tecplata and CMSA associated with payments for the purchase of terminal equipment and civil works in relation to the completed and ongoing construction activities at these terminals. The input tax is classified as noncurrent because it is not expected to be utilized within 12 months from the balance sheet date (see Note 14).

Advance Rent and Deposits

Advance rent and deposits mainly pertain to advance payments for future rental and deposits for future acquisition of properties and investments. An expense shall be recognized when this

advance rent is applied. On the other hand, another asset account shall be recognized according to the nature of the properties acquired upon the application and allocation of such deposits. As at December 31, 2013, 2014 and 2015, this account comprised mainly of advances and deposits to contractors and for investments amounting to US$17.3 million, US$19.1 million and US$16.5 million, respectively.

Restricted Cash
Restricted cash pertained mainly to cash deposits placed by the Group as required by the concession agreements for MICTSL, SCIPSI and DIPSSCOR. This account included the cash of CGSA placed in a special purpose trust to pay principal and interest due to holders of the securities and other expenses in accordance with the securitization agreement (see Note 16.2.3). This account included the garnished cash of TSSA arising from a civil suit filed by a former customer of TSSA (see Note 26). In 2015, this account also included the US$13.0 million cash of CMSA placed in special purpose debt service and operating and maintenance reserve accounts in accordance to the project finance loan documents (see Note 16.2.2).

Advances to Suppliers and Contractors
Advances to suppliers and contractors mainly pertain to advance payments for the acquisition of transportation equipment and construction of port facilities.

AFS Investments

Quoted Equity Shares. The net movement in unrealized mark-to-market gain on quoted AFS investments is as follows:

	2013	2014	**2015**
Balance at beginning of year	US$862,919	US$1,058,668	**US$1,053,501**
Change in fair value of quoted AFS investments	195,749	(5,167)	**72,395**
Balance at end of year (see Note 15.7)	US$1,058,668	US$1,053,501	**US$1,125,896**

Debt Issue Costs
On July 24, 2014, the Board of ICTSI approved the establishment of a loan facility programme pursuant to which a subsidiary, IGFBV, may from time to time enter into one or more loan facilities with one or more lenders under the said programme, to be guaranteed by ICTSI. In connection with the establishment of the said programme, the Board also approved the first loan facility under the programme with IGFBV as the borrower and ICTSI as the guarantor. The loan facility is a revolving credit facility with a principal amount of US$350.0 million and a tenor of five years from signing date, July 24, 2014. In 2015, IGFBV drawn down a total of US$100.0 million from the US$350.0 million five year revolving credit facility bearing interest ranging from 2.13 to 2.14 percent per annum. In August 2015, IGFBV prepaid the US$100.0 million loan.

The related debt issue cost of the revolving facility amounting to US$7.1 million is being amortized over five years (see Note 16.2.6). Commitment fees amounting to US$1.4 million in 2014 and US$2.3 million in 2015, representing 0.78 percent per annum of the amount of undrawn facility, is recorded as part of "Interest expense and financing charges on borrowings" account in the consolidated statements of income.

11. **Impairment Testing on Nonfinancial Assets**

The Group reviews all assets annually or more frequently to look for any indication that an asset may be impaired. These assets include property and equipment, intangible assets, investments in a joint venture and an associate, investments in subsidiaries, intangible assets not yet available for use and goodwill. If any such indication exists, or when the annual impairment testing for an asset is required, the Group calculates the asset's recoverable amount. Irrespective of whether there is any indication of impairment, intangible assets not yet available for use and goodwill acquired in a business combination are tested for impairment annually. ICTSI and its subsidiaries used a discounted cash flow analysis to determine value-in-use. Value-in-use reflects an estimate of the future cash flows the Group expects to derive from the cash-generating unit, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors such as illiquidity that market participants would reflect in pricing the future cash flows the Group expects to derive from the cash-generating unit. The calculation of the value-in-use is based on reasonable and supportable assumptions, the most recent budgets and forecasts and extrapolation for periods beyond budgeted projections. These represent management's best estimate of the economic conditions that will exist over the remaining useful life of the asset.

The recoverable amount of non-financial assets of the Group subject to impairment testing has been determined based on value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five year period or remaining concession period. Projections beyond five years were used for the newly established terminals and/or greenfield projects.

Key assumptions used to determine the value-in-use are discount rates including cost of debt and cost of capital, growth rates, EBITDA margins, working capital and capital expenditure.

Discount Rates

The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group used discount rates based on the industry's Weighted Average Cost of Capital (WACC). The rates used to discount the future cash flows are based on risk-free interest rates in the relevant markets where the subsidiaries are domiciled taking into consideration the debt premium, market risk premium, gearing, corporate tax rate and asset betas of these subsidiaries. Management assumed discount rates of 8.3 percent to 15.5 percent in 2013, 7.0 percent to 12.7 percent in 2014 and 4.2 percent to 11.5 percent in 2015.

Growth Rates

Average growth rates in revenues are based on ICTSI's expectation of market developments and the changes in the environment in which it operates. ICTSI uses revenue growth rates based on past historical performance as well as expectations on the results of its strategies. On the other hand, the perpetual growth rate used to compute for the terminal value is based on the forecasted long-term growth of real gross domestic product (GDP) of the economy in which the business operates.

EBITDA Margin

The EBITDA margin represents the operating margin before depreciation and amortization and is estimated based on the margin achieved in the period immediately before the budget period and on estimated future development in the market. Committed operational efficiency programs are taken into consideration. Changes in the outcome of these initiatives may affect future estimated EBITDA margin.

Capital Expenditure
In computing the value-in-use, estimates of future cash flows include future cash outflows necessary to maintain the level of economic benefits expected to arise from the asset in its current condition. Capital expenditures that improve or enhance the asset's performance therefore are not included. However, for the newly established terminals and/or Greenfield projects, management takes into consideration the capital expenditures necessary to meet the expected growth in volumes and revenues. These expansionary capital expenditures of which the Group has incurred cash outflows, for the newly established terminals are deducted from the future cash flows.

Management recognizes that unfavorable conditions can materially affect the assumptions used in the determination of value-in-use. An increase of 0.50 percent to 1.75 percent, 2.05 percent to 582 percent and 1.41 percent to over 100 percent in the discount rates, or a reduction of growth rates of 0.10 percent to 2.0 percent, 2.66 percent to over 100 percent and 0.16 percent to over than 100 percent would give a value-in-use equal to the carrying amount of the cash generating units in 2013, 2014 and 2015, respectively.

12. Cash and Cash Equivalents

This account consists of:

	2013	2014	**2015**
Cash on hand and in banks	US$117,923,411	US$113,124,658	**US$222,125,582**
Cash equivalents	124,311,128	81,172,998	**132,356,231**
	US$242,234,539	US$194,297,656	**US$354,481,813**

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term investments, which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates. The carrying value of cash and cash equivalents approximates their fair value as at the balance sheet date.

As at December 31, 2013, an aggregate of US$39.4 million (₱1.75 billion) equivalent of Philippine peso-denominated cash equivalents were designated by the Parent Company as cash flow hedges of the variability of Philippine peso cash flows that is required to settle Philippine peso-denominated payables that would arise from forecasted payments to the PPA (see Note 27.4). As at December 31, 2014 and 2015, ICTSI did not have any outstanding Philippine peso-denominated short-term investments designated as cash flow hedge.

An aggregate of US$15.3 million (AR$99.9 million), US$2.0 million (AR$17.2 million) equivalent of Argentine peso-denominated cash and cash equivalents remained designated by Tecplata as cash flow hedges of the variability of Argentine peso cash flows that is required to settle Argentine peso-denominated payments for the civil works construction and operating expenses at the terminal in Argentina as at December 31, 2013 and 2014, respectively (see Note 27.4). As at December 31, 2015, ICTSI did not have any outstanding Argentine peso-denominated cash and cash equivalents designated as cash flow hedge.

Interest income derived from interest-earning bank deposits and short-term investments amounted to US$12.0 million, US$10.9 million and US$13.4 million for the years ended December 31, 2013, 2014 and 2015, respectively.

13. **Receivables**

This account consists of:

	2013	2014	**2015**
Trade (see Notes 1.2 and 21.3)	US$73,980,246	US$87,688,106	**US$81,757,051**
Advances and nontrade	14,481,621	8,202,282	**10,991,992**
	88,461,867	95,890,388	**92,749,043**
Less allowance for doubtful accounts	3,321,205	5,071,100	**5,548,562**
	US$85,140,662	US$90,819,288	**US$87,200,481**

Trade receivables are noninterest-bearing and are generally on 30-60 days' credit terms.

Advances and nontrade receivables mainly include noninterest-bearing advances to suppliers and vendors that may be applied against payable or collectible within 12 months. This account also includes claims receivable amounting to US$7.6 million as at December 31, 2013 and nil as at December 31, 2014 and 2015 (see Note 26).

Movements in the allowance for doubtful accounts are summarized below:

	2013		
	Trade	Advances and Nontrade	Total
Balance at beginning of year	US$3,266,361	US$77,452	US$3,343,813
Provision during the year	374,262	–	374,262
Write-off	(148,501)	(24,694)	(173,195)
Translation adjustments	(223,675)	–	(223,675)
Balance at end of year	US$3,268,447	US$52,758	US$3,321,205

	2014		
	Trade	Advances and Nontrade	Total
Balance at beginning of year	US$3,268,447	US$52,758	US$3,321,205
Provision during the year	1,973,585	–	1,973,585
Write-off	(10,473)	–	(10,473)
Translation adjustments	(213,217)	–	(213,217)
Balance at end of year	US$5,018,342	US$52,758	US$5,071,100

	2015		
	Trade	**Advances and Nontrade**	**Total**
Balance at beginning of year	**US$5,018,342**	**US$52,758**	**US$5,071,100**
Provision during the year	**1,558,686**	–	**1,558,686**
Write-off	**(412,187)**	–	**(412,187)**
Translation adjustments	**(669,037)**	–	**(669,037)**
Balance at end of year	**US$5,495,804**	**US$52,758**	**US$5,548,562**

Allowance for doubtful accounts are based on specific assessment by the Group.

14. Prepaid Expenses and Other Current Assets

This account consists of:

	2013	2014	**2015**
Input tax (see Note 10)	US$35,598,500	US$23,679,699	**US$18,712,935**
Prepaid port fees, insurance, bonds and other expenses	11,930,089	10,781,152	**12,839,753**
Creditable withholding taxes	5,372,352	6,052,672	**6,020,411**
Tax credit certificates	4,750,617	4,418,417	**3,121,327**
Others	4,842,135	3,434,288	**3,413,688**
	US$62,493,693	US$48,366,228	**US$44,108,114**

Input Tax

This account includes input tax expected to be applied against output tax within 12 months from the balance sheet date pertaining to input tax recognized mainly by the Parent Company, Tecplata and CMSA associated with the purchase of terminal equipment and payments of civil works in relation to the construction activities at these terminals (see Note 10). In 2014, this account decreased due to refund of input tax at CMSA.

Tax Credit Certificates

Tax credit certificates pertain to tax credit certificates issued to ICTSI amounting to US$4.8 million, US$4.4 million and US$3.1 million as at December 31, 2013, 2014 and 2015, respectively. These tax credit certificates can be applied against certain future tax liabilities of ICTSI, as allowed by their respective tax authorities.

15. Equity

The Group was listed with the PSE on March 23, 1992. In its initial public offering, the Parent Company offered the share at a price of ₱6.70. As at December 31, 2013, 2014 and 2015, the Parent Company had 1,512, 1,470 and 1,444 shareholders on record, respectively.

15.1 Capital Stock and Treasury Shares

The Parent Company's common shares are listed and traded in the PSE.

The details and movements of ICTSI's capital stock and treasury shares as at December 31 were as follows:

	Number of Shares					
	Authorized			Issued and Subscribed		
	2013	2014	**2015**	2013	2014	**2015**
Preferred A Shares - nonvoting, non-cumulative, ₱1.00 (US$0.048) par value:	993,000,000	993,000,000	**993,000,000**	3,800,000	3,800,000	**3,800,000**
Preferred B Shares - voting, non-cumulative, ₱0.01 (US$0.0002) par value:	700,000,000	700,000,000	**700,000,000**	700,000,000	700,000,000	**700,000,000**
Common Stock - ₱1.00 (US$0.048) par value						
Beginning of year	4,227,397,381	4,227,397,381	**4,227,397,381**	1,992,066,860	2,045,177,671	**2,045,177,671**
Issuances during the year	–	–	–	53,110,811	–	–
End of year	4,227,397,381	4,227,397,381	**4,227,397,381**	2,045,177,671	2,045,177,671	**2,045,177,671**

	Number of Shares					
	Authorized			Issued and Subscribed		
	2013	2014	**2015**	2013	2014	**2015**
Treasury Shares						
Balance at beginning of year				(49,694,000)	(11,252,311)	**(9,114,811)**
Sale of shares				36,889,189	–	–
Acquisitions during the period				(160,000)	–	**(3,510,400)**
Issuance for share-based payments (see Note 20)				1,712,500	2,137,500	**2,156,056**
Balance at end of year				(11,252,311)	(9,114,811)	**(10,469,155)**

	Amount Issued and Subscribed		
	2013	2014	**2015**
Preferred Stock	US$236,222	US$236,222	**US$236,222**
Common Stock			
Balance at beginning of year	US$66,488,812	US$67,781,529	**US$67,781,529**
Issuance of shares	1,292,717	–	–
Balance at end of year	67,781,529	67,781,529	**67,781,529**
Subscription Receivable			
Balance at beginning of year	(451,939)	(451,578)	**(451,341)**
Collections during the year	361	237	–
Balance at end of year	(451,578)	(451,341)	**(451,341)**
	US$67,329,951	US$67,330,188	**US$67,330,188**
Treasury Shares			
Balance at beginning of year	(US$4,599,163)	(US$1,374,486)	**(US$1,176,660)**
Issuance of treasury shares for share-based payments (see Note 20)	158,491	197,826	**219,641**
Sale of shares	3,414,082	–	–
Acquisitions during the period	(347,896)	–	**(6,590,807)**
Balance at end of year	(US$1,374,486)	(US$1,176,660)	**(US$7,547,826)**

Preferred Shares

The Preferred A shares, which were subscribed by ICTHI, are nonvoting, entitled to dividend at rates to be fixed by the Board, non-cumulative, convertible to common shares under such terms to be provided by the Board, redeemable at such price and terms determined by the Board and have preference over common shares in the distribution of the assets of the Parent Company (see Note 15.3). As at March 3, 2016, the Board has not fixed the dividend rate and terms of conversion of Preferred A shares.

The Preferred B shares were issued to Achillion Holdings, Inc. (Achillion). Preferred B shares have the following features: voting; issued only to Philippine nationals; not convertible into common shares; earn no dividend; redeemable at the option of the Board; and shall be redeemed if the nationality restriction applicable to ICTSI is lifted by legislation or constitutional amendment. ICTSI shall have the right to designate a qualified Philippine national to acquire the Preferred B shares if Achillion wishes to transfer said shares.

Achillion is a Philippine corporation owned and controlled by ICTSI's Chairman and President and controlling stockholder, Enrique K. Razon, Jr. The ICTSI contract with PPA on the operation, management and development of the MICT requires the Razon Group to retain control of ICTSI.

Treasury Shares

Treasury shares came from the acquisition or transfer of ICTSI common shares held by subsidiaries. These treasury shares are subsequently reissued upon vesting of stock awards under the Stock Incentive Plan (SIP) (see Note 20).

On May 15, 2013, ICTSI sold its 36,889,189 treasury shares together with the 53,110,811 common shares of ICTSI held by the Chairman, Mr. Enrique K. Razon, Jr., at US$2.207 (₱91.0) per share. Subsequently, ICTSI issued new common shares to Mr. Razon on May 15, 2013 which

resulted in the increase in the outstanding common shares of ICTSI. The net proceeds from the said share transactions totaled US$195.9 million and resulted in the increase of US$1.3 million in common stock and US$191.2 million in additional paid-in capital and the reduction in treasury shares of US$3.4 million.

On September 16, 2015, the Board of Directors of ICTSI approved and authorized the re-purchase from the open market of up to 10 million ICTSI shares. The purpose of the said authorization is to provide management the flexibility to acquire shares from the open market either for the SIP or as and when management deems the price of the shares to be undervalued. In September 2015, the Company acquired 3,510,400 treasury shares totaling US$6.6 million.

15.2 Additional Paid-in Capital

Additional paid-in capital is increased when ICTSI grants stock awards and these stock awards vest under the SIP. Aggregate increase in additional paid-in capital amounted to US$4.0 million, US$4.2 million and US$4.1 million in 2013, 2014 and 2015, respectively, as a result of granting and vesting of stock awards (see Notes 20 and 22).

15.3 Cost of Shares Held by Subsidiaries

This account consists of cost of preferred and common shares held by subsidiaries as at December 31 as follows:

	Number of Shares Held by Subsidiaries		
	2013	2014	**2015**
Preferred shares	3,800,000	3,800,000	**3,800,000**
Common shares	–	–	**734,970**
	3,800,000	3,800,000	**4,534,970**

Details and movements in preferred and common shares held by subsidiaries as at December 31 were as follows:

	2013		2014		**2015**	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Preferred Shares	3,800,000	US$72,492,481	3,800,000	US$72,492,481	**3,800,000**	**US$72,492,481**
Common Shares						
Balance at beginning of year	–	–	–	–	–	**US$–**
Acquisition of ICTSI common shares by subsidiaries	–	–	–	–	**1,494,940**	**3,598,405**
Sale of shares held by subsidiaries	–	–	–	–	**(759,970)**	**(1,829,291)**
Balance at end of year	–	–	–	–	**734,970**	**1,769,114**
Total		US$72,492,481		US$72,492,481		**US$74,261,595**

In March and April 2015, IWI acquired a total of 1,494,940 ICTSI common shares for US$3.6 million. In June 2015, IWI sold 759,970 ICTSI common shares for US$1.9 million and the related gain was recorded to additional paid-in capital account amounting to US$57 thousand.

As at December 31, 2013, 2014 and 2015, cost of preferred shares held by a subsidiary pertains to preference A shares held by ICTHI.

15.4 Non-controlling Interests

In 2013, ICTSI Mauritius purchased 0.9 percent additional equity interest in PICT for US$2.0 million resulting in an excess of cost over carrying value of non-controlling interest

amounting to US$1.5 million. In 2013, PICT declared dividends totaling US$35.7 million (PKR3.7 billion). As at December 31, 2013, dividends distributed to ICTSI Mauritius and non-controlling shareholders totaled US$10.9 million (PKR1.1 billion) and US$9.9 million (PKR1.0 billion), respectively.

In 2013, ICTSI, through its subsidiaries ICTSI Ltd. and IPSAL, purchased 54.92 percent ownership in NPSA, non-controlling shareholder of Tecplata, for US$14.0 million. The purchase was accounted for as an acquisition of non-controlling interests. This transaction effectively increased ICTSI's ownership in Tecplata to 96.25 percent, thereby resulting in the recognition of an excess of cost over carrying value of non-controlling interest amounting to US$8.2 million.

In March 2014, ICTSI, through its subsidiaries ICTSI Ltd. and IPSAL, purchased the remaining 45.08 percent ownership in NPSA for US$6.0 million. The purchase was accounted for as an acquisition of noncontrolling interests. This transaction effectively increased ICTSI's ownership in Tecplata from 96.25 percent to 100.00 percent (see Note 1.3).

In March, April, August and October 2014, PICT declared dividends amounting to US$0.11 per share (PKR11.0 per share), US$0.02 (PKR2.0 per share), US$0.05 (PKR5.0 per share) and US$0.03 (PKR3.0 per share). Dividends distributed to noncontrolling shareholders totaled US$8.4 million (PKR812.9 million).

As discussed in Note 1.2, on January 23, 2014, the Group, through its subsidiary ICTSI Cooperatief, forged a business partnership with SIMOBILE for the establishment and formation of a joint venture company, IDRC. IDRC is 60 percent-owned by ICTSI Cooperatief. At incorporation, the share capital of IDRC amounted to US$12.5 million represented by 12,500 ordinary voting shares. ICTSI contributed US$2.0 million cash upon incorporation and the US$5.5 million cash in tranches while SIMOBILE, non-controlling shareholder, contributed land valued at US$5.0 million.

On July 1, 2014, the Company, through its subsidiary IHKL, acquired 51 percent of the total equity interest of YICT. On the same date, the Company sold its 60 percent ownership interest in YRDICTL to Yantai Port Holdings YPH (see Note 4.1). In December 2014, YICT declared dividends amounting to US$0.001 per share (RMB0.008 per share). Dividends distributed to noncontrolling shareholders totaled US$0.5 million (RMB3.1 million). In December 2015, YICT declared dividends amounting to US$0.002 per share (RMB0.016 per share) or a total of US$1.9 million (RMB12.1 million). Dividends distributed to noncontrolling shareholders totaled US$0.9 million (RMB5.9 million).

On February 4, 2015, IFEL acquired the 10% non-controlling interest from Anglo Ports and became 100% owner of VICT for US$5.8 million. This resulted in the reduction of non-controlling interests account and the difference between the purchase price and carrying value of the non-controlling interest of US$6.2 million was recognized under "Excess of acquisition cost over the carrying value of non-controlling interests" account in the 2015 consolidated balance sheet.

On March 2, 2015, LGICT started operating the first one-stop ICT located in Barangays Banlic and San Cristobal, Calamba City, Laguna. LGICT is 60%-owned by IW Cargo and 40%-owned by Nippon Container Terminals Co. Ltd., Transnational Diversified Corporation and NYK- Fil-Japan Shipping Corp. The non-controlling shareholders contributed US$1.2 million to LGICT.

In March, June, September and December 2015, PICT declared dividends amounting to US$0.03 per share (PKR3.5 per share), US$0.05 per share (PKR5.0 per share), US$0.07 per share

(PKR7.0 per share) and US$0.06 per share (PKR6.0 per share), respectively, totaling US$22.7 million (PKR2.3 billion). Dividends distributed to non-controlling shareholders totaled US$8.0 million (PKR832.3 million).

In March, June and December 2015, SCIPSI declared dividends amounting to US$97.53 per share (₱4,359.58 per share), US$48.34 per share (₱2,179.79 per share) and US$92.64 per share (₱4,359.58 per share), respectively, totaling US$2.7 million (₱125.0 million). Dividends distributed to non-controlling shareholders totaled US$1.4 million (₱62.2 million).

On May 19, 2015, ICTSI, through its subsidiary, ICTSI Cooperatief, and its joint venture partner, SIMOBILE, transferred their respective 8% and 2% ownership interest in IDRC to Societe Commerciale Des Transports Et Des Ports S.A. (SCTP SA) in exchange for the latter's contribution of technical knowledge, skills and substantial experience in the port and port system in DRC and operation of railroad system and undertaking to facilitate the activities of IDRC and to assist in its relations with the public authorities. SIMOBILE transferred to its subsidiary, SIP Sprl, its 10% ownership in IDRC. Thereafter, IDRC is owned 52% by ICTSI, 28% by SIMOBILE, 10% by SIP Sprl and 10% by SCTP SA. The transaction was accounted for as a change in non-controlling interest and was recorded as an increase of US$0.9 million in the "Excess of acquisition cost over the carrying value of non-controlling interests" account in the 2015 consolidated balance sheet.

15.5 Retained Earnings

The details of ICTSI's declaration of cash dividends are as follows:

	2013	2014	**2015**
Date of Board approval	April 18, 2013	April 10, 2014	**April 16, 2015**
Cash dividends per share	US$0.017 (₱0.70)	US$0.019 (₱0.85)	**US$0.020 (₱0.90)**
Record date	May 6, 2013	April 28, 2014	**May 4, 2015**
Payment date	May 21, 2013	May 9, 2014	**May 15, 2015**

Retained earnings were reduced by distributions paid out by RCBV to holders of Securities discussed in Note 15.6 below aggregating US$29.3 million in both 2013 and 2014 and US$33.4 million in 2015.

Of the total retained earnings of US$649.7 million, US$763.3 million and US$723.2 million, as at December 31, 2013, 2014 and 2015, respectively, undistributed earnings of subsidiaries amounting to US$449.0 million, US$562.5 million and US$650.6 million, as at December 31, 2013, 2014 and 2015, respectively, were not available for dividend distribution (see Note 22).

On December 27, 2013, the Parent Company appropriated additional US$9.4 million of its retained earnings for additional working capital requirements and domestic and foreign expansion projects in the ensuing year. On December 29, 2014 the existing appropriation of US$313.2 million was released from appropriation due to the completion of foreign and local projects such as CMSA and was re-appropriated the same amount for new and ongoing projects among others, in Subic, Australia, Colombia and Iraq. On the same date, the Parent Company appropriated additional US$73.6 million of its retained earnings for additional working capital requirements and domestic and foreign expansion projects in the ensuing year. On December 23, 2015, The Parent Company appropriated US$40.3 million for additional working capital requirements of its continuing foreign expansion projects in 2016. As at December 31, 2013, 2014 and 2015, total appropriated retained earnings of the Parent Company amounted to US$313.2 million, US$386.8 million and US$427.1 million, respectively.

15.6 Perpetual Capital Securities

On April 28, 2011, RCBV (the "Issuer") and ICTSI (the "Guarantor") signed a Subscription Agreement with The Hong Kong and Shanghai Banking Corporation Limited (HSBC) and Citigroup Global Markets Limited (Citi) for the issuance of US$200,000,000 8.375 percent subordinated guaranteed perpetual capital securities (the "Original Securities"). The Original Securities confer a right to receive a return on the Original Securities (the "Distribution") every Distribution Payment Date as described in the terms and conditions of the Original Securities. These distributions are payable semi-annually in arrears on the Distribution Payment Dates of each year. However, the Issuer may, at its sole and absolute discretion, prior to any Distribution Payment Date, resolve to defer payment of all or some of the Distribution which would otherwise be payable on that Distribution Payment Date subject to exceptions enumerated in the terms and conditions of the Original Securities. The Original Securities are perpetual securities in respect of which there is no fixed redemption date but the Issuer may, at its option change the status of the Securities or redeem the same on instances defined under its terms and conditions.

On April 29, 2011, the Board approved the terms and conditions of the Original Securities, which were subsequently issued on May 5, 2011. The net proceeds from the issue of the Original Securities amounting to US$193.4 million were used for the development of greenfield projects, potential acquisitions and general corporate purposes.

On January 9, 2012, ICTSI tapped a further US$150.0 million (the "Further Securities") of the Original Securities discussed in the preceding paragraphs, increasing the size to US$350.0 million. The Further Securities were issued on January 17, 2012. The Original and Further Securities are collectively referred to as the "Securities." The Further Securities were issued at a price of 98.375 percent (plus interest accrued on the Securities from and including November 5, 2011 to but excluding January 17, 2012). The net proceeds from the issue of the Further Securities amounting to US$143.6 million were used for the same purpose as the Original Securities.

The Securities were not registered with the Philippine SEC. The Securities were offered in offshore transactions outside the United States in accordance with Regulation S under the U.S. Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered or sold within the United States. The Securities are traded and listed in the Singapore Stock Exchange.

The Securities are treated as a liability in the financial statements of the Issuer or RCBV since it has the obligation to pay the accumulated distributions should the Guarantor declare dividends to its common stockholders. On the other hand, the Securities are treated as part of equity attributable to equity holders of the parent in the consolidated financial statements of the Group because nothing in the terms and conditions of the Securities gives rise to an obligation of the Group to deliver cash or another financial asset in the future as defined by PAS 32. However, should the Issuer decide to exercise its option to redeem the Securities, the Securities shall be treated as a financial liability from the date the redemption option is exercised. Should the Issuer also opt to not defer payment of distributions on a Distribution Payment Date, all distributions in arrears as at that date will be recognized as a financial liability until payment is made.

On January 29, 2015, RCBV issued US$300.0 million 6.25 percent Senior Guaranteed Perpetual Capital Securities unconditionally and irrevocably guaranteed by ICTSI at a price of 99.551 percent or US$298.7 million. The new issue was partly used to finance the tendered US$230.0 million 8.375 percent Subordinated Guaranteed Perpetual Capital Securities ("Original Securities") at a tender price of 107.625 or US$247.5 million. The cash proceeds received by RCBV amounted to US$46.7 million, net of debt issue cost. A reduction of US$23.2 million, representing the exchange premium and unamortized debt issue cost of the Original Securities,

was recognized directly in retained earnings as a result of the transaction. The transaction did not have an impact in the 2015 consolidated statement of income of the Company and was treated as an equity transaction since the perpetual capital securities are treated as part of equity in the consolidated balance sheet.

On August 18, 2015, RCBV issued US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities ("New Securities") unconditionally and irrevocably guaranteed by ICTSI. The cash proceeds received by RCBV amounted to US$436.3 million, net of debt issue cost, will be used for refinancing, funding capital expenditures and general corporate purposes.

In July and August 2015, RCBV redeemed and cancelled a total of US$11.3 million of the Subordinated Guaranteed Perpetual Capital Securities.

RCBV paid distributions totaling US$29.3 million, US$29.3 million and US$33.4 million to the holders of the Securities in 2013, 2014 and 2015, respectively (see Note 15.5). Related interest expense accrued by the Issuer or RCBV amounted to US$4.5 million as at December 31, 2013 and 2014 and US$8.0 million as at December 31, 2015. However, the interest expense has not been recognized in the consolidated statement of income since the Securities are presented as equity attributable to equity holders of the parent.

15.7 Other Comprehensive Loss - Net

The details of other comprehensive net loss, net of applicable tax, as at December 31 are as follows:

	2013	2014	**2015**
Cumulative translation adjustments* (see Notes 3.3 and 15.3)	(US$118,567,762)	(US$172,258,897)	**(US$260,858,628)**
Unrealized mark-to-market loss on derivatives (see Note 27.4)	(4,744,190)	(2,457,453)	**(494,308)**
Unrealized mark-to-market gain on AFS investments (see Note 10)	1,058,668	1,053,501	**1,125,896**
Actuarial gains (losses) on defined benefit plans (see Note 24)	1,336,211	(379,859)	**980,651**
Business combination revaluation reserve	609,969	609,969	**609,969**
	(US$120,307,104)	(US$173,432,739)	**(US$258,636,420)**

**Cumulative translation adjustments arise from the change in functional currency of the Parent Company and translation of foreign operations.*

16. Long-term Debt

16.1 Outstanding Balances and Maturities

A summary of outstanding balance of the long-term debt (net of debt issue costs) as at December 31 is presented below:

	2013	2014	**2015**
US dollar-denominated notes (see Note 16.2.1)	US$271,776,808	US$271,691,732	**US$179,218,130**
US dollar-denominated term loans (see Note 16.2.2)	29,302,758	47,384,334	**95,815,693**
US dollar-denominated securities (see Note 16.2.3)	38,250,381	26,477,470	**13,775,607**
Foreign currency-denominated loans (see Note 16.2.4)	39,242,075	62,159,825	**46,505,167**
US dollar-denominated medium term notes (see Note 16.2.5)	561,205,691	638,254,110	**745,728,753**
	939,777,713	1,045,967,471	**1,081,043,350**
Less current portion	34,080,085	47,773,885	**54,465,076**
	US$905,697,628	US$998,193,586	**US$1,026,578,274**

The balances of and movements in unamortized debt issuance costs, premium and discounts, net of the recognized fair value of prepayment option on ICTSI's loan, related to long-term debt as at and for the year ended December 31 are shown below:

	2013	2014	**2015**
Balance at beginning of year	US$3,748,833	US$40,223,720	**US$37,978,896**
Debt issuance costs during the year	10,317,493	921,431	**10,902,688**
Amortization during the year	(2,231,082)	(3,166,255)	**(5,877,737)**
Premium on exchange of notes (see Note 16.2.1)	28,617,000	–	**14,107,020**
Write-off due to prepayment of long-term debt (see Notes 16.2.2 and 21.3)	(129,714)	–	–
Translation adjustments	(98,810)	–	–
Balance at end of year	US$40,223,720	US$37,978,896	**US$57,110,867**

Amortization of debt issuance costs is presented as part of "Interest expense and financing charges on borrowings" in the consolidated statements of income.

Principal maturities of long-term debt (gross of unamortized debt issuance cost) as at December 31, 2015 were as follows:

	Amount
2016	US$54,784,762
2017	10,966,568
2018	8,110,543
2019	9,084,475
2020 onwards	1,055,207,869
	US$1,138,154,217

16.2 Details and Description

16.2.1 US Dollar-denominated Notes

On March 10, 2010, ICTSI signed a Subscription Agreement with HSBC and JP Morgan Securities, Ltd. for the issuance of ten-year senior notes (the "Original Notes"). The Original Notes were issued on March 17, 2010 with an aggregate principal amount of US$250.0 million maturing on March 17, 2020. The Original Notes bear interest at a fixed rate of 7.375 percent, net of applicable taxes, payable semi-annually in arrears.

On April 29, 2010, ICTSI tapped a further US$200.0 million (the "Further Notes") of the Original Notes discussed in the preceding paragraph, increasing the size to US$450.0 million. The Further Notes were issued on May 6, 2010. The Original and Further Notes are collectively referred to as the "Notes". The Further Notes bear interest at the fixed rate of 7.375 percent, net of applicable taxes, and was set at a price of 102.627 for an effective yield of 7.0 percent.

The net proceeds of the Notes amounting to US$448.1 million were used to fund ICTSI's investments in existing and new terminal construction activities, refinance some of its existing debt and for other general corporate purposes (see Note 16.2.2).

The Notes were not registered with the SEC. The Notes were offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered or sold within the United States. The Notes are traded and listed in the Singapore Stock Exchange.

On September 17, 2013, ITBV exchanged newly issued US$207.5 million 5.875 percent Notes due 2025 for ICTSI's US$178.9 million 7.375 percent Notes due 2020. The 2020 Notes were then reduced from US$450.0 million to US$271.1 million. The 2025 Notes were issued by ITBV under its US$1.0 billion MTN programme, and are unconditionally and irrevocably guaranteed by ICTSI (see Note 16.2.5).

In January 2015, a total of US$117.5 million 5.875 percent Senior Unsecured Notes due 2025 from the MTN Programme were issued at a price of 102.625 and US$102.6 million of which was used to exchange with holders of US$91.8 million 7.375 percent Senior Notes due 2020. The cash proceeds received by ITBV amounted to US$11.6 million, net of debt issue cost. The 2025 Notes were issued by ITBV under its US$1.0 billion MTN programme, and are unconditionally and irrevocably guaranteed by ICTSI. These new Notes were consolidated and formed a single series with the US$282.5 million 5.875 percent guaranteed Notes due 2025 issued on September 17, 2013 and April 30, 2014 (see Note 16.2.5).

As at December 31, 2015, the outstanding balance of the Notes due 2020 amounted to US$179.2 million.

16.2.2 US Dollar-denominated Term Loans

CMSA. On October 21, 2015, CMSA signed a US$260.0 million Project Finance Facility with International Finance Corporation and Inter-American Development Bank (IADB).

The CMSA Project (the Project) is for the development and operation of a Specialized Container terminal at the Port of Manzanillo in Manzanillo, Mexico. The terminal will have a capacity of 2.2 million TEUs when completely built. The development will be done in three phases with phase one creating capacity of 750,000 TEUs. Phase two, which is expected to be completed by year 2020, will increase the terminal's capacity to 1.4 million TEUs.

The financing package, which has a tenor of 12 years and a long availability period of four years, will help CMSA finance the completion of phases one and two of the Project. Interest is payable semi-annually based on floating interest rate computed at 6-month LIBOR plus loan spread with a weighted average of 2.80 percent.

In December 2015, CMSA availed of US$95.0 million out of the US$260.0 million facility. As of December 31, 2015, the outstanding balance of the loan amounted to US$86.3 million, net of debt issuance cost.

ICTSI Unsecured Medium-Term Loans. In October 2013, ICTSI availed of unsecured medium-term loan from Australia and New Zealand Banking Group Limited, Manila Branch, amounting to US$20.0 million. The loan bears interest at prevailing market rates, ranging from 1.1182 percent to 1.1479 percent in 2013; 1.1246 percent to 1.1270 percent in 2014 and 1.1406 percent to 1.1798 percent in 2015. The loan matured in November 2014 and was renewed for another year until December 4, 2015, when it was settled.

BCT. On October 27, 2011, BCT entered into a facilities agreement with Bank Polska Kasa Opieki S.A. ("Bank Polska") under which Bank Polska agreed to provide (i) term loan facility up to US$9.2 million, (ii) a capex facility up to US$36.3 million to finance or refinance project costs and fees, and (iii) an overdraft facility up to US$1.0 million to finance working capital requirements. Both the term loan and capex facility bear interest at 2.65 percent over LIBOR. The utilization under the overdraft facility will bear interest at 1.75 percent over LIBOR or Warsaw Interbank Offered Rate (WIBOR), as the case may be. WIBOR is determined by the

Financial Markets Association-ACI Polska for utilizations requested in Polizh Zloty.

The purpose of the term loan facility under the facilities agreement is to refinance all existing financial indebtedness under the 2004 loan agreement. The 2011 loan agreement provided for substantially the same security arrangement and restrictions on the payment of dividends to ICTSI, as provided for in the 2004 loan agreement. One of the conditions precedent to any borrowing under the facilities agreement is for BCT to confirm the availability of the grant by the *Centrum Unijnych Projektow Transportowych* (CUPT), a Polish grant authority (the "EU Grant"), in an amount not lower than PLN50.0 million (approximately equivalent to US$16.2 million) to partly finance the cost of BCT's projected capital expenditure requirements.

On March 29, 2012, BCT and CUPT signed the EU Grant whereby CUPT would grant BCT a subsidy amounting to US$17.3 million (53.9 million Polish zloty). The confirmation of the availability of the EU grant is a condition precedent to any borrowing under the facility agreement with Bank Polska, as discussed above. In July 2014, BCT finalized capital expenditure projects supported by the European Union grants with an estimated total of US$20.0 million. As at December 31, 2015, BCT has availed a total of US$18.9 million of the grant.

On April 27, 2012, BCT availed: (i) US$7.9 million from the term loan facility; and (ii) US$0.9 million from the capital expenditure facility with Bank Polska, discussed in the preceding paragraph. On October 28, 2013, BCT availed of another US$2.0 million from the same capital expenditure facility. Both the term loan and capex facilities bear interest at 2.65 percent over LIBOR. In 2014, BCT availed a total of US$10.4 million from the capital expenditure facility, which bear interest at 2.65 percent over LIBOR.

In July 2014, BCT entered into a term loan facility agreement for US$36.0 million with HSBC to refinance its current loan with Bank Polska and finalize capital expenditure projects supported by the European Union grants with an estimated total of US$20.0 million. The new term loan will bear interest at 1.70 percent over LIBOR. On September 2, 2014, the Company availed of US$19.6 million from the HSBC loan facility agreement to prepay the loan from Bank Polska. As at December 31, 2014, the aggregate outstanding balance under the term loan and capital expenditure facilities, net of related debt issuance cost, amounted to US$23.5 million. As a result of the prepayment of the loan from Bank Polska, BCT derecognized the related debt issue cost and commitment fees totaling US$1.2 million and charged to the 2014 consolidated statement of income.

In December 2015, BCT prepaid in full its HSBC loans totaling US$29.8 million and the related debt issue cost and commitment fees totaling US$0.4 million were derecognized and charged to the 2015 consolidated statement of income. As at December 31, 2015, BCT has no outstanding loans.

CGSA. In 2014, CGSA availed of two-year unsecured Term Loans with local banks, namely, Banco Bolivariano and Banco De Guayaquil ("Local Banks in Ecuador") totaling US$4.5 million to finance capital expenditures and working capital requirements. The Term Loans with Local Banks in Ecuador bear a fixed interest rate of 7.5 percent, respectively, with the principal payable in monthly installments. In September 2015, CGSA obtained two-year unsecured loans from Banco Del Pacifico amounting to US$2.0 million at a fixed interest rate of 8.75 percent and, Banco Bolivariano amounting to US$2.0 million at a fixed interest rate of 8.83 percent. In October 2015, CGSA availed of a three-year unsecured Term Loan with BBP Bank, S.A. amounting to US$4.0 million at a fixed interest rate of 6.78 percent. In November 2015, CGSA obtained a two-year unsecured Term Loan from Banco del Pacifico amounting to US$0.5 million at a fixed interest rate of 8.75 percent.

The outstanding balance of the Term Loans with Local Banks in Ecuador amounted to nil, US$4.0 million and US$9.6 million as at December 31, 2013, 2014 and 2015, respectively.

16.2.3 US Dollar-denominated Securities

On September 23, 2011, CGSA engaged in a fiduciary contract as originator for a securitization arrangement under which it transferred its receivables and future operating revenues from selected customers such as shipping lines and banana exporters (the "securitized assets") to a special purpose trust administered by *Administradora de Fondos de Inversión y Fideicomisos Futura FUTURFID S.A.* (formerly named *Administradora de Fondos de Inversion Y Fideicomisos BG S.A.*) as trustee and handling agent. On October 24, 2011, the special purpose trust was officially approved to issue securities in three series against the securitized assets in the aggregate principal amount of US$60.0 million with each series to mature within five years from date of issue. Series A bears variable interest at the rate of 2.5 percent plus the reference interest rate for savings posted by Central Bank of Ecuador subject to a readjustment every quarter, while Series B and Series C bear interest at a fixed rate of 7.5 percent. Principal and interest are payable quarterly for each series.

The proceeds of the securitization issue, which were remitted to CGSA as consideration for the securitized assets, will be used to finance capital expenditures and expansion of port operations. On the other hand, regular cash flows from the securitized assets will be used by the special purpose trust to pay principal and interest due to holders of the securities and other expenses. Any excess in the cash flows remaining with the special purpose trust, after all obligations to holders of securities and relevant third parties are fully paid, will revert to CGSA as the originator. The securities issued pursuant to the securitization agreement are currently registered with and traded in the Ecuadorian stock market.

As at December 31, 2011, CGSA has received proceeds from the issuance and placement of securities under the securitization agreement amounting to US$55.0 million, net of debt issuance cost of US$0.8 million. In February 2012, CGSA placed the balance of the US$60.0 million securities, through a special purpose trust approved in 2011, amounting to US$4.2 million. CGSA had paid US$11.1 million in 2013 and US$11.9 million in 2014 and US$12.8 million in 2015 of the outstanding securities. As at December 31, 2015, the outstanding principal balance of securities amounted to US$13.8 million.

16.2.4 Foreign Currency-denominated Loans

PICT. On July 11, 2011, PICT signed a five-year Rs.2.5 billion (equivalent to US$29.1 million) Agreement for Financing on Mark-up Basis (Term Finance) with Faysal Bank Limited. The loan carries mark-up at the rate of six months Karachi Interbank Offered Rate (KIBOR) plus 1.75 percent and is secured against all present and future property and equipment and underlying port infrastructures of the concession right. Principal is repayable in nine equal semi-annual installments commencing in July 2012. Proceeds of the loan were partially used to fully pay the loans with International Finance Corporation (IFC) and Organization of the Petroleum Exporting Countries Fund for International Development (OFID) amounting to Rs.2.4 billion (US$27.9 million) on July 22, 2011 which were originally maturing in January 2018. The loan with remaining balance of Rs.1.5 billion was refinanced by Habib Bank Limited. The new loan carries a mark-up at the rate of six months Karachi Interbank Offered Rate (KIBOR) plus 0.75 percent and is secured against all present and future property and equipment and underlying port infrastructures of the concession right. Principal is repayable in five equal semi-annual installments commencing in June 2015. As at December 31, 2015, outstanding principal balance of the loan amounted to Rs.0.9 billion (US$8.6 million).

DBP-LBP Term Loan Facility Agreement (DBP-LBP Term Loan Facility). In November 2008, ICTSI signed a five-year US$124.7 million (₱6.0 billion) Term Loan Facility with Development Bank of the Philippines (DBP) and Landbank of the Philippines (LBP) for the financing of capital expenditures of the Group including the construction of Berth 6 of MICT and refinancing of existing loan obligations. Interest on the loan is the higher of (1) the sum of three months PDST-F Rate and 1.75 percent or (2) the BSP Reverse Repo Rate. Principal is payable in quarterly installments starting in the ninth quarter. The DBP-LBP Term Loan Facility is unsecured. The DBP-LBP Term Loan Facility was fully availed of in March 2009. The loan has been fully paid in 2013.

Corporate Notes Facility Agreement (FXCN Note). In November 2008, ICTSI completed an FXCN Note for US$18.4 million (₱855.0 million), which amount was increased by an Accession Agreement up to US$25.0 million (₱1.2 billion), with several institutions arranged by HSBC Manila. The net proceeds of the FXCN Note were used for capital expenditures and working capital requirements. The FXCN Note is unsecured and has maturities of five and a half, and seven years. Interest rate is at 9.5 percent for the five and a half-year FXCN Note and 10.25 percent for the seven-year FXCN Note. One percent of principal is payable every year and the remaining balance is due in 2014 for the 5.5-year FXCN and in 2015 for the 7-year FXCN. The entire facility was fully drawn in 2008. In May 2012, ICTSI prepaid the 5.5-year FXCN note. In November 2014, ICTSI prepaid the 7-year FXCN note.

AGCT. In March 2013, AGCT signed the first part of a ten-year loan agreement for EUR6.2 million (US$8.1 million) with Raiffeisenbank Austria d.d. to partly finance the purchase of port equipment intended for the Brajdica Container Terminal. The principal is repayable in 112 monthly installments starting January 31, 2014 until April 30, 2023. Interest is payable monthly based on floating interest rate computed at 1-month Euro Interbank Offered Rate plus a spread of 4.2 percent. The loan is secured by AGCT's port equipment (see Note 7).

On July 22, 2013, AGCT signed the second part of the same loan agreement for EUR4.4 million (US$5.6 milion). Principal is repayable in 120 monthly installments starting January 31, 2014 until December 31, 2023. Interest is payable monthly based on floating interest rate computed at 1-month Euro Interbank Offered Rate plus a spread of 4.2 percent. The loan is secured by AGCT's port equipment (see Note 7).

As at December 31, 2015, the total outstanding balance of the loans amounted to US$9.1 million (EUR8.4 million).

YICT. The Company acquired, through the consolidation of YICT, the long-term loan with outstanding balance US$35.8 million (RMB222.2 million) as at December 31, 2014. The long-term loan with Agricultural Bank of China, which was availed principally to finance the development project related to the construction of the container terminal, bears an interest rate of 6.15 percent per annum and matured on December 7, 2014. On December 4, 2014, YICT signed a two-year loan agreement to refinance the loan bearing a lower interest rate of 6.0 percent per annum, which was repriced at 4.75 percent per annum in 2015.

As at December 31, 2015, the total outstanding balance of the loan amounted to US$28.8 million (RMB187.2 million).

16.2.5 US Dollar-denominated Medium Term Note Programme (the "MTN Programme")

On January 9, 2013, ICTSI Treasury, a majority owned subsidiary through ICTSI Ltd., established the MTN Programme that would allow ICTSI Treasury from time to time to issue medium term

notes (MTN), unconditionally and irrevocably guaranteed by ICTSI. The aggregate nominal amount of the MTN outstanding will not at any time exceed US$750.0 million (or its equivalent in other currencies), subject to increase as described in the terms and conditions of the Programme Agreement. This was increased to US$1.0 billion in August 2013.

Also, on January 9, 2013, ICTSI Treasury and ICTSI signed a Subscription Agreement with HSBC and UBS AG, Hong Kong Branch, for the issuance of ten-year US$300.0 million guaranteed MTN (the "Original MTN") under the MTN Programme. The Original MTN were issued on January 16, 2013 to mature on January 16, 2023 at a fixed interest rate of 4.625 percent, net of applicable taxes, and were set at a price of 99.014 and payable semi-annually in arrears.

Moreover, on January 28, 2013, ICTSI Treasury and ICTSI signed a Subscription Agreement with UBS AG, Hong Kong Branch, for the issuance of an additional ten-year US$100.0 million guaranteed MTN under the MTN Programme (the "MTN Tap") to form a single series with the Original MTN discussed in the preceding paragraph. The MTN Tap were issued on February 4, 2013 to mature on January 16, 2023 at a fixed interest rate of 4.625 percent, net of applicable taxes, and were set at a price of 101.25 and payable semi-annually in arrears.

The aggregate net proceeds of the MTN amounting to US$393.8 million were used to refinance some of ICTSI's existing debt and for other general corporate purposes.

In June 2013, ICTSI purchased a total of US$6.0 million of ICTSI Treasury's US$400.0 million MTN at US$5.7 million. This resulted in the recognition of US$0.3 million gain in the 2013 consolidated statement of income (see Note 21.1).

On April 25, 2014, the Board of ICTSI confirmed, ratified and approved the issuance of additional notes under the US$1.0 billion medium term note programme of its subsidiary, ICTSI Treasury, in the aggregate nominal amount of US$75.0 million. These new notes were consolidated and formed a single series with the US$207.5 million, 5.875 percent guaranteed notes due 2025 issued on September 17, 2013 (see Note 16.2.1). The said notes were issued on April 30, 2014.

In January 2015, a total of US$117.5 million 5.875 percent Senior Unsecured Notes due 2025 from the MTN Programme were issued at a price of 102.625 and US$102.6 million of which was used to exchange with holders of US$91.8 million 7.375 percent Senior Notes due 2020. The cash proceeds received by ITBV amounted to US$11.6 million, net of debt issue cost. The 2025 Notes were issued by ITBV under its US$1.0 billion MTN programme, and are unconditionally and irrevocably guaranteed by ICTSI. These new Notes were consolidated and formed a single series with the US$282.5 million 5.875 percent guaranteed Notes due 2025 issued on September 17, 2013 and April 30, 2014.

As at December 31, 2015, outstanding notes under the programme was US$745.7 million, which includes the US$207.5 million 5.875 percent and US$117.5 million notes due 2025 discussed in Note 16.2.1.

The MTN were not registered with the SEC. The MTN were offered in offshore transactions outside the United States in accordance with Regulation S under the Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered or sold within the United States. The MTN are traded and listed in the Singapore Stock Exchange.

16.2.6 Revolving Credit Facility Programme

IGFBV. On July 24, 2014, the Board of Directors of ICTSI approved the establishment of a loan facility programme pursuant to which a subsidiary, IGFBV, may from time to time enter into one or more loan facilities with one or more lenders under the said programme, to be guaranteed by ICTSI. In connection with the establishment of the said programme, the Board also approved the first loan facility under the programme with IGFBV as the borrower and ICTSI as the guarantor. The loan facility is a revolving credit facility with a principal amount of US$350.0 million and a tenor of five years from signing date, July 24, 2014. In 2015, IGFBV drawn down a total of US$100.0 million from the US$350.0 million five year revolving credit facility bearing interest ranging from 2.13 to 2.14 percent per annum. In August 2015, IGFBV prepaid the US$100.0 million loan.

The related debt issue cost of the revolving facility amounting to US$7.1 million is being amortized over five years (see Note 10). Commitment fees amounting to US$1.4 million in 2014 and US$2.3 million in 2015, representing 0.78 percent per annum of the amount of undrawn facility, is recorded as part of "Interest expense and financing charges on borrowings" account in the consolidated statement of income.

16.3 Loan Covenants and Capitalized Borrowing Costs

The loans from local and foreign banks impose certain restrictions with respect to corporate reorganization, disposition of all or a substantial portion of ICTSI's and subsidiaries' assets, acquisitions of futures or stocks, and extending loans to others, except in the ordinary course of business. ICTSI is also required to maintain specified financial ratios relating to their debt to EBITDA of not less than 4 times and cash flow and earnings level relative to current debt service obligations. As at December 31, 2013, 2014, and 2015, ICTSI and subsidiaries were in compliance with their loan covenants.

Interest expense, net of amount capitalized as intangible assets and property and equipment, presented as part of "Interest expense and financing charges on borrowings" account in the consolidated statements of income, amounted to US$40.2 million in 2013, US$55.1 million in 2014 and US$55.0 million in 2015 (see Notes 6 and 7).

17. **Other Noncurrent Liabilities**

This account consists of:

	2013	2014	**2015**
Accrued rental	US$–	US$38,660,114	**US$92,855,916**
Government grant	2,078,981	10,740,113	**17,635,847**
Pension liabilities (see Note 24)	3,723,663	6,388,013	**6,509,459**
Finance lease payable	1,581,993	2,123,641	**905,557**
Others	38,195	758,674	**1,446,920**
	US$7,422,832	US$58,670,555	**US$119,353,699**

Accrued Rental

VICT recorded an accrued rental amounting to US$38.7 million (AUD47.3 million) and US$92.9 million (AUD127.4 million) as at December 31, 2014 and 2015, respectively, calculated using the straight-line method from the inception of the contract in June 2014. In accordance with VICT's contract, VICT is required to start paying the lease upon start of the commercial operations in 2017.

Government Grant

On March 29, 2012, BCT and Centrum Unijnych Projektow Transportowych (CUPT), a Polish grant authority (the "EU Grant"), signed the EU Grant whereby CUPT would grant BCT a subsidy amounting to US$17.3 million (53.9 million Polish zloty). The confirmation of the availability of the EU grant is a condition precedent to any borrowing under the facility agreement of BCT. In July 2014, BCT finalized capital expenditure projects supported by the European Union grants with an estimated total of US$20.0 million. In 2015, BCT availed of an additional US$7.9 million grant. As at December 31, 2015, BCT has availed a total of US$18.9 million of the grant. The grant is treated as deferred income and is amortized over the duration of the existing concession agreement ending on May 31, 2023. The unamortized deferred income from government grant amounted to US$2.1 million, US$10.7 million and US$17.6 million as at December 31, 2013, 2014 and 2015, respectively.

18. **Loans Payable**

Loans payable are unsecured loans obtained by ICTSI and its various subsidiaries. In 2013, BCT fully paid its unsecured short-term US$-denominated loan and ICTSI renewed its unsecured US$-denominated short-term loan with Bank of Tokyo - Mitsubishi UFJ, Manila Branch which loan was fully outstanding as at December 31, 2013 at the amount of US$10.0 million. In 2014, ICTSI renewed its unsecured US$-denominated short-term loan with Bank of Tokyo - Mitsubishi UFJ, Manila Branch and availed of an additional US$10.0 million loan, which were fully outstanding as at December 31, 2014 at the amount of US$20.0 million. In September 2015, ICTSI prepaid its short-term loan with Bank of Tokyo amounting to US$20.0 million.

In March 2013, CGSA obtained a one-year unsecured loan with Banco Bolivariano amounting to US$3.0 million at a fixed interest rate of 8.0 percent. In April 2013, CGSA obtained one-year unsecured loans from Banco del Pacifico and Citibank Ecuador amounting to US$2.0 million and US$1.5 million at fixed interest rates of 8.0 percent and 8.1 percent, respectively. In July 2013, CGSA obtained a one-year unsecured loan from Banco Bolivariano amounting to US$0.2 million at a fixed interest rate of 8.83 percent. The total outstanding balance of the four loans as at December 31, 2013 was US$2.1 million. CGSA settled US$5.4 million of its loans payable in 2014. CGSA availed one-year loans from Citibank, Banco Bolivariano and Banco del Pacifico totaling US$5.0 million at interest rates ranging from 7.5% to 7.75% p.a. Outstanding balance under the loans was US$1.7 million as at December 31, 2014. In April 2015, CGSA availed one-year loans from Banco Bolivariano and Banco Guayaquil totaling US$6.0 million at fixed interest rate of 8.0 percent per annum. As at December 31, 2015, CGSA has outstanding loans payable amounting to US$2.0 million.

On July 1, 2014, the Company acquired, through the consolidation of YICT, the short-term loan with outstanding balance of US$2.9 million (RMB 18.0 million) (see Note 4.1). The short-term loan bears an interest rate of 6.15 percent per annum and has been fully repaid on February 4, 2015.

On June 18, 2015, TSSA availed of a short-term loan amounting to US$1.3 million from Banco Bradesco S.A. bearing fixed interest of 8.73 percent per annum and was settled on July 31, 2015.

Interest expense incurred related to these loans payable amounted to US$0.3 million in 2013, US$0.6 million in 2014 and US$0.4 million in 2015.

19. Accounts Payable and Other Current Liabilities

This account consists of:

	2013	2014	**2015**
Trade (see Notes 21.3 and 23.1)	US$88,319,314	US$94,990,286	**US$104,775,892**
Accrued expenses:			
Output and other taxes	12,338,485	20,132,905	**23,945,495**
Interest (see Notes 16.3 and 18)	18,372,629	20,489,465	**19,608,480**
Salaries and benefits	10,910,599	15,448,106	**15,280,886**
Others	7,882,634	11,935,721	**11,231,931**
Provisions for claims and losses (see Note 26)	11,279,320	9,644,043	**13,322,197**
Customers' deposits	4,281,784	7,582,449	**9,028,839**
Dividends payable	2,545,830	3,661,080	**2,477,694**
Finance lease payable	611,893	1,261,631	**1,184,146**
Others (see Notes 21.3 and 26)	3,010,633	520,030	**14,598**
	US$159,553,121	US$185,665,716	**US$200,870,158**

Trade payables are noninterest-bearing and are generally settled on 30-60 day terms.

Provisions for claims and losses pertain to estimated probable losses in connection with claim from third parties involving cargo, labor and other issues. The movements in this account follow:

	2013	2014	**2015**
Balance at beginning of year	US$9,763,184	US$11,279,320	**US$9,644,043**
Provision during the year	2,112,418	4,537,286	**5,490,460**
Settlement during the year	(69,527)	(5,363,050)	**(1,213,914)**
Translation adjustment	(526,755)	(809,513)	**(598,392)**
Balance at end of year	US$11,279,320	US$9,644,043	**US$13,322,197**

20. Share-based Payment Plan

Certain officers and employees of the Group receive remuneration in the form of share-based payment transactions, whereby officers and employees are given awards, in the form of ICTSI common shares, in lieu of cash incentives and bonuses under the SIP ("equity-settled transactions"). The SIP was approved by the stockholders of ICTSI on March 7, 2007, effective for a period of ten years unless extended by the Board. The shares covered by the SIP are held under treasury until they are awarded and issued to the officers and employees as determined by the Stock Incentive Committee. As at December 31, 2015, there were 36,033,375 ICTSI common shares granted in aggregate under the SIP since it became effective in 2007. Also, as at December 31, 2015, 10,469,155 ICTSI common shares were held under treasury and allotted for the SIP (see Note 15.1).

The grant of shares under the SIP does not require an exercise price to be paid by the awardee. The awarded shares will vest over a two-year period: 50 percent will vest one year from the grant date and the other 50 percent two years from the grant date. Awardees who resign or are terminated will lose any right to unvested shares. A change in control in ICTSI will trigger the automatic vesting of unvested awarded shares. There are no cash settlement alternatives.

The SIP covers permanent and regular employees of ICTSI with at least one year tenure; officers and directors of ICTSI, its subsidiaries or affiliates; or other persons who have contributed to the success and profitability of ICTSI or its subsidiaries or affiliates.

Stock awards granted by the Stock Incentive Committee to officers and employees of ICTSI and ICTSI Ltd. for the past three years are shown below:

Grant Date	Number of Shares Granted	Fair value per Share at Grant Date
March 11, 2013	2,375,000	US$2.21 (₱89.70)
March 14, 2014	1,892,000	US$2.24 (₱100.00)
March 20, 2015	1,740,375	US$2.51 (₱112.60)

Fair value per share was determined based on the market price of stock at the date of grant.

Movements in the stock awards (number of shares) in 2013, 2014 and 2015 follow:

	2013	2014	**2015**
Balance at beginning of year	2,720,000	3,382,500	**3,137,000**
Stock awards granted	2,375,000	1,892,000	**1,740,375**
Stock awards vested and issued	(1,712,500)	(2,137,500)	**(2,156,056)**
Balance at end of year	3,382,500	3,137,000	**2,721,319**

Total compensation expense recognized on the vesting of the fair value of stock awards and presented as part of manpower costs in the consolidated statements of income amounted to US$4.0 million in 2013, US$4.4 million in 2014 and US$4.3 million in 2015, respectively, under the SIP. A corresponding increase in additional paid-in capital, net of applicable tax, was also recognized in the consolidated statements of changes in equity (see Note 15.2).

21. **Income and Expenses**

21.1 Other Income

This account consists of:

	2013	2014	**2015**
Reversal of accrual and other expenses	US$–	US$3,385,818	**US$1,908,130**
Income from amortization of government grant (see Note 17)	–	276,994	**1,007,593**
Rental income (see Notes 8 and 23.1)	865,265	915,838	**791,390**
Dividend income	4,861	1,578,798	**646,559**
Gain on settlement of insurance claims (see Note 26)	1,383,116	1,589,680	**616,578**
Unrealized mark-to-market gain on derivatives (see Note 27)	–	–	**331,154**
Gain on sale of property and equipment	385,650	568,911	**26,890**
Gain on termination of management contract (see Note 1.2)	–	2,880,829	–
Gain on early extinguishment of debt (see Note 16.2.5)	294,293	–	–
Others	1,558,970	3,006,497	**1,154,434**
	US$4,492,155	US$14,203,365	**US$6,482,728**

21.2 Port Authorities' Share in Gross Revenues

This account consists of port authorities' share in gross revenues of the Group as stipulated in agreements with the port authorities where the Group operates (see Note 25). Port authorities' share in gross revenues includes variable fees aggregating US$115.5 million in 2013, US$163.6 million in 2014 and US$169.0 million in 2015 (see Note 25).

On May 20, 2013, ICTSI hedged Philippine peso-denominated variable fees that were to be payable from January to October 2014. Foreign currency translation losses previously deferred in equity would form part of variable fees upon accrual of the hedged port fees. ICTSI recognized

foreign currency losses as part of "Port authorities' share in gross revenues" account in the consolidated statements of income amounting to nil in 2013, US$3.1 million in 2014 and nil in 2015 (see Notes 12 and 27.4).

21.3 Other Expenses

	2013	2014	**2015**
Pre-termination cost and other bank charges (see Notes 16.1, 16.2.2, 16.2.4 and 27.5)	US$2,551,003	US$3,677,007	**US$2,700,106**
Loss on non-trade advances	–	–	**1,138,707**
Wealth tax on equity of SPIA	–	–	**1,126,785**
Management fees (see Note 23.1)	152,398	214,199	**651,386**
Loss on damages of property and equipment	–	–	**456,643**
Loss on sale of property and equipment	361,467	20,951	**260,842**
Loss on settlement of insurance claim (see Note 13)	–	864,809	**–**
Unrealized mark-to-market loss on derivatives	460,859	–	**–**
Others	1,735,234	866,145	**1,413,439**
	US$5,260,961	US$5,643,111	**US$7,747,908**

22. Income Tax

The components of recognized deferred tax assets and liabilities are as follows:

	2013	2014	**2015**
Deferred tax assets:			
Unrealized foreign exchange losses	US$18,628,965	US$20,281,411	**US$43,980,544**
NOLCO	7,293,664	14,363,418	**20,641,974**
Intangible assets and concession rights payable under IFRIC 12	8,391,144	11,588,311	**13,651,856**
Allowance for doubtful accounts and other provisions	4,218,036	3,251,201	**3,154,213**
Accrued retirement cost and other expenses	714,255	1,488,685	**935,782**
Allowance for obsolescence	162,589	119,476	**104,548**
Share-based payments	45,233	9,593	**12,156**
Others	5,246,233	6,780,455	**4,524,529**
	US$44,700,119	US$57,882,550	**US$87,005,602**
Deferred tax liabilities:			
Excess of fair value over book value of net assets of BCT, MTS, YRDICTL/YICT, DIPSSCOR, SPIA, SCIPSI, Tecplata and AGCT	US$19,804,989	US$28,060,329	**US$24,759,382**
Capitalized borrowing costs	17,600,443	16,246,367	**15,857,615**
Accelerated depreciation and translation difference between functional and local currency	13,182,729	11,970,379	**11,730,982**
Difference in depreciation and amortization periods of port infrastructure classified as concession rights	8,306,186	10,119,728	**11,332,408**
Unrealized mark-to-market gain on derivatives	221,274	–	**10,633,157**
Unrealized foreign exchange gain	55,174	–	**68,620**
Nonmonetary assets and others	1,706,865	1,668,887	**3,111,246**
	US$60,877,660	US$68,065,690	**US$77,493,410**

Other deferred taxes include deferred tax on non-monetary assets and difference in tax and accounting bases for lease and depreciation.

The Parent Company is subject to income tax based on its Philippine peso books even as its functional currency is US dollars. As a result, the Parent Company's US dollar-denominated net monetary liabilities were translated to Philippine peso giving rise to the recognition of deferred tax

asset on net unrealized foreign exchange losses of US$18.6 million, US$20.2 million and US$43.9 million as at December 31, 2013, 2014 and 2015, respectively.

Deferred tax assets on NOLCO of certain subsidiaries amounting to US$4.0 million, US$5.2 million and US$11.0 million as at December 31, 2013, 2014 and 2015, respectively, were not recognized, as management believes that these subsidiaries may not have sufficient future taxable profits against which the deferred tax assets can be utilized. Deferred tax assets are recognized for subsidiaries when there is expectation of sufficient future taxable profits from which these deferred tax assets can be utilized.

As at December 31, 2013, 2014 and 2015, deferred tax liability has not been recognized on undistributed earnings of subsidiaries amounting to US$449.0 million, US$562.5 million and US$650.6 million, respectively, because the Parent Company has control over such earnings, which have been earmarked for reinvestment in foreign port projects and are not expected to reverse in the foreseeable future (see Note 15.5).

ICTSI recognized deferred tax asset amounting to US$0.1 million in 2013, US$9.6 thousand in 2014 and US$12.2 thousand in 2015, on the excess of the tax deduction (or estimated future deduction) on stock awards over the related cumulative compensation expense (see Notes 15.2 and 20). The Group recognized deferred tax asset on actuarial loss amounting to nil in 2013, US$0.7 million in 2014 and US$0.6 million in 2015 and deferred tax liability on actuarial gain amounting to US$0.4 million in 2013. The related deferred tax asset and liability were taken to equity.

A reconciliation of income tax expense on income before income tax at the statutory tax rates to income tax expense for the years presented is as follows:

	2013	2014	**2015**
Income tax expense computed at statutory tax rates	US$49,132,692	US$65,578,674	**US$63,699,946**
Add (deduct):			
Income tax incentive	(10,913,466)	(12,322,197)	**(11,890,970)**
Nondeductible tax losses (nontaxable gains) of subsidiaries - net	(1,765,865)	478,201	**407,890**
Interest income already subjected to final tax	(673,078)	(346,730)	**(927,960)**
Unallowable interest expense	271,373	174,078	**189,773**
Others - net	(1,756,418)	319,788	**(841,054)**
	US$34,295,238	US$53,881,814	**US$50,637,625**

The statutory income tax rates applicable to each subsidiary are as follows:

Name of Company	Tax Rate	Tax Rules
NICTI	42.0%	Combined tax rate of 42.0 percent is composed of 28 percent imposed by Japan Government and the other 14 percent imposed by the City and Prefecture.
Tecplata and IDRC	35.0%	Tecplata's nominal tax rate is 35 percent. In addition, Tecplata is subject to minimum presumed income tax by applying the effective 1% rate on computable assets as at each year-end. This tax is supplementary to income tax. Tecplata's obligation for each fiscal year shall be the higher of these two taxes. However, should the minimum presumed income tax exceed income tax in a given fiscal year, such excess may be computed as payment on account of any income tax excess over minimum presumed income tax that may occur in any of the ten subsequent fiscal years. Tax losses can be carried forward for five years.
		The regular corporate income tax rate in Democratic Republic of Congo is 35 percent. The minimum tax payable cannot be less than CDF0.75 million for averaged sized corporations or CDF2.5 million for large corporations. IDRC is entitled to an income tax holiday for four years until 2019.

Name of Company	Tax Rate	Tax Rules
ICTSI Oregon	34.0%	ICTSI Oregon is subject to federal tax rate of about 34 percent to 35 percent. ICTSI Oregon is also subject to state tax of 7.6 percent and city/county tax of 3.65 percent based on taxable income less federal tax. Under the federal and local state corporate income tax systems, corporations that are not an exempt and small corporation are subject to an Alternative Minimum Tax (AMT) at a rate of 20 percent. Corporations pay the minimum amount of tax subject to federal and state regulations. There is no minimum tax on corporation in a net operating loss position. However, certain states require taxes to be remitted on a gross revenue basis. Net operating losses can be carried forward for 20 years and carried back for two years.
PICT	33.0%	Corporate tax rate in Pakistan that applies to PICT is 33 percent. In 2014, a new provision (Section 113(c) of Income Tax Ordinance (Ordinance) 2001) is added by which companies are required to pay Alternative Corporate Tax (ACT) at 17 percent of accounting profits if the actual tax liability is less than ACT. The differential excess can be carried forward for ten years. The Government of Pakistan through Finance Act 2015 has imposed a one-time super tax in 2015. This tax was approved by the Parliament on June 30, 2015. The super tax has been levied at the rate of 3% on all taxpayers earning income amounting to PKR500.0 million or more for the year December 31, 2014 PICT paid a super tax amounting to US$0.6 million (PKR100.6 million) in 2015. In Pakistan, deductible depreciation is computed by applying the applicable rates, as provided in the Third Schedule to the Ordinance, to the particular category of assets on a diminishing balance method. The rate of tax depreciation ranges from 10 to 30 percent depending on the category of the assets. An initial depreciation allowance at the rate of 15 percent and 25 percent, depending on the category of assets, is also available for eligible depreciable assets, in accordance with section 23 of the Ordinance.
ICTSI India	30.9%	The corporate tax rate is 30.9 percent for companies with income less than INR10 million, 33.063 percent with income more than INR 10 million and less than INR 100 Million and 33.99 percent for companies with income more than INR100 million. A Minimum Alternate Tax (MAT) is imposed at 18.5 percent (plus any applicable surcharge and cess) on the adjusted book profits of corporations whose tax liability is less than 18.5 percent of their book profits. A credit is available for MAT paid against tax payable on normal income; the credit may be carried forward for offset against income tax payable in the following 10 years.
ICTSI and other Philippine subsidiaries, excluding SBITC and ICTSI Subic, VICT and AICTL	30.0%	The corporate income tax rate of Philippine entities is 30 percent. On May 14, 2008, the Board of Investments (BOI) approved the registration of ICTSI's construction of Berth 6 of the MICT as "New Operator of Port Infrastructure (Berth 6)" on a Pioneer status under the Omnibus Investment Code of 1987. From November 2011, Berth 6 is entitled, among others, to an income tax holiday for a period of six years. Berth 6 was completed, inaugurated and started full commercial operations in July 2012 (see Note 25.1). In 2013, 2014 and 2015, Berth 6 recognized gross revenues from port operations amounting to US$63.5 million, US$85.8 million and US$81.2 million and availed of tax incentive arising from the income tax holiday of US$10.4 million, US$12.3 million and US$11.9 million, respectively. On July 2, 2015, the Board of Investments (BOI) approved the registration of ICTSI's construction of Berth 7 of the MICT as "Expanding Operator of Container Yard" on a Non-Pioneer status under the Omnibus Investment Code of 1987. Berth 7 is entitled to an income tax holiday of three years starting from July 2017 or actual date of commercial operations, whichever is earlier. On December 18, 2008, the Bureau of Internal Revenue issued Revenue Regulations No. 16-2008, which implemented the provisions of Republic Act 9504 on Optional Standard Deductions (OSD). This regulation allows both individuals and corporate taxpayers to use OSD in computing for

Name of Company	Tax Rate	Tax Rules
		taxable income. Corporations may elect a standard deduction equivalent to 40% of gross income, as provided by law, in lieu of the itemized allowed deductions. For the year ended December 31, 2013, BIPI, MICTSI, DIPSSCOR and SCIPSI have elected to use OSD in computing for their taxable income.
		On December 3, 2013, HIPS was registered with the BOI as a new operator of port infrastructure on a non-pioneer status under the Omnibus Investment Code of 1987. HIPS is entitled, among others, to an income tax holiday for four years from January 2016 or start of commercial operations, whichever is earlier.
		VICT and AICTL are subject to corporate income tax rate of 30 percent. Tax losses can be carried forward indefinitely.
CMSA, TMT	30.0%	CMSA's corporate income tax rate is 30 percent applicable until 2012 and 29 percent in 2013. Effective January 1, 2014, the tax rate is 30 percent.
		In December 2013, CMSA applied, for tax purposes, the accelerated depreciation for Port facilities and Port equipment the maximum percentage allowed in the Mexican Tax Law of 74% and 85%, respectively which generated a substantial tax loss in 2013. Tax losses can be carried forward for 10 years.
RCBV, ITBV and other subsidiaries in the Netherlands	25.0%	The corporate income tax rate in the Netherlands is 20.0 percent on taxable income of up to €200,000 and 25.0 percent on taxable income exceeding €200,000. Tax losses in Netherlands can be carried forward for nine years.
OPC	25.0%	OPC's corporate income tax rate is 25 percent. The Net asset tax is levied to a 1.0 percent tax rate applicable over the surplus of HNL3.0 million of the value of the total assets reflected on the balance sheet. A 5 percent temporary social contribution is levied in addition to the corporate income tax applied to the excess of net taxable income above HNL 1.0 million. An Alternate Minimum Tax (AMT) is levied on a taxpayer that has operating losses in two of the past five years and whose gross income in the past year is HNL100.0 million or more. AMT is computed by applying the 1.0 percent rate to gross income. OPC is exempt from AMT during its first five years of operations. A Minimum tax is levied on the 1.5% over the total gross income greater or equal to HNL.10.0 million during the tax period, when the Corporate income tax resulting is lower than the 1.5% of the gross income declared. Companies are exempted from the application of this minimum tax during their first 2 years of establishment or pre-operational period.
MTS, JASA, OJA, PT CTSSI, YRDICTL and YICT	25.0%	Registered as a Sino-foreign joint venture in China, YRDICTL and Berths 61 and 62 of YICT are entitled to a full tax holiday in the first five years and 50 percent exemption in the subsequent five years starting 2008 and 2006, respectively. YICT's tax exemption is until December 2015 and starting year 2016, YICT will be subjected to the 25 percent regular income tax rate. Tax losses can be carried forward for five years.
		In January 2015, Berths 51 and 52 of YICT were granted a full tax holiday in the first three years and 50 percent exemption in the subsequent three years.
		MTS, JASA and OJA are subject to corporate tax rate in Indonesia of 25%.
CGSA	22.0%	CGSA's corporate income tax rate applicable starting 2013 was 22 percent. This tax is calculated after deducting 15 percent of social contribution on profits for workers.
MICTSL and NMCTS	20.0%	The first B$100,000 of chargeable income of NMCTS is taxed at a reduced rate of one quarter of the full rate, while the next B$150,000 is taxed at half the full rate. The balance of chargeable income is taxed at the full rate.
		MICTSL is subject to statutory corporate income tax rate of 20 percent. A minimum tax of MGA0.3 million plus 0.5 percent of the annual turnover is levied if the company incurs a loss or if the corporate tax rate calculated using the 20 percent rate is less than the minimum tax.
BCT	19.0%	BCT is subject to statutory corporate income tax rate of 19 percent.

Name of Company	Tax Rate	Tax Rules
TSSA	15.25%	TSSA's nominal tax rate of 25.0 percent was granted a tax rate reduction resulting to a tax rate of 15.25 percent. The tax incentive is applicable for the years 2005 to 2022 on profits from port operating services in Suape, Pernambuco.
BICTL, SPIA, AGCT and ICTSI Iraq	15.0%	BICTL is subject to statutory corporate income tax rate of 15 percent. SPIA is incorporated in Colombia. However, on June 26, 2012, the Colombian Government issued the formal resolution granting SPIA a Free Trade Zone status. Effective 2012, the income tax applicable to SPIA is 15 percent instead of 33 percent general corporate income tax rate in force in 2012. In addition, the tax reform approved by the Colombian Government in December 2012 did not change the income tax rate applicable for Free Trade Zone Users. The statutory corporate income tax rate in Croatia for entities which operate in the free-trade zone is 10 percent until 2013, 15 percent from 2014 up to 2016 and 20 percent from 2017 onwards. ICTSI Iraq is subject to statutory corporate income tax rate of 15 percent. Tax losses can be carried forward up to five years provided that losses may not offset more than half of the taxable income of each of the five years and the loss may offset only income from the same source from which the loss arose.
SBITC and ICTSI Subic, Inc.	5.0%	Registered as a Subic Bay Free Port Zone Enterprise and subject to special tax rates imposed by the Subic Bay Metropolitan Authority, SBITC and ICTSI Subic, Inc. pays 5.0 percent on gross revenues less allowable deductions.
LICTSLE	0.0%	LICTSLE is located in a free trade zone governed by the Nigeria Export Processing Zones Authority. LICTSLE is exempt from all taxes, including corporate income tax.

23. **Related Party Transactions**

23.1 Transactions with the Shareholders and Affiliates

			2013		2014		**2015**	
Related Party	Relationship	Nature of Transaction	Amount	Outstanding Receivable (Payable) Balance	Amount	Outstanding Receivable (Payable) Balance	**Amount**	**Outstanding Receivable (Payable) Balance**
			(In Millions)					
ICBV								
SPIA	Joint venture	Interest-bearing loans[(i)]	US$0.31	US$50.39	US$64.73	US$115.12	**US$94.77**	**US$209.90**
PSA	Joint venture partner in SPIA	Transfer of 50% of loans to SPIA[(i)]	43.98	–	–	–	–	–
Parent Company YRDICTL/YICT								
YPH	Non-controlling shareholder	Port fees[(ii)]	1.12	(0.04)	1.46	–	**1.10**	–
		Trade transaction[(iii)]	–	–	0.37	(0.01)	**0.09**	**(0.01)**
		Management fees[(iv)]	–	–	–	–	**0.23**	–
YPG	Common shareholder	Port fees[(ii)]	–	–	3.02	(0.77)	**3.72**	**(0.29)**
		Trade transaction[(iii)]	–	–	1.80	(0.13)	**2.09**	**(0.32)**
		Purchase of equipment	–	–	–	–	**2.58**	–
DP World	Non-controlling shareholder	Management fees[(iv)]	–	–	–	–	**0.19**	–
Tecplata								
NPSA		Purchase of additional shares	16.00	–	6.00	–	–	–
SCIPSI								
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.16	(0.02)	0.17	(0.01)	**0.16**	**(0.02)**

Related Party	Relationship	Nature of Transaction	2013 Amount	2013 Outstanding Receivable (Payable) Balance	2014 Amount	2014 Outstanding Receivable (Payable) Balance	**2015 Amount**	**2015 Outstanding Receivable (Payable) Balance**
					(In Millions)			
AGCT								
Luka Rijeka	Non-controlling shareholder	Provision of services[v]	US$0.33	(US$0.01)	US$0.27	US$–	**US$0.29**	**(US$0.03)**
		Consulting services and rental income[vi]	0.01	–	–	–	–	–
PICT								
Premier Mercantile Services (Private) Limited	Common Shareholder	Stevedoring and storage charges[vii]	3.31	(0.42)	3.62	(0.68)	**4.47**	**(0.52)**
Premier Software (Private) Limited	Common shareholder	Software maintenance charges[viii]	–	–	0.01	–	**0.01**	–
Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited	Common shareholder	Container handling revenue[ix]	0.40	0.06	0.81	0.08	**0.57**	**0.04**
LGICT								
NCT Transnational Corp.	Non-controlling shareholder	Management fees[x]	–	–	–	–	**0.16**	**0.16**
		Maintenance and repairs	–	–	–	–	**0.04**	**0.04**

(i) The loans were used by SPIA to finance its ongoing construction of the terminal. Interest rates were determined on an arm's-length basis. As part of the sale of the shares to SPIA, ICBV transferred half of its loans receivable from SPIA to PSA in exchange for cash.

(ii) YRDICTL/YICT is authorized under the Joint Venture Agreement to collect port charges levied on cargoes; port construction fees and facility security fee in accordance with government regulations (see Note 25.28). Port fees remitted by YRDICTL/YICT for YPH /YPG are presented as part of "Port authorities' share in gross revenues" in the consolidated statements of income. Outstanding payable to YPH/YPG related to these port charges presented under "Accounts payable and other current liabilities" account in the consolidated balance sheets.

(iii) Trade transactions include utilities, rental and other transactions paid by YICT to YPG and YPH.

(iv) The BOD of YICT approved a management fee of RMB6.8 million in 2015 allocated among the shareholders namely: ICTSI, DP World and YPG.

(v) AGCT has entered into agreements with Luka Rijeka, a non-controlling shareholder, for the latter's provision of services such as equipment maintenance, power and fuel and supply of manpower, among others. Total expenses incurred by AGCT in relation to these agreements were recognized and presented in the consolidated income statement as part of Manpower costs, Equipment and facilities-related expenses and Administrative and other operating expenses.

(vi) AGCT has earned revenues from consulting services and rental income for providing space for general cargo to Luka Rijeka. Related revenues were recognized under "Other income" account in the consolidated statements of income.

(vii) PICT has entered into an agreement with Premier Mercantile Services (Private) Limited for the latter to render stevedoring and other services, which are settled on a monthly basis.

(viii) Premier Software provided maintenance of payroll software to PICT paid on a monthly basis.

(ix) Marine Services, Portlink and AMI are customers of PICT. Services provided to these parties amounted to US$0.40 million in 2013, US$0.81 million in 2014 and US$0.57 million in 2015.

(x) NCT Transnational Corp. (NCT) is a joint venture company of the following 40% owners of LGICT: Nippon Container Terminals Co. Ltd. Transnational Diversified Corp. and NYK-Fil Japan Shipping Corp. LGICT entered into an operations and management agreement with NCT since the latter has experience in managing and operating container depots.

The outstanding balances arising from these related party transactions are current and payable without the need for demand.

Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2013, 2014 and 2015, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

23.2 Compensation of Key Management Personnel

Compensation of key management personnel consists of:

	2013	2014	**2015**
Short-term employee benefits	US$1,049,865	US$1,308,292	**US$1,247,348**
Post-employment pension	82,471	36,657	**207,407**
Share-based payments	882,453	2,210,114	**2,866,424**
Total compensation to key management personnel	US$2,014,789	US$3,555,063	**US$4,321,179**

24. Pension Plans

Defined Benefit Pension Plans
The Parent Company, BCT, BIPI, DIPSSCOR, SBITC, ROHQ, MTS, JASA, OJA, SCIPSI, MICTSL, MICTSI, AGCT, CGSA and CMSA have separate, noncontributory, defined benefit retirement plans covering substantially all of its regular employees. The benefits are based on employees' salaries and length of service. Net pension expense charged to operations included as manpower costs amounted to US$1.8 million both in 2013 and 2014 and US$2.4 million in 2015.

Pension plans consist of:

	2013	2014	**2015**
Pension Assets (presented as "Other noncurrent assets")			
Asia	US$983,648	US$4,980	**US$125,948**
Pension liabilities			
Asia	US$585,847	US$2,779,733	**US$2,328,102**
EMEA	1,506,634	1,458,896	**1,481,287**
Americas	1,631,182	2,149,384	**2,700,070**
	US$3,723,663	US$6,388,013	**US$6,509,459**

Pension Liabilities. The following tables summarize the components of the Group's net pension expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets.

	2013	2014	**2015**
Net pension expense:			
Current service cost	US$887,626	US$1,841,442	**US$1,091,454**
Net interest cost	129,503	79,092	**299,036**
Effect of curtailment	–	(163,571)	**(72,941)**
	US$1,017,129	US$1,756,963	**US$1,317,549**
Pension liabilities:			
Present value of defined benefit obligation	US$3,869,264	US$18,225,723	**US$6,780,186**
Fair value of plan assets	(145,601)	(11,837,710)	**(270,727)**
	US$3,723,663	US$6,388,013	**US$6,509,459**

	2013	2014	**2015**
Changes in the present value of the defined benefit obligation:			
Balance at beginning of year	US$3,411,864	US$3,869,264	**US$18,225,723**
Current service cost	887,626	1,841,442	**1,091,454**
Interest cost	137,764	665,491	**308,967**
Actuarial loss (gain) on obligations - net	(158,832)	2,116,986	**(549,299)**
Effect of curtailments	–	(163,571)	**(72,941)**
Benefits paid	(419,149)	(1,551,089)	**(277,143)**
Translation adjustment	9,991	118,029	**(201,495)**
Change in plan position	–	11,329,171	**(11,745,080)**
Balance at end of year	US$3,869,264	US$18,225,723	**US$6,780,186**
Changes in fair value of plan assets:			
Balance at beginning of year	US$153,945	US$145,601	**US$11,837,710**
Interest income	8,261	586,399	**9,931**
Actuarial loss on plan assets	(4,853)	(246,703)	**(5,761)**
Benefits paid	–	(882,159)	**(4,177)**
Actual contributions	–	135,873	–
Translation adjustment	(11,752)	(86,660)	**(14,166)**
Change in plan position	–	12,185,359	**(11,552,810)**
Balance at end of year	US$145,601	US$11,837,710	**US$270,727**
Actual return on plan assets	US$3,408	US$339,696	**US$4,170**

Pension Assets. The following tables summarize the components of the Group's net pension expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets.

	2013	2014	**2015**
Net pension expense:			
Current service cost	US$907,524	US$51,559	**US$1,055,196**
Net interest cost (income)	(75,813)	(6,237)	**41,231**
	US$831,711	US$45,322	**US$1,096,427**
Pension assets:			
Fair value of plan assets	US$12,902,148	US$699,013	**US$10,946,740**
Present value of defined benefit obligation	(11,918,500)	(694,033)	**(10,820,792)**
	US$983,648	US$4,980	**US$125,948**
Changes in the present value of the defined benefit obligation:			
Balance at beginning of year	US$12,702,507	US$11,918,500	**US$694,033**
Current service cost	907,524	51,559	**1,055,196**
Interest cost	637,712	28,527	**592,983**
Actuarial loss (gain) on obligations - net	(861,473)	58,300	**(2,230,239)**
Benefits paid	(502,667)	(28,601)	**(451,434)**
Translation adjustment	(965,103)	(5,081)	**(584,827)**
Change in plan position	–	(11,329,171)	**11,745,080**
Balance at end of year	US$11,918,500	US$694,033	**US$10,820,792**
Changes in fair value of plan assets:			
Balance at beginning of year	US$13,496,354	US$12,902,148	**US$699,013**
Interest income	713,525	34,764	**551,752**
Actuarial gain (loss) on plan assets	211,530	(18,822)	**(819,692)**
Benefits paid	(482,782)	(28,601)	**(451,434)**
Translation adjustment	(1,036,479)	(5,117)	**(585,709)**
Change in plan position	–	(12,185,359)	**11,552,810**
Balance at end of year	US$12,902,148	US$699,013	**US$10,946,740**
Actual return (loss) on plan assets	US$925,055	US$15,942	**(US$267,940)**

The Group does not expect significant contributions to the retirement plans of the Parent Company and its subsidiaries in 2016.

The principal assumptions used in determining pension benefits obligation of the Parent Company, BIPI, SBITC, ROHQ, DIPSSCOR, MTS, OJA, JASA, SCIPSI, MICTSI, AGCT, BCT, MICTSL, CMSA and CGSA are shown below (in percentage):

	2013	2014	**2015**
Discount rate			
Asia	4.02% - 8.50%	4.2% - 8.50%	**4.54% - 8.50%**
EMEA	4.00% - 6.61%	2.75% - 8.98%	**2.50% - 10.42%**
Americas	7.00% - 7.50%	6.54% - 7.30%	**6.31% - 7.26%**
Future salary increases			
Asia	3.00% - 10.00%	3.0% - 10.00%	**4.0% - 10.00%**
EMEA	2.50% - 5.00%	2.50% - 5.00%	**3.00% - 5.00%**
Americas	2.37% - 3.00%	2.37% - 3.00%	**3.00% - 6.00%**

A quantitative sensitivity analysis for significant assumption as at December 31, 2015 is as shown below (amounts in millions):

	Discount rate		Future salary increases	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on the net defined benefit obligation	(US$1.2)	US$1.3	US$0.1	(US$0.7)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to be made in the future years out of the defined benefit plan obligation:

	2013	2014	**2015**
Within the next 12 months	US$1,571,950	US$1,796,785	**US$1,790,512**
Between 2 and 5 years	4,361,423	5,703,310	**4,041,206**
Between 5 and 10 years	7,312,913	7,478,648	**6,569,806**
Beyond 10 years	37,946,186	47,715,985	**38,405,548**
Total expected payments	US$51,192,472	US$62,694,728	**US$50,807,072**

The average duration of the defined benefit plan obligation as at December 31, 2015 is 17 years.

The amount of experience adjustments on pension obligations amounted to US$0.3 million in 2011, US$1.1 million in 2012, US$1.0 million in 2013, US$0.9 million in 2014 and US$0.5 million in 2015. The amount of experience adjustments on plan assets amounted to US$415 in 2011, US$1 thousand in 2012, nil both in 2013 and 2014 and US$0.1 thousand in 2015.

The plan assets of Group are being held by various trustee banks. The investing decisions of these plans are made by the respective trustees.

The following table presents the carrying amounts and fair values of the combined assets of the plans less liabilities:

	2013	2014	**2015**
Cash and cash equivalents	US$999,445	US$3,880,455	**US$3,752,941**
Investments in debt securities	4,902,222	2,026,955	**969,928**
Investments in government securities	6,261,816	5,441,558	**4,843,259**
Investments in equity securities	975,842	1,456,117	**1,584,013**
Others	107,544	115,568	**280,473**
	13,246,869	12,920,653	**11,430,614**
Liabilities	(199,120)	(383,930)	**(213,147)**
	US$13,047,749	US$12,536,723	**US$11,217,467**

The plan assets' carrying amount approximates its fair value since these are either short-term in nature or stated at fair market values.

The plans' assets and investments consist of the following:

- Cash and cash equivalents, which includes regular savings and time deposits;

- Investments in corporate debt instruments, consisting of both short-term and long-term corporate loans, notes and bonds, which bear interest ranging from 4.875% to 9.3327% and have maturities from 2016 to 2027;

- Investments in government securities, consisting of retail treasury bonds that bear interest ranging from 2.125% to 11.1375% and have maturities from 2016 to 2037; and

- Investments in equity securities include investment in shares of ICTSI amounting to US$1.0 million, US$1.1 million and US$0.6 million as at December 31, 2013, 2014 and 2015, respectively. For the year ended December 31, 2013, 2014 and 2015, gain arising from investment in ICTSI shares amounted to US$0.4 million, US$0.1 million and US$0.1 million, respectively.

  The carrying amounts of investments in equity securities also approximate their fair values given that they are stated at fair market values. The voting rights over these equity securities are exercised by the authorized officers of the respective subsidiary.

- Other financial assets held by these plans are primarily accrued interest income on cash deposits and debt securities held by the plan.

- Liabilities of the plan pertain to trust fee payable and retirement benefits payable.

Defined Contribution Pension Plan

The employees of YRDICTL/YICT are members of a state-managed retirement benefit scheme operated by the local government. YRDICTL/YICT is required to contribute a specified percentage of its payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of YRDICTL/YICT with respect to the retirement benefit scheme is to make the specified contributions.

PICT operates a recognized provident fund scheme for all its eligible employees. Equal monthly contributions are made by PICT and the employees to the fund at a rate of 8.33 percent of the basic salary.

In addition, ICTSI Oregon maintains a Safe Harbor 401k plan (401k plan), covering all of its employees, which became effective January 1, 2011. Participants who are eligible can contribute up to 84 percent of their eligible compensation and those who have reached the age of 21 years old are eligible to make contributions on their first day of service. All participants in the 401k plan are eligible for matching contributions of 100 percent of each dollar contributed up to 6 percent of a participant's earnings. Participant's voluntary contributions and actual earnings thereon are immediately vested. ICTSI Oregon's matching contributions to the 401k plan are immediately vested and cannot be forfeited.

Contributions made by YRDICTL, YICT, ICTSI Oregon and PICT to the plans and recognized as expense under manpower costs totaled US$0.9 million in 2013, US$0.7 million in 2014 and US$0.8 million in 2015.

25. Significant Contracts and Agreements

The Group has entered into a number of contracts and agreements mainly related to the operation, development and management of ports and container terminals. As at December 31, 2015, ICTSI and its subsidiaries and joint venture are in compliance with their concession agreements.

Agreements within the Scope of IFRIC 12

A service concession agreement is within the scope of IFRIC 12 if: (a) the grantor regulates the services, customers and the pricing of the services to be provided; and (b) the grantor controls any significant residual interest in the infrastructure at the end of the term of the arrangement.

25.1 Contract for the Management, Operation and Development of the MICT

The Parent Company has a contract with the PPA for the exclusive management, operation, and development of the MICT for a period of 25 years starting May 18, 1988, which was extended for another 25 years until May 18, 2038 (see Note 1.2).

Under the provisions of the contract, "Gross Revenues" shall include all income generated by the Parent Company from the MICT from every source and on every account except interest income, whether collected or not, to include but not limited to harbor dues, berthing fees, wharfage, cargo handling revenues, cranage fees, stripping/stuffing charges, and all other revenues from ancillary services. Harbor dues, berthing fees, and wharfage included in gross revenues defined in the MICT contract amounted to US$14.1 million in 2013, US$14.9 million in 2014 and US$15.6 million in 2015.

In addition, under the original contract, the Parent Company agreed to pay the PPA a fixed fee of US$313.8 million payable in advance in quarterly installments converted to Philippine peso using the closing Philippine Dealing System (PDS) rate of the day before payment is made (net of harbor dues, berthing fees and wharfage allowed by PPA as deduction) and a variable fee based on percentages of the Parent Company's gross revenues ranging from 12 percent to 20 percent during the term of the contract. Under the renewal contract effective May 18, 2013, the Parent Company agreed to pay the PPA a fixed fee of US$600.0 million payable in 100 advanced quarterly installments and pay a variable fee of 20 percent of the gross revenues (see Note 1.2).

The total variable fees paid to the PPA shown as part of "Port authorities' share in gross revenues" account in the consolidated statements of income amounted to US$61.5 million in 2013, US$81.5 million in 2014 and US$84.4 million in 2015. Fixed fees formed part of the capitalized

concession rights which are being amortized over the period of the concession. Related concession rights payable amounted to US$339.7 million, US$332.2 million and US$323.8 million, as at December 31, 2013, 2014 and 2015, respectively. The current portion amounting to US$3.4 million, US$3.3 million and US$3.4 million is presented as "Current portion of concession rights payable" and the noncurrent portion amounting to US$336.3 million, US$329.0 million and US$320.4 million is presented as "Concession rights payable - net of current portion" in the consolidated balance sheets as at December 31, 2013, 2014 and 2015, respectively.

Both the original and renewal contracts contain commitments and restrictions which include, among others, prohibition on the change of Parent Company's controlling ownership without prior consent of the PPA and adherence to a container terminal equipment acquisition program and deployment schedule. Moreover, upon expiration of the term of the contract or in the event of pre-termination, all the structures, buildings, facilities and equipment of the Parent Company being used at the MICT shall automatically become the property of the PPA. The PPA has no obligation to reimburse the Parent Company for the equipment, except for those acquired during the last five years prior to the termination of the contract for which the PPA shall have the option to purchase at book value or to pay rentals. Upon expiration of the original contract of MICT in May 2013, the Parent Company executed a deed of absolute transfer to effect the transfer of ownership of the said structures, improvements, buildings, facilities and equipment, except equipment purchased during the last five years of the original contract. Berth 6 was included in the said transfer. However, ICTSI shall continue to have possession, control and use of the transferred assets for another 25 years in accordance with the terms of the renewal contract in consideration for the upfront fee payment made by the Parent Company.

In 1997, the Parent Company signed a contract for leasehold rights over the storage facilities at the MICT. Under the contract, the Parent Company is committed to pay the PPA ₱55.0 million (equivalent to US$1.2 million as at December 31, 2015) a year from January 16, 1997 up to January 15, 2007 and a variable fee of 30 percent of revenues in excess of ₱273.0 million (equivalent to US$5.8 million as at December 31, 2015) generated from the operation of the storage facilities. This contract was renewed on June 11, 2008 and has been made co-terminus with the MICT Management Contract, or up to May 18, 2038.

In 1998, the Parent Company also acquired a contract to handle non-containerized cargoes and the anchorage operations for a period of ten years starting January 1998. Such contract was renewed on June 11, 2008 and has been made co-terminus with the 1988 MICT Management Contract, or up to May 18, 2038. Under this contract, the Parent Company is required to pay a variable fee of 14 percent of its gross revenues from anchorage operations and 20 percent of its gross revenues from berthside operations for the first three years of the contract. Thereafter, the consideration to be paid by the Parent Company shall be a fixed fee plus a variable fee of 7.5 percent of its gross revenues from berthside operations or 20 percent of its gross revenues, whichever is higher. The fixed fee shall be determined based on the highest annual government share by the Parent Company for the handling of non-containerized cargoes at berthside for the first three years, plus 10 percent thereof.

25.2 Contract with SBMA and Royal Port Services, Inc. (RPSI)

On February 20, 2007, SBITC was awarded by the SBMA the contract to operate the NCT-1 at Cubi Point in Subic for a period of 25 years. The NCT-1 was constructed by SBMA in accordance with the SBMA Port Master Plan and the Subic Bay Port Development Project. In consideration for the concession, SBITC shall pay: (i) base rent of US$0.70 per square meter per month with 6 percent escalation on the 5th year and every three years thereafter; (ii) fixed fee of

US$500,000 every year except for the first two years of the contract; and, (iii) variable fee of 12 percent to 16 percent of SBITC's gross revenue based on the volume of containers handled at the terminal.

Total variable fees paid to SBMA, shown as part of "Port authorities' share in gross revenues" account in the consolidated statements of income, amounted to US$0.4 million in 2013, US$0.8 million in 2014 and US$1.4 million in 2015. Fixed fees pertaining to the contract to operate NCT-1 formed part of the capitalized concession rights which are being amortized over the concession period. Related concession rights payable amounted to US$19.7 million, US$19.4 million and US$19.1 million as at December 31, 2013, 2014 and 2015, respectively. The current portion amounting to US$0.2 million, US$51.5 thousand and US$87.8 thousand is presented as "Current portion of concession rights payable" and the noncurrent portion amounting to US$19.6 million, US$19.4 million and US$19.0 million is presented as "Concession rights payable - net of current portion" in the consolidated balance sheets as at December 31, 2013, 2014 and 2015, respectively.

25.3 Agreement for Public Concession with Societe de Gestion du Port Autonome de Toamasina (SPAT)

On June 16, 2005, the Parent Company and SPAT signed a 20-year concession agreement for a Public Service Concession for the operation of a container terminal in the Port of Toamasina. Under the agreement, the Parent Company, through MICTSL (a wholly owned subsidiary), will undertake container handling and related services in the Port of Toamasina. The Parent Company agreed to pay SPAT an entry fee of €5.0 million (US$6.5 million) and fixed and variable fees converted to MGA using the Euro/MGA weighted exchange rate published by the Central Bank of Madagascar on the day payment is made. Fixed fees paid in 2005 to 2007 amounted to €1.0 million (US$1.3 million) per year; for the years 2008 to 2010, the fixed fees paid amounted to €1.5 million (US$1.9 million) per year; for 2011 to 2015, the fixed fees paid amounted to €2.0 million (US$2.6 million) per year; and for 2016 to 2025, fixed fees will be €2.5 million (US$3.2 million) per year. The part of fixed fees attributable to year 2025 will be prorated up to the anniversary date of the concession handover. In addition, the Parent Company agreed to pay SPAT €5.0 million (US$6.5 million) for two quay cranes payable in three annual installments from the date of the agreement. Fixed and variable fees will be updated annually based on inflation rate of the Euro zone of the previous year. Annual fixed fee is payable in advance in semi-annual installments. The variable fee of €36.8 (US$47.7) per Twenty-foot equivalents (TFE) is payable every 15th day of the following month. However, variable fee will be reduced by 20 percent after 12 consecutive months of operations with container traffic of more than 200,000 TFEs.

The total variable fees paid to SPAT shown as part of "Port authorities' share in gross revenues" account in the consolidated statements of income, amounted to US$9.0 million (€6.8 million) in 2013, US$8.1 million (€6.1 million) in 2014 and US$6.4 million (€5.8 million) in 2015. Fixed fees formed part of the capitalized concession rights which are being amortized over the period of the concession. Related concession rights payable amounted to US$21.6 million (€15.7 million), US$18.6 million (€15.4 million) and US$16.3 million (€15.0 million) as at December 31, 2013, 2014 and 2015, respectively. The current portion amounting to US$0.5 million (€0.3 million), US$0.5 million (€0.4 million) and US$1.0 million (€0.9 million) is presented as "Current portion of concession rights payable" and the noncurrent portion amounting to US$21.1 million (€15.4 million), US$18.2 million (€15.0 million) and US$15.3 million (€14.1 million) is presented as "Concession rights payable - net of current portion" in the consolidated balance sheets as at December 31, 2013, 2014 and 2015, respectively.

25.4 Investment Agreement with Tartous Port General Co. (TPGC)

On March 24, 2007, ICTSI, through TICT entered into a ten-year Investment Agreement with the TPGC to manage, operate, maintain, finance, rehabilitate, develop and optimize the Tartous container terminal in Syria with an option to extend it for five additional years. An entry fee of US$5.0 million was made upon the approval of the Investment Agreement which was amortized over the period of the concession. Under the Investment Agreement, ICTSI is committed to make all necessary investment under a development plan to be approved by the port authority. Under the plan, ICTSI is expected to invest approximately US$39.5 million for facilities improvement and equipment acquisition over the concession period, including the rehabilitation and development of existing facilities and the construction of an administration building, workshop, reefer racks and terminal gates.

Pursuant to the Investment Agreement, TICT was granted the right to operate Tartous container terminal. As a consideration for the right to operate Tartous container terminal, TICT should pay annual fees of US$3,008,000 payable on a quarterly basis at the end of each quarter and variable fees of US$11.48 per full TEU and US$5.74 per empty TEU, which were re-evaluated each year on the basis of the official European Union inflation rate.

TICT filed a Notice of Termination of the abovementioned Investment Agreement on December 28, 2012. As a result of the termination of the Investment Agreement, ICTSI wrote-off its investment in TICT equivalent to the net assets of TICT as at December 28, 2012, amounting to US$0.8 million. Management believes that TICT has no obligation to settle the concession rights payable corresponding to the present value of fixed fees, which was recognized at inception of the Investment Agreement upon filing the Notice of Termination on the basis discussed in Note 26. TICT formally ceased operating the Tartous container terminal on January 27, 2013 (see Note 26).

25.5 Concession Agreement with Autoridad Portuaria de Guayaquil (APG)

In May 2007, ICTSI, through CGSA, entered into a concession agreement with the Port Authority of Guayaquil for the exclusive operation and development of a container terminal in the Port of Guayaquil, Ecuador for a period of 20 years ending in 2027.

CGSA took over the terminal operations on August 1, 2007. The terminal handles containerized and bulk cargo. ICTSI's technical plan is to convert the port into a modern multipurpose terminal, comprehensive of two main facilities: a dedicated container terminal of about one million Twenty-foot Equivalent Units (TEU)'s capacity; and a break bulk terminal of about three million tons (banana and other fruits are the main cargo component in this field). ICTSI's development plan covers a period of five to seven years for the terminal to reach the said capacities.

Under the concession agreement, CGSA shall pay APG the following: (i) upfront fee totaling US$30.0 million payable over five years; (ii) fixed fees of US$2.1 million payable quarterly; and (iii) variable fees of US$10.4 per TEU for containers handled and US$0.50 per ton for noncontainerized general cargo handled payable monthly. The upfront fee, recorded as concession rights and concession rights payable at inception, is subject to interest based on three-month LIBOR rate.

The total variable port fees paid by CGSA to APG shown as part of "Port authorities' share in gross revenues" account in the consolidated statements of income, amounted to US$15.6 million in 2013, US$16.3 million in 2014 and US$16.5 million in 2015. Fixed fees formed part of the capitalized concession rights which are being amortized over the period of the concession. Related concession rights payable amounted to US$62.0 million, US$59.8 million and

US$57.2 million as at December 31, 2013, 2014 and 2015, respectively. The current portion amounting to US$2.3 million, US$2.5 million and US$2.8 million is presented as "Current portion of concession rights payable" and the noncurrent portion amounting to US$59.8 million, US$57.2 million and US$54.5 million is presented as "Concession rights payable - net of current portion" in the consolidated balance sheets as at December 31, 2013, 2014 and 2015, respectively.

25.6 Concession Agreement with La Plata

ICTSI, through Tecplata, entered into a concession agreement with La Plata on October 16, 2008. The concession is for 30 years starting from taking bare possession of the terminal or until 2038 and renewable for another 30 years for the following considerations: (i) fixed rent fee - payable on a monthly basis and in advance for AR$3.3 (equivalent to US$0.24)/square meter (sqm) per month (ii) variable royalty - payable monthly and based on annual traffic volume at the start of commercial operations; and (iii) assured royalty - payable annually once the terminal becomes operative to cover fixed rent fee, variable royalty, tariff for the use of waterways and port and service of containerized cargoes for the amount of US$4.0 million. The port of La Plata shall be operated by ICTSI through Tecplata. Tecplata took over bare possession of the terminal on November 10, 2008. On July 17, 2014, an addendum to the concession agreement was signed which indicated that the terminal is considered in commercial operation for purposes of payment of US$4.0 million assured royalty once the terminal accepts calls from post panamax vessels. As at March 3, 2016, the construction of the terminal is completed and Tecplata has obtained all the required permits and is ready to operate.

For the year ended December 31, 2013, 2014 and 2015, Tecplata has paid La Plata fixed rent fee amounting to US$1.1 million, US$1.7 million and US$1.6 million, respectively. Fixed fees formed part of the capitalized concession rights which are being amortized over the period of the concession. Concession rights payable amounted to nil as at December 31, 2013, 2014 and 2015.

The contract contains commitments and restrictions which include works and investments to be completed at different stages of the concession, to wit:, among others: (i) First Stage - construction of a dock with a length of 500 meters, a yard for handling and storage with an area of 227,600 square meters, access pavements and parking lots for trucks, service facilities and internal parking lots, margins protection to avoid erosion, and a 600-meter secondary road for access to the terminal; (ii) Second stage - extension of the main dock by 300 meters and expansion of the yard by 31,000 square meters; (iii) Third stage - expansion of the yard for handling and storage by 44,000 square meters and construction of CFS facilities with an area of 10,000 square meters; and (iv) work completion and performance bonds amounting to US$1.0 million and US$2.5 million, respectively.

25.7 Agreement on Concession of Container and Ro-Ro Terminal Brajdica

In March 2011, ICTSI, through its wholly-owned subsidiary, ICBV, entered into a Share Purchase Agreement (SPA) with Luka Rijeka D.D. (Luka Rijeka), a Croatian company, to purchase a 51 percent interest in the Adriatic Gate Container Terminal (AGCT). AGCT operates the Brajdica Container Terminal in Rijeka, Croatia with a concession period of 30 years until 2041. The concession agreement calls for a payment of fixed port fees in the amount of US$0.6 per square meter of the occupied concession area until second quarter of 2013 and variable port fees equivalent to 1 percent of annual gross revenues. After the delivery or handover of the new area, port fees shall be as follows: fixed port fees of €4.0 (US$5.2) per square meter; and variable fees based on annual volume handled. Variable fees shall be calculated in the following manner based on annual throughput: €6.4 (US$8.3) per TEU until 350,000 TEU-volume has been handled;

€4.8 (US$6.2) per TEU for annual throughput of 350,001-400,000 TEUs; and €3.2 (US$4.1) per TEU for volume handled above 400,000 TEUs.

Total variable fees paid by AGCT to the port authority shown as part of "Port authorities' share in gross revenues" account in consolidated statements of income amounted to US$0.1 million (HRK0.6 million) in 2013, US$1.2 million (HRK7.2 million) in 2014 and US$1.2 million (HRK8.0 million) in 2015. Fixed fees formed part of the capitalized concession rights which are being amortized over the period of the concession. Related concession rights payable amounted to US$16.4 million (HRK91.2 million), US$14.3 million (HRK90.7 million) and US$12.7 million (HRK89.2 million) as at December 31, 2013, 2014 and 2015, respectively. The current portion amounting to US$0.2 million (HRK1.1 million), US$0.2 million (HRK1.2 million) and US$0.2 million (HRK1.3 million) is presented as "Current portion of concession rights payable" as at December 31, 2013, 2014 and 2015, respectively, and the noncurrent portion amounting to US$16.2 million (HRK90.1 million), US$14.1 million (HRK89.5 million) and US$12.5 million (HRK88.0 million) is presented as "Concession rights payable - net of current portion" in the consolidated balance sheets as at December 31, 2013, 2014 and 2015, respectively.

25.8 Contract for the Operation and Management on the New Container Terminal 2 (NCT-2 Contract)

On July 27, 2011, SBMA and ICTSI signed the concession agreement for the operation and management of NCT-2 at Cubi Point in Subic, Philippines for 25 years. On August 19, 2011, SBMA approved the assignment of ICTSI's rights, interests and obligations in the NCT-2 contract to ICTSI Subic, which was incorporated on May 31, 2011.

The NCT-2 was constructed by SBMA in accordance with the SBMA Port Master Plan and the Subic Bay Port Development Project. In consideration for the concession, ICTSI Subic shall pay: (i) base rent of US$1.005 per square meter per month with 6 percent escalation on the fifth year and every three years thereafter; (ii) fixed fee of US$502,500 every year; and (iii) variable fee of 12 percent to 17 percent of ICTSI Subic's gross revenue depending on the volume of containers handled at the terminal. Under the NCT-2 Contract, ICTSI Subic shall manage and provide container handling and ancillary services to shipping lines and cargo owners at NCT-2. While SBMA shall provide the equipment at NCT-2, ICTSI Subic shall also provide additional equipment and facilities it may deem necessary to efficiently manage NCT-2 and pay certain fees to SBMA in consideration for the NCT-2 Contract. Furthermore, ICTSI Subic is committed to invest a total of ₱658.0 million (approximately US$16.0 million) for the entire duration of the concession agreement.

On August 2, 2012, SBMA issued the Notice to Proceed with the operation and management of the NCT-2 to ICTSI Subic. Consequently, ICTSI Subic recognized the present value of fixed port fees as concession rights and concession rights payable both amounting to US$28.7 million (see Note 6).

Total variable fees paid by ICTSI Subic to SMBA shown as part of "Port authorities' share in gross revenues" account in consolidated statements of income amounted to US$47.0 thousand in 2013, US$0.1 million both in 2014 and 2015. Fixed fees formed part of the capitalized concession rights which are being amortized over the period of the concession. Related concession rights payable amounted to US$28.7 million, US$28.6 million and US$28.4 million as at December 31, 2013, 2014 and 2015, respectively. The current portion amounting to US$0.4 million, US$0.6 million and US$0.8 million is presented as "Current portion of concession rights payable" and the noncurrent portion amounting to US$28.4 million,

US$28.0 million and US$27.5 million is presented as "Concession rights payable - net of current portion" in the consolidated balance sheets as at December 31, 2013, 2014 and 2015, respectively.

25.9 Sub-Concession Agreement (SCA) between ICTSI and Lekki Port LFTZ Enterprise (Lekki Port)

On August 10, 2012, ICTSI and Lekki Port signed the SCA, which grants ICTSI the exclusive right to develop and operate the Deep Water Port in the LFTZ, and to provide certain handling equipment and container terminal services for a period of 21 years from start of commercial operation date. As considerations for the SCA, ICTSI shall: (i) pay royalties calculated as a percentage of Gross Revenue as defined in the SCA; (ii) pay sub-concession fee amounting to US$25.0 million, payable in two equal tranches; (iii) pay infrastructure fee of about US$37.2 million; and (iv) transfer certain equipment as specified in the SCA. The container terminal will have a quay length of 1,200 meters, an initial draft of 14.5 meters with the potential for further dredging to 16 meters, and maximum handling capacity of 2.5 million TEUs. With these features, shipping lines will be able to call with the new regional standard large vessels, turning the port into a seminal destination for the West African region. The construction of the terminal in Nigeria is expected to start in 2016 and is scheduled to commence initial operations in middle of 2019. On November 7, 2012, ICTSI through ICBV, established Lekki International Container Terminal Services LFTZ Enterprise (LICTSLE) to operate the Deep Water Port in the LFTZ (see Note 1.2). In 2012, ICTSI paid US$12.5 million sub-concession fee to Lekki Port, which is recognized as Concession Rights in the consolidated balance sheet (see Note 6). On January 26, 2014, ICBV executed a Share Purchase Agreement with CMA Terminals (CMAT), a member of CMA-CGM Group. Under the said Agreement, ICBV agreed to sell its 25 percent shareholdings in LICTSLE to CMAT, subject to certain conditions precedent to completion. As at March 3, 2016, the conditions precedent has not been satisfied. The transaction is expected to be completed before June 30, 2016 (see Note 1.2).

25.10 Implementation Agreement between Karachi Port Trust (KPT) and Premier Mercantile Services (PVT) Ltd. (PMS)

On June 18, 2002, KPT and PMS signed the Implementation Agreement for the exclusive construction, development, operations and management of a common user container terminal at the Karachi Port for a period of 21 years until 2023. PMS established PICT as the terminal operating company to develop, operate and maintain the site and the terminal in accordance with the Implementation Agreement. The Implementation Agreement sets forth the specific equipment and construction works to be performed based on the terminal's productivity level; calls for the payment of fixed and variable fees; and requires the turnover of specific terminal assets at the end of the term of the Implementation Agreement. Fixed fees are in the form of Lease Payments or Handling, Marshalling and Storage charges ("HMS Charges") at a unit rate of Rs411 per square meter per annum in respect of the site occupied by PICT and subject to an escalation of 15 percent every three years in accordance with the Lease Agreement between KPT and PICT, which is an integral part of the of the Implementation Agreement. On the other hand, variable fees are in the form of Royalty payments at a rate of US$12.54 per Cross Berth revenue move, subject to an escalation of 5 percent every three years.

ICTSI, through ICTSML, acquired 35 percent equity interest and gained control over PICT effective October 19, 2012. ICTSI further increased its ownership to 64.53 percent as at December 31, 2013 (see Note 1.3).

Total variable fees paid to KPT shown as part of "Port authorities' share in gross revenues" account in the consolidated statements of income, amounted to US$6.3 million (Rs.644.1 million)

in 2013, US$6.9 million (Rs.700.5 million) in 2014 and US$8.5 million (Rs.873.7 million) in 2015. Fixed fees formed part of the capitalized concession rights which are being amortized over the period of the concession. Related concession rights payable amounted toUS$9.0 million (Rs.952.9 million), US$9.1 million (Rs.917.9 million) and US$8.3 million (Rs.874.3 million) as at December 31, 2013, 2014 and 2015, respectively. The current portion amounting to US$0.3 million (Rs.35.0 million), US$0.4 million (Rs.43.6 million) and US$0.5 million (Rs.57.4 million) is presented as "Current portion of concession rights payable" and the noncurrent portion amounting to US$8.7 million (Rs.917.9 million), US$8.7 million (Rs.874.3 million) and US$7.8 million (Rs.816.9 million) is presented as "Concession rights payable - net of current portion" in the consolidated balance sheets as at December 31, 2013, 2014 and 2015, respectively.

25.11 Agreement between OPC, the Republic of Honduras and Banco Financiera Commercial Hondurena, S.A

On February 1, 2013, ICTSI was awarded with a 29-year agreement by the Republic of Honduras, acting on behalf of the Commission for the Public-Private Alliance Promotion (COALIANZA), and Banco Financiera Comercial Hondurena, S.A. (FICOHSA Bank) for the design, financing, construction, maintenance, operation and development of the container terminal and general cargo of Puerto Cortés, Republic of Honduras (the "Agreement"). The said agreement was signed on March 21, 2013 and is valid until August 30, 2042. The Container and General Cargo Terminal of Puerto Cortés (the "Terminal") will have 1,100 meters of quay for containers and 400 meters of quay for general cargo, 14 meters of draft, 62.2 hectares of total surface area, nine ship-to-shore cranes, and a volume capacity of approximately 1.8 million TEUs.

Pursuant to the Agreement, OPC is obliged to pay certain contributions to the following: (a) Municipality of Puerto Cortés - 4% of the gross income without considering the tax over sales, payable monthly; (b) National Port Company - US$100,000 for each hectare occupied of the existing surfaces, from the beginning of the development of the occupied spaces and the new built surfaces referring to the works of the National Port Company from the date of Occupation, payable annually; US$75,000 for each hectare of the new built and/or earned to the sea surfaces referring to the mandatory works from the beginning of the operation exploration of the occupied surfaces, payable annually; a certain amount for each movement of the container of importation/exportation regardless if it is full or empty, with a right to reimbursement in an amount equivalent to 25% of the imposed amount; for the load not packed in containers - US$1 for each ton of fractioned load that is operated in the Terminal, US$5 for each unit of rolling load that is operated in the Terminal, US$1 for each passenger operated in the Terminal; Upfront payment of US$25.0 million; (c) COALIANZA - 2% of the total of the Reference Investment of the Project, paid on execution date of the Agreement; and (d) Trustee (FICOHSA Bank) - 0.37% of the annual gross income, payable monthly; and US$1,584,835 paid on execution date of the Agreement. Total payments in relation to this Agreement aggregated US$34.9 million, which are presented as part of "Intangibles" account in the consolidated balance sheets (see Note 6).

The total variable port fees paid by OPC shown as part of "Port authorities' share in gross revenues" account in the consolidated statements of income amounted to US$0.4 million in 2013, US$9.4 million in 2014 and US$10.0 million in 2015. Fixed fees formed part of the capitalized concession rights which are being amortized over the period of the concession. Related concession rights payable amounted to US$41.5 million, US$44.2 million and US$46.2 million as at December 31, 2013, 2014 and 2015, respectively, and is presented as "Concession rights payable - net of current portion" in the consolidated balance sheets.

25.12 Contract for the Construction and Operation of Three New Quays and Management and Operation of Quay No. 20 in the Port of Umm Qasr in Iraq

On April 8, 2014, ICTSI Dubai and GCPI signed a contract for the management and operation of Quay No. 20 in the Port of Umm Qasr North and the construction and operation of three new quays. The contract grants ICTSI the rights to: (a) manage and operate the existing container facility at Berth 20 of the Port for a period of 10 years, (b) build, under a build-operate-transfer (BOT) scheme, a new container and general cargo terminal in the Port for a concession period of 26 years, and (c) provide container and general cargo terminal services in both components. The parties will share a fixed percentage of revenues.

ICTSI commenced trial operations at Berth 20 in September 2014 and full-fledged commercial operations in November 2014.

Phase 1 of the expansion project under the BOT scheme will have 250 meters of berth with an estimated capacity of 300,000 TEUs. When fully developed, the facility will have 600 meters of quay with an estimated capacity of 900,000 TEUs. Phase 1 is expected to be completed by third quarter of 2016.

The total variable port fees paid by ICTSI Iraq shown as part of "Port authorities' share in gross revenues" account in the consolidated statements of income amounted to US$1.7 million in 2014 and US$7.7 million in 2015.

Agreements outside the Scope of IFRIC 12 and Accounted by the Group in Accordance with IFRIC 4

Agreements outside the scope of IFRIC 12 are assessed in accordance with IFRIC 4. An arrangement is within the scope of IFRIC 4 if: (a) the fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset.

25.13 Lease Agreement for the Installation and Exploitation of a Container Terminal for Mixed Private Use of the Port of Suape-Complexo Industrial Portuario (Suape)

On July 2, 2001, TSSA entered into a lease agreement with Suape for the operation and development of a container terminal in a port in Suape, Brazil for a period of 30 years starting from the date of agreement. In consideration for the lease, TSSA shall pay Suape a fee in Brazilian Reais (R$) consisting of three components: (i) R$8.2 million, payable within 30 days from the date of agreement; (ii) R$3.1 million, payable in quarterly installments; and (iii) an amount ranging from R$15 to R$50 (depending on the type of container and traffic, i.e., full, empty/ removal and transshipment) handled for each container, payable quarterly. For the third component of the fee (which rates per container increase by 100 percent every ten years), if the total amount paid for containers handled in the four quarters of the year is less than the assured minimum amount for such component indicated in the agreement, TSSA will pay the difference to Suape based on a certain formula. The lease fee is subject to readjustment annually, unless there is a change in legislation, which allows a reduction in the frequency of readjustment, based on a certain formula contained in the agreement. Total variable fees paid to Suape, shown as part of "Port authorities' share in gross revenues" account in the consolidated statements of income, amounted to US$14.1 million (R$30.4 million) in 2013, US$18.6 million (R$43.8 million) in 2014 and US$14.8 million (R$49.5 million) in 2015. Total fixed fees paid to Suape, shown as part of "Equipment and facilities-related expenses" account in the consolidated statements of income,

amounted to US$4.9 million (R$10.5 million) in 2013, US$4.7 million (R$11.1 million) in 2014 and US$3.5 million (R$11.8 million) in 2015.

Under the lease agreement, TSSA undertakes to make the investment in works, equipment, systems and others necessary to develop and operate the Suape port within the agreed time frame.

Upon the expiration of the term of the contract or in the event of pre-termination, the building and other structures constructed in the port by TSSA shall become the property of Suape in addition to assets originally leased by Suape to TSSA. TSSA may remove movable goods from the container terminal, unless the parties agree otherwise.

Minimum lease payments relating to this agreement are as follows: due in 2016 amounted to US$8.1 million (R$32.1 million); due starting 2017 up to 2020 totaled US$39.5 million (R$156.3 million); and due starting 2021 onwards totaled US$204.6 million (R$810.5 million).

25.14 Contracts with Gdynia Port Authority (the "Harbour")

On May 30, 2003, the Parent Company and the Harbour signed three Agreements, namely Agreement on Commercial Cooperation, Lease Contract and Contract for Sale of Shares, which marked the completion of the privatization of BCT. BCT owns the terminal handling assets and an exclusive lease contract to operate the Gdynia container terminal for 20 years until 2023, extendable for another specified or unspecified period, depending on the agreement.

Under the Agreement on Commercial Cooperation, US$78.0 million is the estimated investment for terminal improvements over the life of the concession, of which €20.0 million is necessary within the first eight-year period. As at December 31, 2015, BCT invested US$109.0 million (€87.6 million), thus exceeding the minimum investment level required.

In the original Lease Contract signed between the Harbour and the original owners of BCT, the Harbour shall lease to BCT its land, buildings and facilities for a period of 20 years for a consideration of Polish zloty (PLN) equivalent of US$0.62 million per month to be paid in advance. Subsequently, two amendments in the contract were made reducing the monthly rental to US$0.61 million and US$0.55 million in June 2002 and October 2013, respectively. Under the revised Agreement with BCT, the Harbour further reduced the rental fee by US$0.9 million (PLN2.8 million) annually effective January 1, 2005. This amount has been translated into US dollar using the average exchange rate of US dollar effective in the National Bank of Poland as at December 31, 2004, and deducted from the existing rental rate in US dollar. Total fees paid to the Harbour pertaining to the Lease Contract, shown as part of "Equipment and facilities-related expenses" account in the consolidated statements of income, amounted to US$6.6 million in 2013, US$6.5 million in 2014 and US$6.1 million in 2015.

Minimum lease payments relating to this agreement are as follows: due in 2016 amounted to US$6.5 million; due starting 2017 up to 2020 totaled US$26.2 million; and due starting 2021 onwards totaled US$15.8 million.

25.15 Contract with Naha Port Authority (NPA)

On January 25, 2005, NPA and NICTI signed the basic agreement to operate Terminals 9 and 10 at the Naha port. Another agreement, a 10-year Lease Agreement, was signed on May 12, 2005 after the authorization for the project was obtained from the office of the Japanese Prime Minister pursuant to the law on Special Zones for Structural Reform. Actual port operations commenced on January 1, 2006. NICTI has committed to achieve annual handling volume of containers over

850,000 TEUs which shall include empty containers. In addition, NICTI has agreed to design, construct, operate and maintain the port facilities and terminal site including NPA's facilities and has set up a performance bond with a local bank for a sum of ¥100.0 million as required by NPA. NICTI deposited ¥50.0 million to guarantee the performance bond. Such performance bond is classified as restricted cash and is presented under "Other noncurrent assets" account in the consolidated balance sheets as of December 31, 2013 and 2014. NICTI is also committed to pay fixed fees amounting to ¥87.5 million annually, starting 2009, plus a variable fee based on volume achieved payable semi-annually. In 2009, NPA and NICTI agreed to reduce the annual fixed fees as follows: ¥42.9 million for the period starting April 1, 2009 until March 30, 2010; and ¥43.08 million for the period starting April 1, 2010 until the end of the lease term.

On April 27, 2015, NICTI purchased ICTSI's 60 percent ownership interest in NICTI for JPY107.0 million (approximately US$0.9 million) as part of its treasury shares. The 10-year lease agreement of NICTI expired at yearend and negotiations for its renewal commenced and ICTSI is no longer interested in participating in the said negotiations.

Total fixed fees paid to NPA pertaining to the contract, shown as part of "Equipment and facilities-related expenses" account in the consolidated statements of income, amounted to US$0.4 million (¥41.9 million) in 2013, US$0.5 million (¥50.6 million) in 2014 and US$0.2 million (¥28.8 million) for the period ended April 27, 2015. Variable fees paid to NPA, shown as part of "Port authorities' share in gross revenues" account in the consolidated statements of income, amounted to US$0.3 million (¥32.1 million) in 2013, US$0.3 million (¥33.4 million) in 2014 and US$0.1 million (¥11.6 million) for the period ended April 27, 2015.

25.16 Concession Agreement with Colombian National Concessions Institute

In July 2007, ICTSI concluded agreements to commence the construction and development of a new multi-user container terminal at the Port of Buenaventura in Colombia, including the agreement to acquire stakes in three existing companies and gain control over SPIA.

SPIA has the right to develop, construct and operate a new container terminal in the Aguadulce Peninsula under a concession granted by the Colombian National Concessions Institute for a period of 30 years until 2037, renewable for another 30 years. The port will handle containerized cargo, bulk liquids, bulk solids and petroleum products. Investments in the Port of Buenaventura include development of (i) a multi-purpose port and special terminals, (ii) an industrial complex, and (iii) a support zone to provide the port and the industrial park with services. SPIA shall pay the Colombian National Concessions Institute annual license fee of US$1.4 million over the 30-year concession period.

On October 31, 2013, ICTSI sold its 45.64 percent share of SPIA to PSA. Consequently, SPIA ceased to be a subsidiary of ICTSI effective October 31, 2013 and the retained interest was subsequently accounted for as interest in a joint venture using equity method (see Note 1.3).

SPIA is expected to start its commercial operations by third quarter of 2016.

25.17 Concession Agreement with Batumi Port Holdings Limited (BPHL)

In September 2007, IGC obtained the concession from BPHL to develop and operate a container terminal and a ferry and dry bulk handling facility in the Port of Batumi in Georgia. BPHL has the exclusive management right over the State-owned shares in Batumi Sea Port Limited (BSP). IGC established BICTL to operate the concession.

In relation to the concession, BICTL, through IGC, entered into a lease and operating agreement with BSP for a 48-year lease over a total area of 13.6 hectares of land in Batumi Port, consisting of Berths 4 and 5 for a container terminal, and Berth 6 as ferry terminal and for dry bulk general cargo. The lease and operating agreement will expire on June 30, 2055. IGC paid BPHL US$31.0 million, shown as "Intangible assets" account in the consolidated balance sheets and amortized up to year 2055, in consideration of the procurement for the lease between BICTL and BSP. Under the lease and operating agreement between BICTL and BPHL, BICTL shall pay BSP an annual rent of US$0.1 million from November 2, 2007 to 2008, US$0.2 million from November 2, 2008 to 2009, US$0.5 million from November 2, 2009 to 2011 and US$0.8 million from November 2, 2011 to expiration date of the contract as stipulated in the agreement.

Minimum lease payments relating to this agreement are as follows: due in 2016 amounted to US$0.6 million; due starting 2017 up to 2020 totaled US$2.3 million; and due starting 2021 onwards totaled US$26.9 million.

Total fixed fees shown as part of "Equipment and facilities-related expenses" account in the consolidated statements of income, amounted to US$0.8 million for each of the years ended December 31, 2013, 2014 and 2015.

25.18 Concession Contract for the Management and Operation of the MCT

On April 25, 2008, Phividec Industrial Authority (PIA) awarded the management and operation of MCT in Misamis Oriental, in the Philippines to ICTSI. The concession contract is for a period of 25 years starting from the date of the agreement. ICTSI established MICTSI to operate the concession. Under the contract, MICTSI shall be responsible for planning, supervising and providing full terminal operations for ships, container yards and cargo handling. MICTSI shall also be responsible for the maintenance of the port infrastructure, facilities and equipment set forth in the contract and shall procure any additional equipment that it may deem necessary for the improvement of MCT's operations. In consideration for the contract, MICTSI shall pay PIA fixed fee of ₱2,230.0 million (equivalent to US$46.9 million) payable in advance in quarterly installments and variable fees based on percentages of MICTSI's gross revenue ranging from 15 percent to 18 percent during the term of the contract. The said fixed fees will be subject to renegotiation by both parties after five years and every five years thereafter, taking into consideration variances between the projected and actual cargo volumes. The total variable fees paid to PIA, shown as part of "Port authorities' share in gross revenues" account in the consolidated statements of income, amounted to US$1.8 million (₱78.5 million) in 2013, US$1.9 million (₱85.8 million) in 2014 and US$1.7 million (₱78.9 million) in 2015. Total fixed fees paid to PIA, shown as part of "Equipment and facilities-related expenses" account in the consolidated statements of income amounted to US$1.1 million (₱48.0 million) in 2013, US$1.4 million (₱60.0 million) in 2014 and US$1.3 million (₱60.0 million) in 2015.

Minimum lease payments relating to this agreement are as follows: due in 2016 amounted to US$1.5 million (₱70.0 million); due starting 2017 up to 2020 totaled US$8.3 million (₱390.0 million); and due starting 2021 onwards totaled US$30.6 million (₱1.4 billion).

25.19 Deed of Usufruct between Tecplata and Compañia Fluvial del Sud, S.A.

In 2008, Tecplata entered into an operating lease agreement with Compañia Fluvial del Sud, S.A. for the use of land and real property in relation to Tecplata's contract to operate the port of La Plata in Argentina. The lease agreement is for 20 years subject to renewal for another 20 years at the option of Tecplata. This agreement is accounted for as an operating lease. Consequently, Tecplata will capitalize the related rental expense as part of the cost of port facilities to be

recognized under "Intangibles" account in the consolidated balance sheet during the period of construction until such time that the port facilities will be available for use. On December 20, 2010, Tecplata and Compañia Fluvial del Sud, S.A. executed an amendment to the lease agreement which provided that: (i) in 2010, Tecplata should not have to make any payments in connection with the lease; (ii) from January 2011, Tecplata shall pay a monthly lease of US$17,500 (approximately AR$87,500); and (iii) from the month following the commencement of operations in the terminal, monthly payments shall be US$35,000 (approximately AR$175,000), which was the amount originally agreed upon by both parties. In addition, the accumulated discount as a result of the amendment in 2010 relating to lease payments in 2011, 2012 and 2013 with respect to the original values of the lease amounting approximately US$0.5 million (as at December 31, 2013) will be paid in 36 installments once Tecplata starts operations. Tecplata paid US$0.5 million in 2013, US$0.9 million in 2014 and US$0.4 million in 2015 to Compañia Fluvial del Sud, S.A. included as part of "Equipment and facilities-related expenses" in the consolidated statements of income.

Minimum lease payments relating to this agreement are as follows: due in 2016 amounted to US$0.4 million; due starting 2017 up to 2020 totaled US$1.7 million; and due starting 2021 onwards totaled US$3.3 million.

25.20 Contract Granting Partial Rights and Obligations to Contecon Manzanillo, S.A. de C.V.

In November 2009, ICTSI was declared by the Administracion Portuaria Integral de Manzanillo, S.A., de C.V. (API) the winner of a 34-year concession for the development and operation of the second Specialized Container Terminal (TEC-II) at the Port of Manzanillo. ICTSI established CMSA on January 6, 2010 to operate the Port of Manzanillo. The concession agreement was signed on June 3, 2010. CMSA paid upfront fees of MXN50.0 million (US$4.1 million) to API in two installments: MXN25.0 million (US$2.0 million) on June 3, 2010, the date of signing of the contract; and another MXN25.0 million (US$2.0 million) on September 17, 2010.

Under the terms of the contract granting partial rights and obligations, CMSA will build, equip, operate and develop the terminal that will specialize in the handling and servicing of containerized cargo. Investments in the Port of Manzanillo include maritime works, dredging, quay (including crossbeams and fenders), maneuver yards, storage installations, land access and signals, as well as all those works necessary to fulfill the productivity indexes contained in the contract.

The port facilities will be turned over by API to CMSA in three phases: (a) Phase I, North Area, Position 18: 379,534.217 square meters (sqm) of the federal land area and 18,000 sqm of the maritime area; (b) Phase II, Centre Area Position 19: 158,329.294 sqm of the federal land area and 18,000 sqm of the maritime area; (c) Phase III, South Area (Position 20): 186,325.23 sqm of the federal land area and 18,000 sqm of the maritime area. The first phase of the ceded area was formally delivered to CMSA on November 20, 2010. CMSA will formally request for the delivery of the second and third phases of the area, not later than January 1, 2017 and January 1, 2020, respectively.

For the first part of the ceded area, CMSA will pay fixed fees of MXN163.0 million (US$13.2 million) divided into 12 monthly payments, payable in advance. When CMSA has received the second and third phases of the ceded area, CMSA will pay additional annual fixed fees of US$5.9 million (MXN72.3 million) and US$6.8 million (MXN83.8 million), respectively. Further, CMSA shall pay monthly variable fees of US$16.2 (MXN200) per TEU, for a maximum of 1,500,000 TEUs per year.

CMSA started commercial operations in November 2013. The total variable fees paid by CMSA, shown as part of "Port authorities' share in gross revenues" account in the consolidated statements of income amounted to US$0.8 million (MXN10.5 million) in 2013, US$10.2 million (MXN135.5 million) in 2014 and US$11.3 million (MXN179.2 million) in 2015. Total fixed fees paid by CMSA, shown as part of "Equipment and facilities-related expenses" account in the consolidated statements of income amounted to US$2.1 million (MXN26.3 million) in 2013, US$13.2 million (MXN176.0 million) in 2014 and US$11.6 million (MXN184.3 million) in 2015.

Minimum lease payments relating to this agreement are as follows: due in 2016 amounted to US$13.4 million (MXN229.8 million); due starting 2017 up to 2020 totaled US$80.6 million (MXN1.4 billion); and due starting 2021 onwards totaled US$856.0 million (MXN14.7 billion).

25.21 Lease Agreement between the Port of Portland and ICTSI Oregon

On May 12, 2010, ICTSI Oregon signed a 25-year lease with the Port of Portland (the Port) for the container/break bulk facility at Terminal 6. Under the terms of the agreement, ICTSI Oregon and ICTSI paid the Port US$8.0 million (US$2.0 million on May 12, 2010 as a signing deposit; and the remaining US$6.0 million on August 12, 2010) in addition to an annual rent payment of US$4.5 million, subject to any increases in the consumer price index. As terminal volume increases over time, ICTSI will pay the Port additional incremental revenue per container moved. Furthermore, the Port shall; (a) demise and lease the terminal land, the improvements, cranes, and all appurtenances pertaining thereto or arising in connection therewith to ICTSI, for and during the term of the lease; (b) grant an exclusive right to conduct stevedoring services at the terminal and to operate, manage, maintain and rehabilitate the port infrastructure, as well as to provide terminal services and collect and retain user fees; and (c) grant a non-exclusive right during the term of the lease to use the common areas in connection with permitted uses of the terminal.

The US$8.0 million upfront fee was allocated to concession rights and property and equipment amounting to US$4.2 million and US$3.8 million, respectively. ICTSI Oregon took over the operations of the Terminal 6 of the Port of Portland on February 12, 2011.

On February 13, 2013, ICTSI Oregon and the Port entered into a Rent Rebate Program whereby the Port allowed a rebate of a portion of the Annual Rent up to US$0.3 million per month (Rebate Payment) for each calendar month during 2013, subject to the terms and conditions set forth in the Rent Rebate Program. However, the total amount of Rebate Payments to ICTSI Oregon by the Port under the Rent Rebate Program shall not exceed US$3.7 million for the year. The term of the Rent Rebate Program ended on December 31, 2013. The rent rebates were conditional on ICTSI Oregon meeting certain minimum service levels at the terminal and continuous container service. Under the said Rent Rebate Program, ICTSI Oregon recognized US$3.4 million as a reduction of rent expense under "Equipment and facilities-related expenses" account in the 2013 consolidated statement of income.

Total fees paid to the Port pertaining to the lease agreement, shown as part of "Equipment and facilities-related expenses" account in the consolidated statements of income, amounted to US$4.7 million in 2013, US$5.9 million in 2014 and US$5.5 million in 2015.

Minimum lease payments relating to this agreement are as follows: due in 2016 amounted to US$4.5 million; due starting 2017 up to 2020 totaled US$18.0 million; and due starting 2021 onwards totaled US$62.4 million.

On March 9, 2015, Hanjin Shipping Co. (Hanjin) stopped calling the Port of Portland. This is not the first time that Hanjin bypassed the Port of Portland and eventually came back. Hanjin bypassed the Port of Portland for six weeks in 2012. Hanjin also discontinued vessel service several times in the past before ICTSI took over the terminal operation in 2011. Hapag-Lloyd similarly stopped calling the Port of Portland on March 29, 2015. The total contribution of Hanjin and Hapag-Lloyd to the consolidated revenues and net income is not material.

25.22 Development Agreement between VICT and POMC

On May 2, 2014, ICTSI, through its subsidiary in Australia, VICT, signed a contract in Melbourne with POMC for the design, construction, commissioning, operation, maintaining and financing of the Webb Dock Container Terminal (Terminal) and Empty Container Park (ECP) at Webb Dock East (WDE) in the Port of Melbourne. The Contract grants VICT the rights to: (a) design, build and commission the new Terminal at berths WDE 4 and WDE 5, (b) design, build and commission the new ECP at WDE, and (c) operate the Terminal and ECP until June 30, 2040.

Phase 1 construction of the Terminal with a capacity of 350,000 TEUs and ECP with a capacity of 250,000 TEUs, commenced in the fourth quarter of 2014 and expected to be ready for operation in the first quarter of 2017. Phase 2 construction of the Terminal with a capacity of more than 1,000,000 TEUs and ECP with a capacity of 250,000 TEUs is expected to be completed by December 31, 2017.

Minimum lease payments relating to this agreement are as follows: due in 2016 amounted to nil; due starting 2017 up to 2020 totaled US$150.4 million (AUD206.4 million); and due starting 2021 onwards totaled US$1.4 billion (AUD1.9 billion). Accrued rent amounting to US$38.7 million (AUD47.3 million) and US$92.9 million (AUD127.4 million) as at December 31, 2014 and 2015, respectively, calculated using the straight-line method from the inception of the contact in June 2014, was recorded as part of "Other Noncurrent Liabilities" account in the 2014 and 2015 consolidated balance sheets. In accordance with the contract, VICT is required to start paying the lease upon start of the commercial operations in year 2017.

25.23 Concession to Construct and Operate a Maritime Container Terminal in the Port of Tuxpan

On May 27, 2015, ICTSI, through its subsidiary, ICTSI Tuxpan B.V., acquired from Grupo TMM S.A.B and Immobiliaria TMM S.A. de C.V 100 percent of the capital stock of Terminal Maritima de Tuxpan, S.A de C.V (TMT) for US$54.5 million. TMT is a company duly incorporated in accordance with the laws of Mexico with a concession to construct and operate a maritime container terminal in the Port of Tuxpan, Mexico and is the owner of the real estate where the maritime container terminal will be constructed. The concession agreement is valid until May 25, 2021, subject to extension for another 20 years. The concession covers an area of 29,109.68 square meters, which is adjacent to the 43 hectares land owned by TMT. Under the concession agreement, TMT is liable and committed to: (1) pay fixed fee of MXN23.24 plus VAT, per square meter of assigned area and (2) pay variable fee starting year 2018. As of report date, management is currently working on a development plan on TMT.

Total fees paid to the Port pertaining to the concession agreement, shown as part of "Equipment and facilities-related expenses" account in the consolidated statements of income, amounted to US$0.3 million (MXN4.7 million) in 2015.

Minimum lease payments relating to this agreement are as follows: due in 2016 amounted to US$0.5 million (MXN8.1 million); due starting 2017 up to 2020 totaled US$1.9 million (MXN32.5 million); and due starting 2021 onwards totaled US$0.2 million (MXN3.4 million).

Agreements outside the Scope of IFRIC 12 and IFRIC 4

25.24 Shareholders' Agreement (Agreement) with Atlantic Gulf & Pacific Company of Manila, Inc. (AG&P)

On September 30, 1997, IWI entered into an Agreement with AG&P forming BIPI. BIPI developed the property acquired from AG&P at Bauan, Batangas into an international commercial port duly licensed as a private commercial port by the PPA.

Simultaneous with the execution of the Agreement, AG&P executed a Deed of Conditional Sale in favor of IWI conveying to the latter a parcel of land for a total purchase price of ₱632.0 million (equivalent US$14.2 million as at December 31, 2013). The said land was transferred by IWI to BIPI under a tax-free exchange of asset for shares.

25.25 Cooperation Agreement for the Procurement, Installation and Operation of Container Handling Equipment under a Revenue Sharing Scheme at the Makassar Container Terminal Port of Makassar, South Sulawesi, Indonesia

MTS has an existing agreement with PT Pelabuhan Indonesia II (Pelindo), the Indonesian government-owned corporation that owns and operates the Makassar Container Terminal, for the procurement, installation and operation of Container Handling Equipment (CHE) at the Makassar Container Terminal under a revenue sharing scheme for ten years until 2013, renewable for another 10 years by mutual agreement. In December 2012, MTS extended the joint operation contract, which will originally expire on September 30, 2013, until January 31, 2023. Under the agreement, MTS provides and operates CHE at the Port of Makassar. For the services provided, MTS is paid by Pelindo 60 percent of the gross revenue based on the published tariff for the operation of CHE owned by MTS, with a minimum guaranteed revenue equivalent to 50,000 TEUs production annually. MTS' share in gross revenues included under "Gross revenues from port operations" account in the consolidated statements of income amounted to US$3.6 million (IDR37.1 billion) in 2013, US$3.0 million (IDR35.1 billion) in 2014 and US$2.3 million (IDR30.4 billion) in 2015.

25.26 Long-term Contract for the Operations of Cargo Handling Services at Makar Wharf

On February 20, 2006, the PPA granted SCIPSI a ten-year contract for the exclusive management and operation of arrastre, stevedoring, bagging and crated cargo handling services at Makar Wharf, Port of General Santos, General Santos City in the Philippines and on all vessels berthed thereat, under the terms, conditions, stipulations and covenants in the contract. As at March 3, 2016, SCIPSI obtained a hold over authority for the extension of the contract for another year. SCIPSI agreed to pay PPA 10 percent of the gross income for handling domestic cargo and 20 percent of the gross income for handling foreign cargo whether billed/unbilled or collected/uncollected. The total fees paid by SCIPSI to PPA shown as part of "Port authorities' share in gross revenues" account in the consolidated statements of income, amounted to US$1.0 million (₱40.7 million) in 2013, US$1.0 million (₱46.5 million) in 2014 and US$1.1 million (₱50.0 million) in 2015.

25.27 Long-term Contract for the Operations of Cargo Handling Services at Sasa Wharf

On April 21, 2006, the PPA granted DIPSSCOR a ten-year contract for cargo handling services at Sasa Wharf, Port of Davao in the Philippines. The contract provides, among others, for DIPSSCOR to maintain a required amount of working capital, to put up a performance bond to be secured from the Government Services Insurance System, to comply with the commitments and conditions in the business plan and to maintain a determined level of handling efficiency. DIPSSCOR agreed to pay PPA 10 percent of the gross income for handling domestic cargo and 20 percent of the gross income for handling foreign cargo whether billed/unbilled or collected/uncollected. The concession contract shall expire by April 20, 2016 and the tender process for the Davao Sasa Port Modernization project has started and ICTSI is one of the short-listed bidders. The total fees paid by DIPSSCOR to PPA, shown as part of "Port authorities' share in gross revenues" account in the consolidated statements of income, amounted to US$2.9 million (₱121.2 million) in 2013, US$1.4 million (₱64.1 million) in 2014 and US$1.4 million (₱65.4 million) in 2015.

25.28 Joint Venture Contract on YRDICTL and YICT

In January 2007, the Group (through ICTSI (Hong Kong) Limited) entered into a joint venture contract with YPG and SDIC Communications, Co. on YRDICTL to operate and manage the Yantai port in Shandong Province, China. The registered capital of YRDICTL is RMB600.0 million (equivalent to US$99.1 million as at December 31, 2013) and the term of the joint venture is 30 years, and may be extended upon agreement of all parties. The joint venture became effective on February 28, 2007.

In 2010, YPG and SDIC invested its 40 percent stock holdings in YRDICTL into Yantai Port Holdings (YPH). As such, the non-controlling shareholder of the Company was changed from YPG and SDIC to YPH (see Note 23.1).

Pursuant to a joint venture agreement, the Board of YRDICTL shall be comprised of five members, three of which the Group has the right to elect. The land operated by YRDICTL was contributed as an in-kind capital contribution by YPG for a period of 30 years.

As discussed in Note 4.1, on July 1, 2014, the Group, through its subsidiary IHKL, acquired 51 percent of the total equity interest of Yantai International Container Terminals Limited (YICT) and the Group sold its 60 percent ownership interest in YRDICTL to Yantai Port Holdings (YPH). The Group entered into a joint venture agreement on YICT with DP World and YPH for a period of 29 years until September 29, 2043, and may be extended upon agreement of all parties. The objective of these transactions is to consolidate and optimize the overall port operations within the Zhifu Bay Port Area in Yantai, China. YICT became the only foreign container terminal within the Zhifu Bay Port Area. DP World China (Yantai) and YPH owns 12.5 percent and 36.5 percent ownership interest in YICT, with ICTSI as the majority shareholder.

Pursuant to the said joint venture agreement, the Board of YICT shall be comprised of six members, three of which the Group has the right to elect. The Chairman of the Board shall be appointed by the Group and the said Chairman shall be entitled to a casting vote in the event of equality of votes. The Group is also entitled to appoint the General Manager and Financial Controller. The land operated by YICT was contributed by YPH and is valid until August 28, 2043.

YICT is authorized by YPH to collect, on its behalf, the port charges (including port charges levied on cargoes and facilities security fees) in accordance with the state regulations and shall, after retaining 50% of the port charges levied on cargoes (as the fees for maintaining the facilities

within the port owned by YICT) and 80% of the facilities security fees (as the fees for maintaining and improving the security facilities within the terminal owned by YICT) collected, pay to YPH the remaining parts no later than the fifteenth (15^{th}) day of the following month.

The total fees paid by YICT to YPH, shown as part of "Port authorities' share in gross revenues" account in the consolidated statements of income, amounted to US$0.9 million (RMB5.8 million) in 2014 and US$1.9 million (RMB12.1 million) in 2015.

25.29 Cooperation Agreement for Operation of Terminal Area III of the Tanjung Priok Port at Jakarta, Indonesia between PT Pelabuhan Indonesia II (Pelindo) and OJA

OJA has existing cooperation agreements with Pelindo under a revenue sharing scheme covering the terminal operations of berths 300, 301, 302 and 303 located in Terminal Area III (referred to as "Cooperation Area") of the Tanjung Priok Port, Jakarta, Indonesia. OJA and Pelindo share a fixed percentage based on various activities or services with container handling equipment and other facilities provided and operated by OJA in the Cooperation Area including stevedoring, lift-on/lift off, reefer container plugging and monitoring, trucking, and container customs inspection. The cooperation agreement was signed on March 7, 2011 and expired in March 7, 2013. On June 5, 2013, OJA signed a 15-year Cooperation Agreement with Pelindo for international container stevedoring services wherein the parties will share a fixed percentage of revenues.

OJA's share in gross revenues included under "Gross revenues from port operations" account in the consolidated statements of income amounted to US$2.6 million (IDR27.5 billion) in 2013, US$2.6 million (IDR30.8 billion) in 2014 and US$3.1 million (IDR41.7 billion) in 2015.

25.30 Shareholders' Agreement on IDRC

On January 23, 2014, the Group, through its subsidiary, ICTSI Cooperatief, forged a business partnership with La Societe de Gestion Immobiliere Lengo (SIMOBILE) for the establishment and formation of a joint venture company, ICTSI DR Congo (IDRC). IDRC, which is then 60 percent-owned by ICTSI Cooperatief, will build a new terminal along the river bank of the Congo River in Matadi and manage, develop and operate the same as a container terminal, as well as provide exclusive container handling services and general cargo services therein.

At incorporation, the share capital of IDRC amounted to US$12.5 million represented by 12,500 ordinary voting shares. IDRC was incorporated for an initial term of 99 years, subject to early dissolution or prorogation. ICTSI contributed US$2.0 million cash upon incorporation and the US$5.5 million cash in tranches while SIMOBILE contributed land valued at US$5.0 million.On May 19, 2015, ICTSI, through its subsidiary, ICTSI Cooperatief, and its joint venture partner, SIMOBILE, transferred their respective 8% and 2% ownership interest in IDRC to Societe Commerciale Des Transports Et Des Ports S.A. (SCTP SA) in exchange for the latter's contribution of technical knowledge, skills and substantial experience in the port and port system in DRC and operation of railroad system and undertaking to facilitate the activities of IDRC and to assist in its relations with the public authorities. SIMOBILE transferred to its subsidiary, SIP Sprl, its 10% ownership in IDRC. Thereafter, IDRC is owned 52% by ICTSI, 28% by SIMOBILE, 10% by SIP Sprl and 10% by SCTP SA. The transaction was accounted for as a change in non-controlling interest and was recorded as an increase of US$0.9 million in the "Excess of acquisition cost over the carrying value of non-controlling interests" account in the 2015 consolidated balance sheet.

Pursuant to the shareholders' agreement, the Board of IDRC shall be comprised of six members, four of which will be appointed by the Group.

The facility to be constructed in Phase 1 will consist of two berths that will be able to handle 120,000 TEUs and 350,000 metric tons. The capacity and berth length can, subject to demand, be doubled in Phase 2. Phase 1 is expected to be completed within 18 to 24 months from the start of construction. The construction of the terminal started in January 2015 and is expected to start commercial operations in the third quarter of 2016.

Other Contracts and Agreements

25.31 Sub-licensing of Graphical Tracking System (GTS) and GCS Softwares

In November 2004, CTSSI granted a non-transferable, non-exclusive licensing agreement to CTSSI Phils. to use, support and sub-license the GTS and GCS (collectively referred to as "the Software") to third parties for a period of ten years starting from the date of the licensing agreement until 2014, extendable for another specified or unspecified period, upon the mutual agreement of both parties.

Under the terms of the licensing agreement, any improvements or modifications made on the Software shall require approval from CTSSI and shall remain its exclusive intellectual property. CTSSI has the right to terminate the licensing agreement in case the Software is used by CTSSI Phils. for any unauthorized purpose.

25.32 Contract with the Joint Venture of Hanjin Heavy Industries and Construction Co. Ltd.(Hanjin) and EEI Corporation (EEI)

On June 6, 2008, ICTSI entered into an agreement with the Joint Venture of Hanjin and EEI for the construction of Berth 6 at the MICT, including associated back-up area, dredging and filling works. Berth 6 was completed and started commercial operations in July 2012 (see Notes 22 and 26). Total cost of constructing Berth 6 amounted to US$145.1 million (₱6.5 billion).

However, the contract was extended to allow for the construction of an additional 75-meter of quay and return wall by Hanjin and EEI. The cost of the civil work construction was estimated to be approximately US$3.3 million (₱135.0 million) excluding costs of materials; however, due to late penalties incurred by Hanjin and EEI for the original Berth 6 scope, it was agreed that the work would be completed for a reduced lump sum cost of US$1.4 million (₱55 million). The construction work was completed in March 2013.

25.33 Memorandum of Understanding (MOU) with the BEDB

On September 23, 2008, the Brunei Economic Development Board (BEDB) awarded to ICTSI the container handling operations at Pulau Muara Besar (PMB), Brunei Darussalam. A binding Memorandum of Understanding (MOU) was executed by ICTSI and BEDB on October 28, 2008 which embodies the intention of the parties to enter into a concession agreement in respect of the development, operation, and management of the PMB Container Terminal for a period of 20 years. The concession agreement will be executed once the development of the island of PMB is completed. The purpose of the MOU is to bind the parties to their respective commitments and for the provision for the assistance by ICTSI in advance of execution of the concession documents. Under the terms of the MOU, ICTSI shall assist BEDB in the discussions or negotiations with the Brunei Darussalam with respect to the commercial operation of the PMB Container Terminal and in the procurement of the design, construction and development of PMB Container Terminal. Moreover, ICTSI shall prepare and when completed, deliver to the BEDB the PMB Container Terminal operating policy and standards of operation, marketing plan, maintenance and safety compliance plan, personnel and training plans.

25.34 Services Agreement ("Agreement") with the Government of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam (the Government)

On May 21, 2009, ICTSI entered into an Agreement with the Government for the operation and maintenance of the Muara Container Terminal in Brunei Darussalam. The Agreement is valid for a period of four years from commencement date or May 22, 2009. The term may be extended for a period of one year at a time, for a maximum of two years subject to the mutual agreement of the parties. In consideration for the services, the Government shall pay the operator US$7.0 million for the first year, US$6.9 million for the second year, US$7.3 million for the third year, and US$7.7 million for the fourth year. On the optional fifth and sixth years, the operation fees shall be US$8.1 million and US$8.5 million, respectively. The operation fees for each year shall be paid in 12 equal monthly installments. In 2012, ICTSI got an extension for one year or until May 22, 2014. On April 3, 2014, ICTSI got another extension for one year or until May 20, 2015. In 2015, NMCTS got another extension for one year or until May 20, 2016 as an interim operator pending the result of the tender process, which NMCTS participated in. The said one year contract can be pre-terminated by the Brunei Government with a 30-day notice to NMCTS.

The contract contains commitments and restrictions which include, among others, accomplishment of service levels consisting of crane productivity, haulage turnaround time, equipment availability, reefer services and submission of calculation and documents for billing. Failure to accomplish the service levels will result in penalties.

25.35 Joint Cooperation Agreement for the Operation of Container Depot between PT Kawasan Industrial Makassar (KIMA) and PT Makassar Terminal Services (MTS)

On January 7, 2010, KIMA and MTS entered into a cooperation agreement (referred to as "KSO Agreement") for the operation of container yard facility or an in-land container depot for a period of 10 years starting from January 15, 2010 up to January 14, 2020, which can be extended upon mutual agreement of both parties. MTS shall operate the container yard facility, which was built on the land owned by KIMA under a revenue sharing scheme. Under the KSO Agreement, KIMA and MTS shall share a fixed percentage based on various activities or services provided by the container yard facility including lift-on/lift-off, trucking, container storage, stuffing/stripping, container cleaning and container repair. MTS is committed to provide one unit reach stacker and two units head truck for the operation of the container yard facility. If necessary to increase the level of container yard services, MTS is allowed to increase the number of units of equipment already provided. However, if the container throughput at the container yard facility shall reach more than 2,500 TEUs average monthly volume for three successive months, KIMA is obliged to build additional 5,000 sqm of container yard in order to increase the handling capacity of the yard.

MTS' share in gross revenues included under "Gross revenues from port operations" account in the consolidated statements of income amounted to US$0.07 million (IDR811.7 million) in 2013, US$0.05 million (IDR540.7 million) in 2014 and US$0.03 million (IDR423.4 million) in 2015.

25.36 Operation of Container Port Agreement in L&T Shipbuilding Limited (LTSB), and ICTSI India and ICTSI Ltd.

On April 6, 2011, L&T Shipbuilding Limited (LTSB) and the subsidiaries of ICTSI namely, ICTSI Ltd. and ICTSI India, signed the Container Port Agreement for the Management and Operations of the Kattupalli Container Terminal in Tamil Nadu, India, which was originally scheduled to commence operations in March 2012 (see Note 1.2). The contract is effective until November 30, 2038.

Under the contract, ICTSI India has agreed to supervise, direct and manage the operations and maintenance of the Kattupalli Container Terminal and all activities incidental thereto, including undertaking recruitment and training of personnel of LTSB, developing operations and maintenance plans, procedures and manuals and achieve the Operations, Maintenance, Safety and Performance Standards in accordance with Good Industry Practices. ICTSI India agreed to pay LTSB the Contractor License Fee of US$18.0 million in installments as follows: Indian Rupees (INR) equivalent to US$12.0 million within 90 days from effective date of the agreement; and INR equivalent to US$6.0 million on or prior to 90 days prior to the scheduled date of commencement. ICTSI India has made an aggregate payment to LTSB amounting to US$16.2 million in 2011 and the remaining US$1.8 million was paid in January and February 2013 for US$1.0 million and US$0.8 million, respectively. The terminal has started commercial operations in January 2013.

In exchange for the Contract License Fee, ICTSI India shall receive the following fee: years one to two, US$1.15 million per year; years three to five, 3.3 percent of gross revenue; years six to 15, 8.25 percent of gross revenues; and years 16 to 27, 9.9 percent of gross revenues. ICTSI India has started earning this fee in April 2012.

As discussed in Note 1.2, ICTSI, through its subsidiaries ICTSI Ltd. and ICTSI India, and LTSB signed a termination agreement cancelling ICTSI's container port agreement for the management and operation of the Kattupalli Container Terminal in Tamil, Nadu, India on June 30, 2014.

The existing contracts and agreements entered into by certain subsidiaries contain certain commitments and restrictions which include, among others, the prohibition of the change in subsidiaries' shareholders without the prior consent of the port authority, maintenance of minimum capitalization and certain financial ratios, investment in the works stipulated in the investment program, provisions for insurance, submission of performance bonds, non-compete arrangements, and other related matters.

26. Contingencies and Contingent Liabilities

Due to the nature of the Group's business, it is involved in various legal proceedings, both as plaintiff and defendant, from time to time. The majority of outstanding litigation cases involve subrogation claims under which insurance companies have brought claims against the operator, shipping lines and/or brokerage firms for reimbursement of their payment of insurance claims for damaged equipment, facilities and cargoes. Except as discussed below, ICTSI is not engaged in any legal or arbitration proceedings (either as plaintiff or defendant), including those which are pending or known to be contemplated and its Board has no knowledge of any proceedings pending or threatened against the Group or any facts likely to give rise to any litigation, claims or proceedings which might materially affect its financial position or business. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions and proceedings, if any, will not have a material adverse impact on the Group's consolidated financial position and results of operations.

MICT

The MICT Berth 6 Project is a port development project being undertaken by the Parent Company with the approval of the PPA and in compliance with the Parent Company's commitment under its concession contract with the PPA. The City Council of Manila issued Resolution No. 141 dated September 23, 2010, adopting the Committee Report of the ad hoc committee that investigated the reclamation done in Isla Puting Bato in Manila, which stated that the project should have had prior consultation with the City of Manila, approval and ordinance from the City of Manila, and consent

from the City Mayor.

The Parent Company and its legal counsels' position is that Resolution No. 141 of the City Council of Manila is purely recommendatory and is not the final word on the issue whether the MICT Berth 6 Project is validly undertaken or not.

On November 26, 2010, the PPA, through the Office of the Solicitor General, filed a petition for *certiorari* and prohibition with application for the issuance of a temporary restraining order and/or writ of preliminary injunction assailing City Council Resolution No. 141 before the Supreme Court. The said highest court granted a temporary restraining order ("TRO") enjoining the Mayor of Manila and the City Council of Manila from stopping or suspending the implementation of the MICT Berth 6 Project of the PPA, which is still valid and continuing until further orders from the Supreme Court. The Supreme Court then granted the Company's motion to intervene in the case of PPA vs. City of Manila and City Council of Manila. The parties filed their respective comments and replies before the Supreme Court. As at March 3, 2016, the parties still await the Supreme Court's resolution of this case.

Notwithstanding the foregoing legal proceedings, the MICT Berth 6 Project was completed and inaugurated by the President of the Republic of the Philippines in July 2012 (see Notes 22 and 25.32).

In 2013, a case was filed by Malayan Insurance Co., Inc. (MICO) against ICTSI before the Regional Trial Court of Manila, Branch 55, for damages allegedly sustained by the assured cargo of Philippine Long Distance Telephone Company (PLDT) consisting of telecommunications equipment. The amount of claim is ₱223.8 million (approximately US$4.8 million) plus legal interest and attorney's fees of ₱1.0 million (US$21.2 thousand).

PLDT initially filed a claim against ICTSI, claiming that the cargo had been dropped while inside a container at the terminal of ICTSI and holding the latter responsible for the value of the equipment. ICTSI did not pay the claim, arguing that there is no evidence that the cargo had been damaged. ICTSI further argued that the containerized equipment was never dropped to the ground but was merely wedged in between containers while being moved in the container yard. The case is currently on trial.

PICT

In 2007, the Trustees of the Port of Karachi (KPT) filed a civil suit against the Pakistan International Container Terminal (PICT) in the Honorable High Court of Sindh claiming a sum of approximately US$2.9 million with interest, as penalty, for the alleged mis-declaration of the category of goods on the import of Ship to Shore Cranes and Rubber Tyred Gantry Cranes in 2004. Upon advise of PICT's legal advisor, management is confident that there is no merit in this claim and hence there is a remote possibility that the case would be decided against PICT.
Also in 2007, PICT has filed an interpleader civil suit before the High Court of Sindh (HCS) against the Deputy District Officer, Excise and Taxation (DDO) and the Trustees of KPT in respect of the demand by the DDO on PICT to pay property tax out of the Handling, Marshalling and Storage (HMS) Charges payable to KPT amounting to approximately US$0.4 million for the period 2003 to 2007. In 2014, another demand was made by the DDO amounting to approximately US$0.9 million for the period 2008 to 2014. In compliance with the Order of HCS, PICT deposited the amounts with Nazir HCS. Upon advice of PICT's legal counsel, management believes that there is full merit in this case and there may be no adverse implication against PICT.

Further, while completing the tax audit proceedings for the tax year 2013, the Commissioner Inland Revenue (CIR) modified the deemed assessment of PICT and made certain disallowances/additions on the taxable income and raised an income tax demand of US$1.25 million. PICT filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) who partly decided the appeal in favour of PICT. Consequently, PICT made the payment of US$0.95 million in respect of issues confirmed by the CIR-A, and filed a second appeal before the Appellate Tribunal Inland Revenue, which is now pending for adjudication. Upon advise of PICT's legal counsel, management is of the view that there is full merit in PICT's arguments and the appeal case will be decided in its favour.

TSSA

In 2008, a civil suit was filed by former customer Interfood Comercio (Interfood) against TSSA for damages to perishable cargo amounting to BRL7.0 million (approximately US$3.0 million). Interfood's cargo (garlic and birdseed) was declared improper for human and animal consumption due to long storage period at TSSA before it was claimed and such cargo was destroyed by Brazilian customs authorities. The lower court and Court of Appeals ruled in favor of Interfood. The case has been pending in the Supreme Court for more than four years already. An amount of BRL6.9 million (approximately US$2.6 million) in TSSA's bank account is now garnished by the lower court. TSSA made an accrual for this contingency in the amount of BRL0.6 million (US$0.3 million) in 2013, BRL1.9 million (US$0.8 million) in 2014 and nil in 2015, presented as part of "Other expenses" account in the consolidated statements of income. The provision aggregating BRL12.0 million (US$5.0 million), BRL13.8 million (US$5.2 million) and BRL13.8 million (US$3.5 million) were recognized as part of "Accounts payable and other current liabilities" account in the consolidated balance sheets as at December 31, 2013, 2014 and 2015, respectively (see Note 19). TSSA expects the Supreme Court to render judgment on the case anytime in 2016 or to have a settlement agreement with Interfood. The said judgment, however, is still subject to a last appeal with the Supreme Court in Brasilia.

Tecplata

Ganmar S.A. (Ganmar) challenged, in summary proceedings, the legality of the Concession Agreement for the construction and operation of the Port of La Plata by Tecplata requesting also via three preliminary injunctions the suspension of the works at the terminal. Ganmar alleges that Tecplata's concession should have been awarded through a bidding process. The preliminary injunctions requested by Ganmar were rejected both by the Civil and Commercial Court and the Court of Appeals due to lack of evidence on the illegality of the Concession Agreement and/or the lack of urgent reasons to suspend the contract. Management of Tecplata believes that there is no merit in the action filed by Ganmar and has not provided for possible obligations arising from the aforementioned legal proceedings.

TICT

On December 28, 2012, TICT filed a Notice of Termination of its 10-year Investment Agreement with Tartous Port General Company (TPGC) on the grounds of "unforeseen change of circumstances" and "Force Majeure". In early 2013, TPGC submitted to arbitration TICT's termination notice. On April 1, 2014, the arbitration panel decided in favour of TPGC. While the award has become executory on April 20, 2015, management and its legal counsels believe that TPGC will not be able to successfully enforce the award outside of Syria.

BICTL

In June 2013, BICTL received from its lessor, Batumi Sea Port Ltd. (BSP) a notice of alleged violation of the terms and conditions of the Lease Agreement by BICTL. After receiving BSP's notice and formally disputing the allegations, BICTL initiated arbitration proceedings in July 2013 with the London Court of International Arbitration (LCIA). The arbitration resulted in the parties

amicably settling their differences, the execution of a settlement agreement in September 2015, and consequent termination of the arbitration proceedings.

ICTSI Oregon

Due to the labor disruption caused by the International Longshore and Warehouse Union (ILWU) in Portland commencing in June 2012 and continuing to the present, ICTSI Oregon has filed two separate counter-claims in federal court against the ILWU seeking monetary damages. The first is a claim for damages caused by the ILWU's unlawful secondary activity under the National Labor Relations Act. The second is an antitrust claim brought against the ILWU and the Pacific Maritime Association (PMA). ICTSI Oregon also has a second counterclaim for breach of fiduciary duty against PMA. In addition, the National Labor Relations Board (NLRB) has sought and obtained two federal court injunctions against the ILWU prohibiting illegal work stoppages as well as a finding of contempt of court against the union.

ICTSI Oregon's damage claim for unlawful secondary activity against the ILWU has been stayed pending completion of administrative proceedings before the NLRB. This is a substantial claim, seeking a multi-million dollar judgment, and is unlikely to be tried in court for at least a couple of years.

ICTSI Oregon's antitrust claim was dismissed by the federal court. The judge granted ICTSI Oregon permission to appeal the dismissal to the Ninth Circuit Court of Appeals. The appeal is pending and the decision is likely to be obtained in 2016. If ICTSI Oregon prevails, its antitrust claim will proceed before the trial court. Under federal law, successful antitrust plaintiffs may recover treble damages.

As to its claim against the ILWU for damages caused by illegal secondary activity, ICTSI Oregon's breach of fiduciary claim against PMA has been stayed by the federal court.

Management believes that the claims against and between ICTSI, ILWU and PMA will be favorably settled and will result to the return of the volumes at pre-labor disruption levels.

CGSA

In April 2010, a vessel, CCNI Antartico (CCNI), hit one of the quay cranes of CGSA causing damage to the crane, affecting portion of one of the berths, related infrastructure and third party containers and cargo. CGSA and ICTSI took appropriate steps to replace the equipment, repair the berth and minimize business interruption. The damaged crane was replaced and the berth was repaired and these became operational in October 2010 and June 2011, respectively.

On June 16, 2014, the Group and its local insurers entered into a settlement agreement with CCNI, wherein CCNI agreed to pay a total sum of US$12.8 million, US$9.9 million of which represents the Group's share corresponding to the reimbursement for damaged gantry crane, berth repair, legal fees and other related costs. On July 23, 2014, the Group received as full settlement of its claims a total of US$9.9 million. This resulted in the recognition of US$1.6 million gain on settlement of insurance claims presented under "Other income" account in the 2014 consolidated statement of income.

BCT

On May 17, 2012, a vessel hit one gantry crane of BCT causing damage to the crane and another gantry crane, some empty dry container vans, portions of the quay and related infrastructure in the area, and physical injuries to three employees of BCT.

The net book value of the gantry crane as of the date of the incident amounted to US$2.5 million, which was assessed to be fully recoverable from the insurance company and the vessel owner. The incident did not result in any significant effect on the operations and profitability of the terminal as the majority of the terminal, including berthing areas, remained fully operational. In 2012, BCT recognized claims receivable from the insurance company amounting to US$4.7 million which corresponds to the net book value of damaged gantry crane and cost of restoring the damaged quay and related infrastructure. As at July 31, 2013, the claims receivable increased to US$4.9 million. BCT recovered a total of US$6.1 million in August 2013 from the local insurer as recovery of the cost of the damaged gantry crane and other related costs. The excess of the amount received from the local insurer of US$1.2 million was recorded as "Other income" in the 2013 consolidated statement of income. As at August 31, 2014, the outstanding claims receivable of BCT amounted to US$4.3 million representing the book value of the other damaged gantry crane and other related costs. On November 19, 2014, BCT and its local insurers entered into a settlement agreement with the shipping line, wherein the shipping line agreed to pay a total sum of US$9.6 million, US$3.4 million of which represents the unpaid portion to BCT. The US$3.4 million was collected by BCT on December 22, 2014. In 2014, BCT has written down US$0.9 million of the claims receivable to the recoverable amount based on the settlement agreement and this amount was recorded under "Other expenses" in the 2014 consolidated statement of income.

27. **Financial Instruments**

27.1 Fair Values

Set out below is a comparison of carrying amounts and fair values of the Group's financial instruments by category whose fair value is different from its carrying amount as at December 31:

	2013		2014		**2015**	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	**Carrying Amount**	**Fair Value**
Financial Liabilities						
Other financial liabilities:						
Long-term debt	US$939,777,713	US$977,905,584	US$1,045,967,471	US$1,127,987,745	**US$1,081,043,350**	**US$1,189,662,762**
Concession rights payable	538,848,946	588,758,774	526,236,352	613,893,908	**512,037,758**	**591,765,695**
	US$1,478,626,659	US$1,566,664,358	US$1,572,203,823	US$1,741,881,653	**US$1,593,081,108**	**US$1,781,428,457**

Carrying values of cash and cash equivalents, receivables, accounts payable and other current liabilities and loans payable approximate their fair values due to the short-term nature of the transactions.

The fair value of quoted AFS equity shares is based on quoted prices. For unquoted equity securities, the fair values are not reasonably determinable due to unavailability of required information for valuation. These are presented based on cost less allowance for impairment losses. The unquoted equity securities pertain mainly to investments in golf clubs whose securities are not quoted and holding company whose shares are not publicly listed.

The fair values of the US dollar-denominated notes and US dollar-denominated medium term notes are based on quoted prices. The fair value of other fixed interest-bearing loans and concession rights payable were estimated at the present value of all future cash flows discounted using the applicable rates for similar types of loans ranging from 0.84 percent to 14.016 percent in 2013, 0.04 percent to 15.95 percent in 2014 and 1.73 percent to 15.85 percent in 2015.

For variable interest-bearing loans repriced monthly or quarterly, the carrying amount approximates the fair value due to the regular repricing of interest rates.

The fair values of derivative assets and liabilities, specifically forward contracts and prepayment options, are calculated using valuation techniques with inputs and assumptions that are based on market observable data and conditions. For cross-currency swap, interest rate swaps, currency forwards and other structured derivatives, fair values are based on counterparty bank valuation.

27.2 Fair Value Hierarchy

The following tables below present the fair value hierarchy of the Group's financial instruments as of December 31:

	2013			
	Amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets Measured at Fair Value:				
Derivative assets	US$737,581	US$−	US$737,581	US$−
AFS investments	1,580,395	1,580,395	−	−
Liabilities for which Fair Values are Disclosed:				
Other financial liabilities:				
Long-term debt	977,905,584	868,294,998	−	109,610,586
Concession rights payable	588,758,774	−	−	588,758,774

	2014			
	Amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets and Liabilities Measured at Fair Value:				
AFS investments	US$1,574,744	US$1,574,744	US$−	US$−
Derivative liabilities	751,428	−	751,428	−
Liabilities for which Fair Values are Disclosed:				
Other financial liabilities:				
Long-term debt	1,127,987,745	990,846,666	−	137,141,079
Concession rights payable	613,893,908	−	−	613,893,908

	2015			
	Amount	**Quoted prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets and Liabilities Measured at Fair Value:				
AFS investments	**US$1,690,929**	**US$1,690,929**	**US$−**	**US$−**
Derivative assets	**331,154**	−	**331,154**	−
Derivative liabilities	**554,217**	−	**554,217**	−
Liabilities for which Fair Values are Disclosed:				
Other financial liabilities:				
Long-term debt	**1,189,662,762**	**1,032,128,641**	−	**157,534,121**
Concession rights payable	**591,765,695**	−	−	**591,765,695**

In 2013, 2014 and 2015, there were no transfers between *Level 1* and *Level 2* fair value measurements and no transfers into and out of *Level 3* fair value measurements

27.3 Derivative Financial Instruments

ICTSI enters into derivative transactions as economic hedges of certain underlying exposures arising from its foreign currency-denominated loans, revenues and expenses. Such derivatives, which include cross-currency swaps, interest rate swaps and currency forwards, are accounted for either as cash flow hedges or transactions not designated as hedges.

27.4 Derivative Instruments Accounted for as Cash Flow Hedges

Translation hedging. On May 20, 2013, ICTSI designated US$39.4 million (₱1.75 billion) of its Philippine peso-denominated cash equivalents as cash flow hedges of the currency risk on Philippine peso-denominated payables that would arise from forecasted Philippine peso-denominated variable port fees. The hedging covers forecasted Philippine peso-denominated variable port fees payments from January until October 2014.

Foreign currency translation gains or losses on the Philippine peso-denominated short-term investments that qualify as highly effective cash flow hedges are deferred in equity. Any ineffective portion is recognized directly in earnings. Foreign currency translation gains or losses deferred in equity would form part of variable fees, presented as "Port authorities' share in gross revenues" in the consolidated statement of income, when the hedged variable PPA fee is recognized. Foreign currency losses amounting to US$3.1 million in 2014 was presented as part of "Port authorities' share in gross revenues" in the 2014 consolidated statements of income (see Note 21.2).

As at December 31, 2013, US$39.4 million (₱1.75 billion) of cash equivalents are hedged against the remaining forecasted Philippine peso-denominated variable port fees to the PPA (see Note 12). Foreign currency translation loss on Philippine peso-denominated cash equivalents designated as cash flow hedges aggregating to US$3.1 million have been recognized under equity. No ineffectiveness was recognized in the consolidated statement of income for the year ended December 31, 2013.

As at December 31, 2014 and 2015, ICTSI does not have any outstanding Philippine peso designated as cash flow hedge.

Tecplata designated an aggregate of US$173.0 million (AR$927.9 million) in 2013 and US$40.3 million (AR$308.5 million) in 2014 of its Argentine peso-denominated cash and cash equivalents as cash flow hedges of the currency risk on Argentine peso-denominated payables that would arise from forecasted Argentine peso-denominated capital expenditures. The hedging in 2013 and 2014 covered forecasted Argentine peso-denominated expenditures from April 2013 until June 2014 and from March 2014 until December 2014, respectively. Foreign currency translation gains or losses deferred in equity would form part of the cost of the port infrastructure (including port fees during the construction period) and would be recycled to profit and loss through depreciation.

Foreign currency translation loss on Argentine peso-denominated cash and cash equivalents designated as cash flow hedges aggregating to US$12.1 million, US$6.2 million and nil have been recognized under equity and US$10.2 million, US$6.2 million and US$1.9 million have been transferred from equity to construction in-progress under "Intangible assets" account in the consolidated balance sheets as at December 31, 2013, 2014 and 2015, respectively. No ineffectiveness was recognized in the consolidated statements of income for the years ended December 31, 2013, 2014 and 2015, respectively.

As at December 31, 2015, Tecplata does not have any outstanding Argentine peso designated as cash flow hedge.

Interest Rate Swap. In November 2014, BCT entered into an interest rate swap transaction to hedge the interest rate exposure on its floating rate US dollar-denominated loan maturing in 2021. A notional amount of US$21.5 million floating rate loan was swapped to fixed rate. Under the interest rate swap, BCT pays fixed interest rate of 1.87 percent and receives floating rate of six-month LIBOR on the notional amount. As at December 31, 2014, the market valuation loss on the outstanding interest rate swap amounted to US$0.1 million. The effective portion of the change in the fair value of the interest rate swap amounting to US$84 thousand (net of US$20 thousand deferred tax) for the year ended December 31, 2014 was taken to equity under other comprehensive loss (see Note 15.7). The swap was terminated on December 24, 2015 due to the full prepayment of the HSBC loans. BCT paid US$0.4 million as net compensation for the swap cancellation.

In 2014, AGCT entered into an interest rate swap transaction to hedge the interest rate exposure on its floating rate Euro denominated loan maturing in 2023. A notional amount of EUR5.1 million (US$6.2 million) and EUR3.8 million (US$4.6 million) out of the total EUR10.6 million (US$12.8 million) floating rate loan was swapped to fixed rate. Under the interest rate swap, AGCT pays fixed interest of 6.19% for EUR5.1 million and 5.55% for EUR3.8 million and receives floating rate of one-month EURIBOR plus 4.20 bps on the notional amount. As at December 31, 2014 and 2015, the market valuation loss on the outstanding interest rate swap amounted to EUR0.5 million (US$0.6 million). The effective portion of the change in the fair value of the interest rate swap amounting to EUR0.4 million (US$0.5 million), net of EUR0.1 million (US$0.1 million) deferred tax, and EUR0.4 million (US$0.5 million), net of EUR0.1 million (US$0.1 million) deferred tax, for the year ended December 31, 2014 and 2015, respectively, was taken to equity under other comprehensive loss (see Note 15.7).

27.5 Other Derivative Instruments Not Designated as Hedges

Embedded Prepayment Options. In 2008, embedded prepayment options were identified in ICTSI's two loan contracts with The Hong Kong and Shanghai Banking Corporation (HSBC) or the FXCN Note with outstanding principal amounts of US$15.0 million (₱715.0 million) (the 5.5-year loan) and US$10.3 million (₱490.0 million) (the 7-year loan) as at December 31, 2008 (see Note 16.2.4). The prepayment options are exercisable on the third (for the 5.5-year loan) and fourth (for the seven-year loan) anniversary of issue or any interest payment date thereafter. The 5.5-year loan can be preterminated at 102 percent of the outstanding principal if the remaining term at the time of prepayment is at least 18 months; and at 101 percent if the remaining term is less than 18 months. The seven-year loan can be preterminated at 103 percent of the outstanding principal if the remaining term at the time of prepayment is at least 36 months; 102 percent if the remaining term is less than 36 but more than 12 months; or 101 percent if the remaining term is 12 months or less.

The fair value of the embedded derivatives at inception aggregating to US$0.2 million was recorded as a derivative asset and a corresponding amount was recorded as a premium on the host loan contracts. The derivative asset is marked-to-market through profit or loss while the loan premium is amortized over the life of the respective loans.

In November 2014, ICTSI exercised the prepayment option on its 7-year FXCN Note with outstanding principal amount of US$10.3 million (₱ 463.1 million). Fair value of the embedded derivative as of exercise date amounting to US$0.7 million in 2014 was charged to "Other expense" account in the 2014 consolidated statements of income (see Note 21.3).

The total fair value of the embedded derivatives amounted to US$0.7 million as at December 31, 2013 and nil as at December 31, 2014 and 2015. Net change in fair value recognized in profit or loss amounted to US$0.4 million loss in 2013 and nil in both 2014 and 2015.

Currency Options and Forwards. In 2015, ICTSI entered into AUD put and US$ call currency options with Australia and New Zealand Banking Group Limited and Deutsche Bank AG, London Branch. ICTSI also entered into sell US$ and buy AUD forward contracts with HSBC. As of December 31, 2015, fair value of these derivatives amounted to US$0.3 million.

27.6 Fair Value Changes on Derivatives

The net movements in fair value changes of ICTSI's derivative instruments (both freestanding and embedded derivatives) are as follows:

	2013	2014	**2015**
Balance at beginning of year	US$9,807,188	US$737,581	**(US$751,428)**
Net changes in fair value of derivatives:			
Designated as accounting hedges	(2,159,541)	(751,428)	**93,060**
Not designated as accounting hedges	(376,620)	–	**331,154**
	7,271,027	(13,847)	**(327,214)**
Less fair value of settled instruments	6,533,446	737,581	**(104,151)**
Balance at end of year	US$737,581	(US$751,428)	**(US$223,063)**

The net movement in fair value changes of freestanding derivative instruments designated as cash flow hedges are presented in the consolidated statements of comprehensive income as follows:

	2013	2014	**2015**
Balance at beginning of year	(US$9,726,549)	(US$4,744,190)	**(US$2,457,453)**
Changes in fair value of cash flow hedges:			
Designated derivatives	(2,159,541)	(751,428)	**93,060**
Designated cash equivalents	(15,147,243)	(6,182,364)	–
Transferred to construction in-progress	15,977,281	6,240,237	**1,855,269**
Transferred to consolidated statements of income	3,719,684	2,831,048	**104,151**
Tax effects	2,592,178	149,244	**(89,335)**
Balance at end of year	(US$4,744,190)	(US$2,457,453)	**(US$494,308)**

The net changes in fair value of the derivatives not designated as accounting hedges and the change in fair value of cash flow hedges transferred to profit or loss are presented in the consolidated statements of income under the following accounts:

	2013	2014	**2015**
Foreign exchange gain (loss)	(US$3,678,361)	US$241,297	**US$–**
Interest expense on borrowings	(878,803)	–	**–**
Port authorities' share in gross revenues	–	(3,072,345)	**–**
Other income	460,859	–	**227,003**
	(US$4,096,305)	(US$2,831,048)	**US$227,003**

Fair value changes on derivatives as at December 31 are presented as follows:

	2013	2014	**2015**
Derivative assets:			
Freestanding	US$–	US$–	**US$331,154**
Embedded	737,581	–	**–**
Subtotal	737,581	–	**331,154**
Derivative liabilities - freestanding	–	(751,428)	**(554,217)**
Total	US$737,581	(US$751,428)	**(US$223,063)**

28. Financial Risk Management Objectives and Policies

The principal financial instruments of the Group comprise mainly of bank loans and cash and cash equivalents. The main purpose of these financial instruments is to raise working capital and major capital investment financing for the Group's port operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

ICTSI had port operations and development projects in 20 countries as at December 31, 2015. Short-term treasury activities are carried out at the subsidiary level; however, overall policy decisions concerning the Group's financial risks are centralized at the Parent Company in Manila. The Board reviews and approves the Group's policies for managing each of these risks, as summarized below, as well as authority limits. Treasury operations are regularly reviewed annually by Internal Audit to ensure compliance with the Group's policies.

ICTSI finances its business activities through a mix of cash flows from operations and long-term loans from banks. It is the Group's policy to minimize the use of short-term loans. The Group's borrowings are in US Dollar, Philippine Peso, Euro, Chinese Renminbi and Pakistani Rupee at fixed and floating rates of interest. The Group minimizes its currency exposure by matching its currency of borrowing to the currency of operations and functional currency at the relevant business unit whenever possible. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

In the context of PFRS 7, the main risks arising from the normal course of the Group's business are interest rate risk, liquidity risk, foreign currency risk and credit risk.

Working Capital Management

The Parent Company has minimal working capital requirements due to the short cash collection cycle of its business. Working capital requirements are well within the credit facilities established which are adequate and available to the Parent Company to meet day-to-day liquidity and working capital requirements. The credit facilities are regularly reviewed by the Treasury Group to ensure that they meet the objectives of the Group. Most of the foreign operating subsidiaries currently do not access short-term credit facilities as their respective cash flows are sufficient to meet working capital needs.

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank loans and is addressed by a periodic review of the Group's debt mix with the objective of reducing interest cost and maximizing available loan terms.

The following table sets out the carrying amount, by maturity, of the Group's liabilities that are exposed to interest rate risk as at December 31:

	2013							
	1 Year	2 Years	3 Years	4 Years	Over 5 Years	Total		Net Debt*
						(In Original Currency)	*(In US Dollar)*	
Liabilities								
Long-term Debt								
Floating Rate:								
US$ Loan	US$787,500	US$787,500	US$1,002,064	US$1,216,627	US$5,760,908	US$9,554,599	US$9,554,599	US$9,380,687
Interest rate	LIBOR+2.65% spread							
US$ Loan	20,000,000	–	–	–	–	20,000,000	20,000,000	19,922,071
Interest rate	Prevailing market rates							
US$ Securities	2,985,481	3,200,958	3,431,988	–	–	9,618,427	9,618,427	9,496,042
Interest rate	Passive Referential Rate from Ecuador Central Bank (PRECB)+2.5%							
PKR loan	–	597,510,934	597,510,934	298,755,468	–	1,493,777,336	14,182,431	14,182,431
Interest rate	KIBOR+0.75% spread							
Euro loan	1,104,286	1,104,286	1,012,262	1,104,286	6,274,880	10,600,000	14,567,580	14,567,580
Interest rate	EURIBOR+4.2% spread							

**Net of Debt Issuance Costs*

	2014							
	1 Year	2 Years	3 Years	4 Years	Over 5 Years	Total		Net Debt*
						(In Original Currency)	*(In US Dollar)*	
Liabilities								
Long-term Debt								
Floating Rate:								
US$ Loan	US$–	US$1,880,000	US$4,230,000	US$5,170,000	US$12,220,000	US$23,500,000	US$23,500,000	US$23,458,852
Interest rate	LIBOR+1.70% spread							
US$ Loan	20,000,000	–	–	–	–	20,000,000	20,000,000	19,914,363
Interest rate	Prevailing market rates							
US$ Securities	3,200,958	3,431,988	–	–	–	6,632,946	6,632,946	6,563,697
Interest rate	Passive Referential Rate from Ecuador Central Bank (PRECB)+2.5%							
PKR loan	597,510,934	597,510,934	298,755,468	–	–	1,493,777,336	14,860,130	14,860,130
Interest rate	KIBOR+0.75% spread							
Euro loan	1,104,286	1,012,262	1,104,286	1,196,310	5,078,571	9,495,714	11,487,915	11,487,915
Interest rate	EURIBOR+4.2% spread							
RMB loan	35,000,000	187,230,000	–	–	–	222,230,000	35,811,780	35,811,780
Interest rate	Prevailing market rates							

**Net of Debt Issuance Costs*

	2015							
	1 Year	2 Years	3 Years	4 Years	Over 5 Years	Total		Net Debt*
						(In Original Currency)	*(In US Dollar)*	
Liabilities								
Long-term Debt								
Floating Rate:								
US$ Securities	**US$3,431,988**	**US$–**	**US$–**	**US$–**	**US$–**	**US$3,431,988**	**US$3,431,988**	**US$3,417,041**
Interest rate	**Passive Referential Rate from Ecuador Central Bank (PRECB)+2.5%**							
PKR loan	**597,510,934**	**298,755,468**	**–**	**–**	**–**	**896,266,402**	**8,557,836**	**8,557,836**
Interest rate	**KIBOR+0.75% spread**							
Euro loan	**1,012,262**	**1,104,286**	**1,196,310**	**1,104,286**	**3,974,286**	**8,391,430**	**9,114,770**	**9,114,770**
Interest rate	**EURIBOR+4.2% spread**							
RMB loan	**187,230,000**	**–**	**–**	**–**	**–**	**187,230,000**	**28,832,561**	**28,832,561**
Interest rate	**Prevailing market rates**							

**Net of Debt Issuance Costs*

Re-pricing of floating rate financial instruments is mostly done monthly, quarterly or semi-annually. Interest on fixed rate financial instruments is fixed until maturity of the instrument. Financial instruments not included in the above tables are either noninterest bearing, therefore not subject to interest rate risk, or has minimal interest rate exposure due to the short-term nature of the account (i.e., cash equivalents).

The sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of ICTSI's income before income tax (through the impact on unhedged floating rate borrowings), at December 31 are as follows (amounts in millions unless otherwise indicated):

		Effect on Profit Before Tax		
	Increase/Decrease in Interest Rates (%)	2013	2014	**2015**
Loans	+1.0	(US$0.7)	(US$0.9)	**(US$0.5)**
	-1.0	0.7	0.9	**0.5**

Liquidity Risk

The Group monitors and maintains a certain level of cash and cash equivalents and bank credit facilities deemed adequate by management to finance the Group's operations, ensure continuity of funding and to mitigate the effects of fluctuations in cash flows. The Group's policy is that not more than 25 percent of borrowings should mature in any 12-month period. Seven percent of the Group's total borrowings, gross of debt issuance costs as at December 31, 2013, 2014 and 2015, will mature in the ensuing 12 months. The Group is reassessing its policy in mitigating liquidity risk in line with the current developments and demands of its rapidly growing business.

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31 based on contractual undiscounted payments (amounts in millions of US dollars unless otherwise indicated).

	2013					
	Less than 3 Months	>3 to 6 Months	>6 to 12 Months	>1 to 5 Years	More than 5 Years	Total
Long-term debt	US$13.1	US$24.8	US$60.9	US$342.6	US$1,031.4	US$1,472.8
Accounts payable and other current liabilities*	125.1	0.1	6.5	–	–	131.7
Other noncurrent liabilities*	–	–	–	3.7	–	3.7
Loans payable	–	–	12.1	–	–	12.1
Concession rights payable	11.6	12.2	22.5	247.5	824.4	1,118.2
Total	US$149.8	US$37.1	US$102.0	US$593.8	US$1,855.8	US$2,738.5

* *Excludes statutory liabilities and provisions for claims and losses*

	2014					
	Less than 3 Months	>3 to 6 Months	>6 to 12 Months	1 to 5 Years	More than 5 Years	Total
Long-term debt	US$34.2	US$8.2	US$62.3	US$613.7	US$815.3	US$1,533.7
Accounts payable and other current liabilities*	134.8	0.1	13.4	–	–	148.3
Other noncurrent liabilities*	–	–	–	47.1	5.3	52.4
Loans payable	–	4.6	19.9	–	–	24.5
Derivative liabilities	–	–	0.7	0.1	–	0.8
Concession rights payable	11.8	12.3	22.9	249.9	766.8	1,063.7
Total	US$180.8	US$25.2	US$119.2	US$910.8	US$1,587.4	US$2,823.4

* *Excludes statutory liabilities and provisions for claims and losses*

	2015					
	Less than 3 Months	**>3 to 6 Months**	**>6 to 12 Months**	**1 to 5 Years**	**More than 5 Years**	**Total**
Long-term debt	**US$36.6**	**US$10.6**	**US$73.8**	**US$566.0**	**US$1,113.1**	**US$1,800.1**
Accounts payable and other current liabilities*	**145.7**	**0.2**	**4.6**	**2.1**	**2.0**	**154.6**
Other noncurrent liabilities*	**–**	**–**	**–**	**104.4**	**8.4**	**112.8**
Loans payable	**1.5**	**0.5**	–	–	–	**2.0**
Derivative liabilities	**0.1**	**–**	**0.1**	**0.4**	–	**0.6**
Concession rights payable	**11.7**	**12.5**	**23.3**	**250.9**	**710.2**	**1,008.6**
Total	**US$195.6**	**US$23.8**	**US$101.8**	**US$923.8**	**US$1,833.7**	**US$3,078.7**

* *Excludes statutory liabilities and provisions for claims and losses*

The financial liabilities in the above tables are gross undiscounted cash flows. However, those amounts may be settled using cash on hand and cash in banks, aggregating US$117.9 million, US$113.1 million and US$222.1 million as at December 31, 2013, 2014 and 2015, respectively. Furthermore, cash equivalents, amounting to US$124.3 million, US$81.2 million and US$132.4 million as at December 31, 2013, 2014 and 2015, respectively, may also be used to manage liquidity.

Foreign Currency Risk

As a result of operations in subsidiaries whose functional currency is not the US dollar, the Group's consolidated balance sheet can be affected significantly by movements in the subsidiary's functional currency and US dollar exchange rates (see Note 1.3).

In respect of financial assets and liabilities held in currencies other than the functional currencies of the Parent Company and the operating subsidiaries, the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot/forward rates where necessary to address short-term imbalances.

The Group recognized in the consolidated statements of income net foreign exchange loss amounting to US$3.6 million in 2013, US$3.1 million in 2014 and US$70.0 thousand arising from net foreign-currency denominated financial assets and liabilities as at December 31, 2013, 2014 and 2015, respectively, which resulted mainly from the movements of Philippine peso, Brazilian real, Mexican peso and Colombian peso against the US dollar and Malagasy ariary against Euro.

The following table shows the Group's significant foreign currency-denominated financial assets and liabilities and their US Dollar equivalents at December 31:

	2013		2014		**2015**	
	Foreign Currency	US Dollar	Foreign Currency	US Dollar	**Foreign Currency**	**US Dollar**
Current Financial Assets						
Cash and cash equivalents:						
USD	1,029,625	US$1,029,625	1,081,420	US$1,081,420	**98,542,879**	**US$98,542,879**
Philippine peso	2,250,610,223	50,695,128	2,337,570,433	52,271,253	**2,821,310,538**	**59,951,350**
PKR	2,025,967,449	19,235,226	724,044,010	7,202,805	**816,351,666**	**7,794,784**
MXN	69,773,599	5,352,091	84,565,915	5,732,699	**68,079,210**	**3,956,368**
RMB	146,441,087	24,187,947	23,952,248	3,859,842	**15,504,781**	**2,387,665**
EUR	1,225,377	1,684,036	366,740	443,682	**1,684,231**	**1,829,412**
BND	695,487	551,143	1,620,340	1,223,268	**1,702,328**	**1,200,598**
ARS	120,169,164	18,431,701	22,254,446	2,628,995	**14,204,997**	**1,098,480**
AUD	–	–	1,951,743	1,595,550	**1,440,013**	**1,049,193**
MGA	777,247,669	346,986	1,589,883,146	615,042	**2,890,926,894**	**898,920**
PLN	5,520,721	1,826,239	3,143,494	887,091	**2,738,233**	**698,013**
BRL	1,070,724	453,293	1,416,818	399,824	**2,429,959**	**619,429**
INR	29,945,866	484,561	999,929,186	15,860,890	**24,793,335**	**374,784**
HRK	8,676,284	1,564,760	2,087,392	329,522	**2,556,467**	**363,351**
IDR	8,739,964,714	718,098	4,493,918,380	362,764	**3,477,724,327**	**252,228**
JPY	161,129,355	1,530,048	171,257,938	1,429,771	–	–
Receivable:						
Philippine peso	280,453,896	6,317,241	274,581,790	6,140,022	**480,355,808**	**10,207,306**
BRL	33,447,545	14,160,088	31,460,030	8,877,986	**29,208,215**	**7,445,567**
PKR	360,496,374	3,422,675	406,238,467	4,041,269	**695,274,938**	**6,638,705**
USD	1,300,690	1,300,690	8,093,370	8,093,370	**6,598,209**	**6,598,209**
RMB	23,273,100	3,844,061	30,111,796	4,852,437	**28,822,694**	**4,438,563**
MXN	5,295,513	406,200	36,999,169	2,508,163	**48,685,086**	**2,829,295**
BND	903,900	716,301	1,003,665	757,711	**3,259,636**	**2,298,918**
PLN	16,856,939	5,576,229	3,575,676	1,009,052	**7,648,719**	**1,949,761**
IDR	7,617,092,487	625,839	8,366,103,644	675,339	**25,884,219,838**	**1,877,301**
MGA	6,567,971,282	2,932,130	5,500,274,365	2,127,766	**4,912,273,273**	**1,527,448**
EUR	648,229	890,862	907,257	1,097,599	**1,093,157**	**1,187,387**
HRK	1,171,836	211,340	1,651,382	260,692	**1,533,161**	**217,909**
		168,494,538		136,365,824		**228,233,823**
Current Financial Liabilities						
Accounts payable and other current liabilities:						
Philippine peso	3,806,498,165	85,741,596	4,212,535,467	94,198,020	**4,271,849,411**	**90,774,531**
USD	1,844,244	1,844,244	196,628	196,628	**16,575,366**	**16,575,366**
MXN	187,071,893	14,349,636	159,250,583	10,795,552	**267,444,776**	**15,542,338**
PKR	812,492,212	7,714,078	859,622,162	8,551,540	**1,232,359,783**	**11,766,962**
BRL	37,798,105	16,001,907	41,242,935	11,638,711	**40,676,672**	**10,369,031**
MGA	22,621,337,069	10,098,811	19,559,397,889	7,566,498	**17,311,465,476**	**5,382,918**
RMB	8,349,116	1,379,039	26,666,748	4,297,276	**30,611,564**	**4,714,040**
PLN	29,585,393	9,786,766	7,601,616	2,145,168	**10,929,904**	**2,786,180**
Georgian lari	1,381,611	795,401	2,175,433	1,154,076	**3,081,984**	**1,284,160**
JPY	176,814,665	1,678,992	181,811,564	1,517,879	**146,490,653**	**1,218,521**
HRK	8,597,307	1,550,517	11,593,636	1,830,208	**8,129,277**	**1,155,416**
IDR	12,029,643,924	988,386	8,394,001,052	677,591	**14,459,365,871**	**1,048,692**
BND	449,724	356,386	509,564	384,693	**990,894**	**698,847**
EUR	662,624	910,645	463,984	561,328	**453,263**	**492,334**
AUD	–	–	10,209,742	8,346,464	–	–
Noncurrent Financial Liabilities						
Other noncurrent liabilities:						
USD	–	–	–	–	**92,855,916**	**92,855,916**
PLN	3,372,609	1,115,650	4,050,851	1,143,146	**73,492,907**	**18,734,331**
MXN	2,533,316	194,322	5,282,245	358,082	**7,331,088**	**426,040**
IDR	3,804,783,459	312,611	3,570,447,533	288,218	**5,584,981,653**	**405,061**
Philippine peso	5,903,091	132,967	6,118,854	136,826	**16,373,167**	**347,921**
EUR	1,512,756	2,078,981	8,877,594	10,740,113	**164,580**	**178,766**
AUD	–	–	47,290,660	38,660,114	–	–
PKR	44,987,000	427,122	44,215,071	439,852	–	–
MGA	663,639,921	296,268	601,814,508	232,810	–	–
HRK	816,799	147,309	889,219	140,375	–	–

	2013		2014		**2015**	
	Foreign Currency	US Dollar	Foreign Currency	US Dollar	**Foreign Currency**	**US Dollar**
Long-term debt						
RMB	–	US$–	222,230,000	US$35,811,780	**187,230,000**	**US$28,832,561**
PKR	1,493,777,335	14,182,431	1,493,777,418	14,860,130	**896,266,443**	**8,557,836**
EUR	10,600,000	14,567,580	9,495,714	11,487,915	**8,391,429**	**9,114,770**
PHP	465,795,181	10,492,064	–	–	**–**	**–**
Concession rights payable						
EUR	106,980,291	37,934,110	106,055,601	32,934,983	**26,682,867**	**28,982,931**
PKR	952,931,916	9,047,460	917,892,047	9,131,210	**874,302,790**	**8,348,120**
		244,125,279		310,227,186		**360,593,589**
Net foreign currency-denominated financial liabilities		(US$75,630,741)		(US$173,861,362)		**(US$132,359,766)**

In translating the foreign currency-denominated monetary assets and liabilities into US dollar amounts, the Group used the exchange rates as shown in the table of exchange rates (see Note 3.3).

The following tables present the impact on the Group's income before income tax (due to change in the fair value of foreign currency denominated financial assets and liabilities) and equity (due to translation hedging), of changes in the exchange rate between the foreign currencies and the US dollar (holding all other variables held constant) as at December 31 (amounts in millions of US dollar unless otherwise indicated):

	2013	
	Effect on Profit Before Tax	Effect on Equity
Change in US dollar to other foreign currency exchange rates:		
5% appreciation	0.9	(0.9)
5% depreciation	(1.0)	0.9

	2014	
	Effect on Profit Before Tax	Effect on Equity
Change in US dollar to other foreign currency exchange rates:		
5% appreciation	2.4	(3.1)
5% depreciation	(2.7)	3.4

	2015	
	Effect on Profit Before Tax	**Effect on Equity**
Change in US dollar to other foreign currency exchange rates:		
5% appreciation	**1.9**	**(1.6)**
5% depreciation	**(2.1)**	**1.8**

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to float interest rates of the debt and derivatives and the proportion of the financial instruments in foreign currencies are all constant and on the basis of hedge designation in place at each balance sheet date.

Credit Risk

The Group trades only with recognized, creditworthy third parties and the exposure to credit risk is monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Since the Group trades only with recognized third parties, collateral is not required in respect of financial assets. Moreover, counterparty credit limits are reviewed by management on an annual basis. The limits are set to minimize the concentration of risks and mitigate financial losses through potential counterparty failure.

With respect to credit risk arising from the other financial assets of the Group, which comprise of cash and cash equivalents, and available-for-sale investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

As at December 31, 2013, 2014 and 2015, about 55 percent, 28 percent and 62 percent, respectively, of cash and cash equivalents of the Group is with Philippine local banks. Investments of funds are made only with counterparties approved by the Board. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets.

At December 31, the following tables provide credit information and maximum exposure of ICTSI's financial assets (amounts in million dollars unless otherwise indicated):

	2013			
	Neither Past Due nor Impaired	Past Due but Not Impaired	Impaired	Total
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	US$116.0	US$–	US$–	US$116.0
Cash equivalents	124.3	–	–	124.3
Receivables				
Trade	52.2	18.5	3.3	74.0
Advances and nontrade	12.1	2.3	0.1	14.5
AFS Investments				
Unquoted equity shares	0.8	–	–	0.8
Quoted equity shares	1.6	–	–	1.6
Derivative Assets	0.7	–	–	0.7
	US$307.7	US$20.8	US$3.4	US$331.9

	2014			
	Neither Past Due nor Impaired	Past Due but Not Impaired	Impaired	Total
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	US$111.3	US$–	US$–	US$111.3
Cash equivalents	81.2	–	–	81.2
Receivables				
Trade	67.7	15.0	5.0	87.7
Advances and nontrade	6.4	1.7	0.1	8.2
AFS Investments				
Unquoted equity shares	0.7	–	–	0.7
Quoted equity shares	1.6	–	–	1.6
	US$268.9	US$16.7	US$5.1	US$290.7

	2015			
	Neither Past Due nor Impaired	**Past Due but Not Impaired**	**Impaired**	**Total**
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	**US$220.8**	**US$–**	**US$–**	**US$220.8**
Cash equivalents	**132.4**	**–**	**–**	**132.4**
Receivables				
Trade	**54.9**	**21.4**	**5.5**	**81.8**
Advances and nontrade	**9.4**	**1.5**	**0.1**	**11.0**
AFS Investments				
Unquoted equity shares	**0.7**	**–**	**–**	**0.7**
Quoted equity shares	**1.7**	**–**	**–**	**1.7**
Derivative Assets	**0.3**	**–**	**–**	**0.3**
	US$420.2	**US$22.9**	**US$5.6**	**US$448.7**

At December 31, the credit quality per class of financial assets that were neither past due nor impaired follow (amounts in millions unless otherwise indicated):

	2013			
	Neither Past Due nor Impaired			
	Grade A	Grade B	Grade C	Total
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	US$116.0	US$–	US$–	US$116.0
Cash equivalents	124.3	–	–	124.3
Receivables:				
Trade	46.0	4.0	2.2	52.2
Advances and nontrade	10.7	1.4	–	12.1
AFS Investments				
Unquoted equity shares	0.8	–	–	0.8
Quoted equity shares	1.6	–	–	1.6
Derivative Assets	0.7	–	–	0.7
	US$300.1	US$5.4	US$2.2	US$307.7

	2014			
	Neither Past Due nor Impaired			
	Grade A	Grade B	Grade C	Total
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	US$111.3	US$–	US$–	US$111.3
Cash equivalents	81.2	–	–	81.2
Receivables:				
Trade	59.3	6.4	2.0	67.7
Advances and nontrade	6.3	0.1	–	6.4
AFS Investments				
Unquoted equity shares	0.7	–	–	0.7
Quoted equity shares	1.6	–	–	1.6
	US$260.4	US$6.5	US$2.0	US$268.9

	2015			
	Neither Past Due nor Impaired			
	Grade A	**Grade B**	**Grade C**	**Total**
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	**US$220.8**	**US$–**	**US$–**	**US$220.8**
Cash equivalents	**132.4**	**–**	**–**	**132.4**
Receivables:				
Trade	**44.4**	**5.4**	**5.1**	**54.9**
Advances and nontrade	**9.2**	**0.2**	**–**	**9.4**
AFS Investments				
Unquoted equity shares	**0.7**	**–**	**–**	**0.7**
Quoted equity shares	**1.7**	**–**	**–**	**1.7**
Derivative Assets	**0.3**	**–**	**–**	**0.3**
	US$409.5	**US$5.6**	**US$5.1**	**US$420.2**

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents, derivative financial assets and AFS Investments - based on the credit standing of the counterparty.

Receivables - Grade A receivables pertains to those receivables from clients or customers that always pay on time or even before the maturity date. Grade B includes receivables that are collected on their due dates provided that they were reminded or followed up by ICTSI. Those

receivables which are collected consistently beyond their due dates and require persistent effort from ICTSI are included under Grade C.

At December 31, the aging analyses of the receivables that were past due but not impaired follow (amounts in millions of dollars unless otherwise indicated):

	2013				
	Past Due but Not Impaired				
	1 to 30 Days	31 to 60 Days	61 to120 Days	More than 120 Days	Total
Trade	US$9.0	US$6.3	US$2.5	US$0.7	US$18.5
Advances and nontrade	1.6	0.2	0.3	0.2	2.3
	US$10.6	US$6.5	US$2.8	US$0.9	US$20.8

	2014				
	Past Due but Not Impaired				
	1 to 30 Days	31 to 60 Days	61 to120 Days	More than 120 Days	Total
Trade	US$10.6	US$3.1	US$0.5	US$0.8	US$15.0
Advances and nontrade	–	0.1	–	1.6	1.7
	US$10.6	US$3.2	US$0.5	US$2.4	US$16.7

	2015				
	Past Due but Not Impaired				
	1 to 30 Days	**31 to 60 Days**	**61 to 120 Days**	**More than 120 Days**	**Total**
Trade	**US$14.5**	**US$4.7**	**US$1.8**	**US$0.4**	**US$21.4**
Advances and nontrade	**–**	**–**	**–**	**1.5**	**1.5**
	US$14.5	**US$4.7**	**US$1.8**	**US$1.9**	**US$22.9**

Capital Management

The primary objective of the Group's 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 Group considers the total equity and debt as its capital. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and raise additional debt through either the bond or loan markets or prepay existing debt. No changes were made in the objectives, policies or processes during the years ended December 31, 2013, 2014 and 2015.

The Group monitors capital using gearing ratio. Gearing ratio is total debt over net worth (total equity) where total debt includes long-term debt and loans payable. Some creditor banks compute gearing ratio as total debt less cash and cash equivalents over net worth for the computation of the Group's financial covenants.

The Group's policy is to keep the gearing ratio within two times.

	2013	2014	**2015**
Long-term debt	US$939,777,713	US$1,045,967,471	**US$1,081,043,350**
Loans payable	12,009,852	24,479,272	**2,027,231**
Total debt (a)	951,787,565	1,070,446,743	**1,083,070,581**
Net worth or total equity (b)	1,353,237,377	1,473,565,182	**1,826,047,875**
Gearing ratio (a/b)	0.70 times	0.73 times	**0.59 times**

29. **Earnings Per Share Computation**

The following table presents information necessary to calculate earnings per share:

	2013	2014	**2015**
Net income attributable to equity holders of the parent	US$172,379,532	US$181,988,167	**US$58,545,218**
Adjustment for the effect of cumulative distribution on subordinated perpetual capital securities (see Note 15.6)	(29,312,500)	(29,312,500)	**(36,976,498)**
Net income attributable to equity holders of the parent, as adjusted (a)	US$143,067,032	US$152,675,667	**US$21,568,720**
Common shares outstanding at beginning of year	1,992,066,860	2,045,177,671	**2,045,177,671**
Weighted shares issued during the year	30,980,577	–	–
Weighted shares held by subsidiaries	–	–	**(652,553)**
Weighted treasury shares	(26,955,098)	(9,649,186)	**(8,388,527)**
Weighted average shares outstanding (b)	1,996,092,339	2,035,528,485	**2,036,136,591**
Effect of dilutive stock grants	11,252,311	9,114,811	**10,469,155**
Weighted average shares outstanding adjusted for potential common shares (c)	2,007,344,650	2,044,643,296	**2,046,605,746**
Basic earnings per share (a/b)	US$0.072	US$0.075	**US$0.011**
Diluted earnings per share (a/c)	US$0.071	US$0.075	**US$0.011**

SGV
Building a better working world

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ey.com/ph

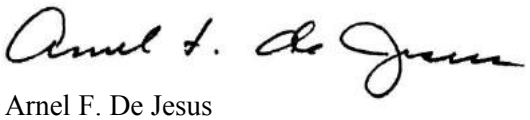
BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
International Container Terminal Services, Inc. and Subsidiaries
ICTSI Administration Building
MICT South Access Road, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of International Container Terminal Services, Inc. (the Company) and Subsidiaries as at December 31, 2013, 2014 and 2015 and for each of the three years then ended, included in this Form 17-A and have issued our report thereon dated March 3, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Arnel F. De Jesus
Partner
CPA Certificate No. 43285
SEC Accreditation No. 0075-AR-3 (Group A),
February 14, 2013, valid until April 30, 2016
Tax Identification No. 152-884-385
BIR Accreditation No. 08-001998-15-2015,
June 26, 2015, valid until June 25, 2018
PTR No. 5321627, January 4, 2016, Makati City

March 3, 2016

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule A. Financial Assets
December 31, 2015

Financial Assets	Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued
Financial Assets at FVPL					
Freestanding Derivatives	N/A	N/A	US$331,154	N/A	US$–
Embedded Derivatives	N/A	N/A	–	N/A	–
Loans and Receivables					
Cash and Cash Equivalents	N/A	N/A	354,481,813	N/A	3,988,914
Receivables	N/A	N/A	87,200,481	N/A	–
AFS investments					
Quoted Equity Shares	N/A	N/A	1,690,929	1,690,929	–
Unquoted Equity Shares	N/A	N/A	728,124	N/A	–
			US$444,432,501		US$3,988,914

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2015

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Not Current	Balance at End of Period
			Amounts Collected	Amounts Written Off			

NOT APPLICABLE

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2015

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions			Current	Not current	Balance at End of Period
			Amounts collected	Amounts Written Off	Others			
ICTSI Capital B.V.	US$140,912,914	US$6,223,957	(US$11,422,408)	US$–	(US$50,002)	US$–	US$135,664,461	US$135,664,461
Contecon Guayaquil S.A	52,599,183	12,339,987	(33,170,240)	–	(72,287)	–	31,696,643	31,696,643
International Container Terminal Holdings, Inc.	27,736,511	8,797,582	(12,224,031)	–	(70,108)	–	24,239,954	24,239,954
ICTSI Warehousing, Inc.	15,654,454	3,644,878	–	–	4,911,947	–	24,211,279	24,211,279
Abbotsford Holdings, Inc.	17,222,172	11,330	(1,377,544)	–	(958,522)	–	14,897,435	14,897,435
ICTSI Subic, Inc.	3,479,205	258,336	(140,610)	–	1,643,024	–	5,239,955	5,239,955
Mindanao International Container Terminal Services, Inc.	40,850	3,737,417	(133,210)	–	(3,973)	–	3,641,084	3,641,084
IW Cargo Handlers, Inc.	2,797,622	181,394	41,219	–	(111,572)	–	2,908,663	2,908,663
Laguna Gateway Inland Container Terminal, Inc.	–	1,935,910	(426,384)	–	67,879	–	1,577,405	1,577,405
Subic Bay International Terminal Corp.	672,951	904,434	(651,181)	–	100,241	–	1,026,445	1,026,445
ICTSI Ltd. RHQ	463,496	412,540	(34,376)	–	(22,778)	–	818,882	818,882
Victoria International Container Terminal Limited	227,593	143,025	(87,541)	–	128,977	–	412,054	412,054
Basra Gateway Terminal	212,709	30,039	(112,394)	–	275,415	–	405,769	405,769
Contecon Manzanillo S.A.	109,539	156,377	–	–	48,149	–	314,065	314,065
TecPlata S.A.	247,689	26,716	–	–	(5,707)	–	268,698	268,698
ICTSI Asia Pacific Business Services, Inc.	–	253,366	1,002	–	530	–	254,898	254,898
Davao Integrated Port and Stevedoring Services Corp.	61,792	821,796	(521,780)	–	(112,583)	–	249,225	249,225
ICTSI (M.E.) DMCC	225,032	477	32,565	–	(26,942)	–	231,132	231,132
PT ICTSI Jasa Prima Tbk.	63,416	–	–	–	62,700	–	126,116	126,116
Batumi International Container Terminal, LLC.	127,429	–	(24,837)	–	14,360	–	116,952	116,952
PT PBM Olah Jasa Andal	55,341	41,577	–	–	145	–	97,063	97,063
Operadora Portuaria Centroamericana, S.A. de C.V.	5,516,815	27,393	(6,072,114)	–	614,855	–	86,949	86,949

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions			Current	Not current	Balance at End of Period
			Amounts collected	Amounts Written Off	Others			
South Cotabato Integrated Ports Services, Inc.	63,236	186,463	(194,302)	–	8,841	–	64,238	64,238
Cebu International Container Terminal, Inc.	830	–	–	–	(41)	–	789	789
Pakistan International Container Terminal Limited	42,784	–	(653)	–	8,458	–	50,589	50,589
PT Makassar Terminal Services	17,462	25,344	–	–	45	–	42,851	42,851
Bauan International Port, Inc.	37,327	251,840	(254,347)	–	7,101	–	41,921	41,921
ICTSI Project Delivery Services Co. Pte. Ltd.	–	22,212	–	–	28	–	22,240	22,240
ICTSI Africa Pty Ltd.	10,577	–	–	–	10,801	–	21,378	21,378
Global Container Capital B.V.	12,098	–	–	–	(1,236)	–	10,862	10,862
Subic Bay International Terminal Holdings, Inc.	1,887	–	–	–	(41)	–	1,846	1,846
ICTSI Oregon, Inc.	1,522	–	(695)	–	–	–	827	827
Yantai International Container Terminals, Limited	681	–	–	–	(45)	–	636	636
International Container Terminal Services (India) Private Ltd.	465,454	–	(466,289)	–	835	–	–	–
Prime Staffing & Selection Bureau	9	39	–	–	(1)	–	47	47
SPIA Spain SL	–	128,952	–	(29,405)	(98,945)	–	602	602
SPIA	99,060		(35,835)		109,782	–	173,007	173,007
Adriatic Gate Container Terminal Terminal Services, Ltd.	(115,197)	113,172	(12,814)	–	71,471	–	56,632	56,632
	US$268,964,553	US$40,547,601	(US$67,252,963)	US$–	US$6,533,451	US$–	US$248,973,592	US$248,973,592

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule D. Intangible Assets – Other Assets
December 31, 2015

Description	Beginning Balance	Additions at Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes Additions (Deductions)	Ending Balance

See Notes 6 and 10 to the Audited Consolidated Financial Statements

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule E. Long-term Debt
December 31, 2015

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Balance Sheet	Amount Shown Under Caption "Noncurrent Portion of Long-term Debt" in Related Balance Sheet	Remarks
ICTSI - US dollar-denominated notes		US$–	US$179,218,130	See Notes 16 to the Audited Consolidated Financial Statements
CGSA - US dollar-denominated securities		13,775,607	–	
CGSA - US dollar-denominated loan		5,330,902	4,225,592	
ITBV - US dollar-denominated medium-term note		–	745,728,753	
AGCT - Secured Euro term loan		1,099,519	8,015,251	
PICT - Secured Pakistani Rupee term loan		5,705,224	2,852,612	
YICT - Secured RMB term loan		28,832,561	–	
CMSA - US dollar-denominated loan		(278,737)	86,537,936	
		US$54,465,076	US$1,026,578,274	

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule F. Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2015

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
NONE		

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule G. Guarantees of Securities of Other Issuers
December 31, 2015

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which this Statement is Filed	Nature of Guarantee
NONE				

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule H. Capital Stock
December 31, 2015

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding As Shown Under Related Balance Sheet Caption	Number of Shares Reserved for Options, Warrants, Conversion, and Other Rights	Number of Shares Held By		
				Subsidiaries	Directors, Officers and Employees	Others
Preferred Shares						
Preferred A Shares	993,000,000	3,800,000	–	3,800,000	–	–
Preferred B Shares	700,000,000	700,000,000	–	–	700,000,000	–
Common Shares	4,227,397,381	2,034,708,516	10,469,155	734,970	996,336,098	1,037,637,448

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule I. Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2015

Name and Designation of Creditor	Balance at Beginning of Period	Additions	Deductions		Current	Not current	Balance at End of Period
			Amounts paid	Others			
Royal Capital B.V.	US$344,428,004	US$516,221,936	(US$43,977,870)	(US$687)	US$9,795,730	US$806,875,653	US$816,671,383
ICTSI Treasury BV.	682,257,393	188,512,726	(70,873,729)	(50,422)	14,392,851	785,516,117	799,896,390
Tecon Suape, S. A.	179,418	44,503	(44,503)	2,654	182,072	–	182,072
ICTSI Ltd. Regional Operating Headquarters	–	3,191,511	–	(117,468)	3,074,043	–	3,074,044
Naha International Container Terminal, Inc.	42,849	–	(42,849)	–	–	–	–
Cordilla Properties Holdings, Inc.	37,706	–	(26,500)	(2,363)	8,843	–	8,843
ICTSI Global Finance B.V.	–	101,783,916	(368,042)	–	1,498,359	99,947,476	96,314,279
Madagascar International Container Terminal Services, Ltd.	(282,416)	(17,046)	409,332	12,692	122,562	–	117,233
Baltic Container Terminal Ltd.	(55,103)	(75,186)	211,597	(22,836)	58,472	–	58,472
	US$1,026,607,851	US$804,689,717	(US$114,712,564)	(US$162,741)	US$29,132,932	US$1,692,339,246	US$1,716,422,263

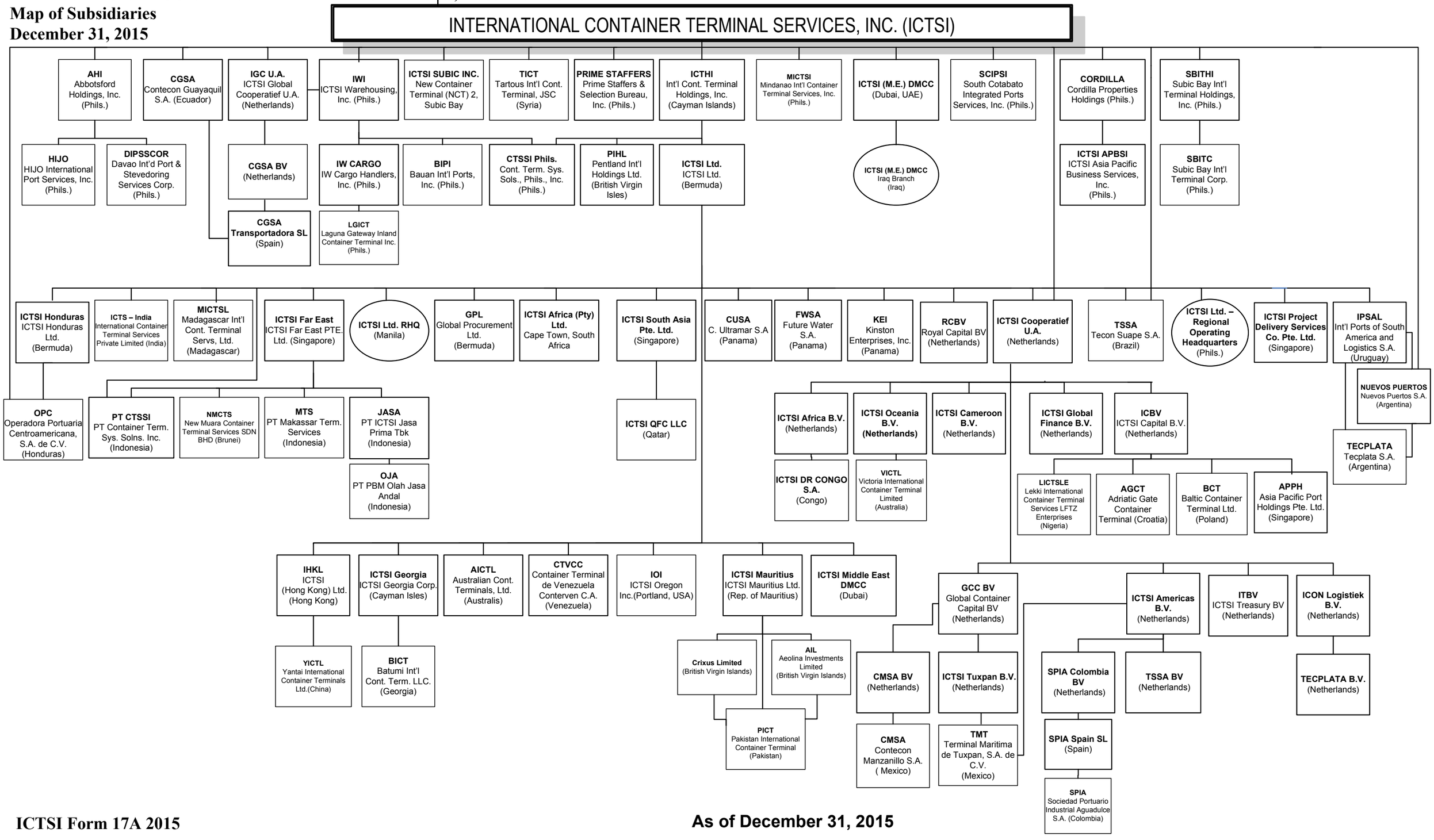
INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule J. Parent Company Retained Earnings Available for Dividend Declaration
December 31, 2015

		Amount
Unappropriated parent company retained earnings, beginning		**US$54,664,948**
Reconciliation:		
Add (Less):		
Unrealized foreign exchange loss - net		**138,302**
Deferred tax assets		**(16,196,210)**
Mark-to-market gain on derivatives		**1,067,912**
Issuance of treasury shares		**(2,755,064)**
Effect to retained earnings of adoption of PAS 19R		**156,917**
Unappropriated parent company retained earnings, as adjusted, beginning		**37,076,805**
Parent company net income actually earned/realized during the period	**90,854,502**	
Less: Non-actual/unrealized income net of tax:		
Mark-to-market gain on derivatives	**(23,280,439)**	
Unrealized foreign exchange gain - net	**(925,147)**	
Parent company net income actually earned/realized during the period		**66,648,916**
Add (Less):		
Dividend declaration during the period		**(41,183,457)**
Appropriation of retained earnings		**(40,300,000)**
Decrease in deferred tax assets (excluded those recognized in OCI)		**(6,726,236)**
Purchase of treasury shares		**(6,590,807)**
Issuance of treasury shares		**859,539**
Unappropriated parent company retained earnings ,as adjusted, ending		**US$9,784,760**

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

Map of Subsidiaries

December 31, 2015



INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule L. List of Effective Standards and Interpretations as of December 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at January 1, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: Borrowing Costs			✓
	Amendments to PFRS 1: Meaning of Effective PFRS			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✓		
	Amendments to PFRS 2: Definition of Vesting Conditions	✓		
PFRS 3 (Revised)	Business Combinations	✓		
	Amendments to PFRS 3: Accounting for Contingent Consideration in a Business Combination	✓		
	Amendments to PFRS 3: Scope Exceptions for Joint Arrangements	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
	Amendments to PFRS 5: Changes in Methods of	Not early adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at January 1, 2015		Adopted	Not Adopted	Not Applicable
	Disposal			
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Amendments to PFRS 7: Servicing Contracts	Not early adopted		
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements	Not early adopted		
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 9	Financial Instruments	Not early adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities	✓		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not early adopted		
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations	Not early adopted		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Investment Entities	✓		
PFRS 13	Fair Value Measurement (2013 Version)	✓		
	Amendments to PFRS 13: Short-term Receivables and Payables	✓		
	Amendments to PFRS 13: Portfolio Exception	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at January 1, 2015		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing Equipment	✓		
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation	✓		
	Amendment to PAS 16: Clarification of Acceptable Methods of Depreciation	Not early adopted		
	Amendment to PAS 16: Bearer Plants	Not early adopted		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Amendments to PAS 19: Regional market issue regarding discount rate	Not early adopted		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance	✓		
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at January 1, 2015		Adopted	Not Adopted	Not Applicable
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities	✓		
	Amendments to PAS 27: Separate Financial Statements	Not early adopted		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not early adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies	✓		
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendment to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities	✓		
	Amendment to PAS 34: Disclosure of information 'elsewhere in the interim financial report'	Not early adopted		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization	✓		
	Amendments to PAS 38: Clarification of Acceptable Methods of Amortization	Not early adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at January 1, 2015		Adopted	Not Adopted	Not Applicable
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Investment Property	✓		
PAS 41	Agriculture			✓
	Amendment to PAS 41: Bearer Plants	Not early adopted		
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at January 1, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 10	*Interim Financial Reporting and Impairment*	✓		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements	✓		
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 15	Agreements for Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	✓		
IFRIC 17	Distributions of Non-cash Assets to Owners	✓		
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities	✓		
SIC-12	Consolidation - Special Purpose Entities	✓		
	Amendment to SIC - 12: Scope of SIC 12	✓		
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.	✓		
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs	✓		

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Financial Soundness Indicators

	As of and for the Year Ended December 31	
	2015	2014
Liquidity ratios		
Current ratio[(a)]	**1.78**	1.27
Interest rate coverage ratio[(b)]	**7.35**	7.53
Solvency ratios		
Debt to equity ratio[(c)]	**0.59**	0.73
Asset to equity ratio[(d)]	**2.10**	2.31
Profitability ratio		
EBITDA margin[(e)]	**42.8%**	41.7%

[(a)] *Current assets over current liabilities*

[(b)] *EBITDA over interest expense and financing charges on borrowings*

[(c)] *Interest-bearing debt over total equity*

[(d)] *Total assets over total equity*

[(e)] *EBITDA over gross revenues from port operations*