COVER SHEET

1	4	7	2	1	2

SEC Registration Number

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

(Company's Full Name)

ICTSI Administration Building, MICT South Access Road, Manila

(Business Address: No. Street City/Town/Province)

Jose Joel M. Sebastian

(Contact Person)

245-4101

(Company Telephone Number)

1 2 *Month* **3 1** *Day* (Fiscal Year)

SEC 17Q (Form Type)

0 4 *Month* **Every 3rd Thursday** *Day* (Annual Meeting)

N/A

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

None

Amended Articles Number/Section

1,462
as of March 31, 2015

Total No. of Stockholders

Total Amount of Borrowings

Domestic	Foreign
US$39.9M	**US$1,033.4M**

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2015**

2. Commission identification number: **147212**

3. BIR Tax Identification No. **000-323-228**

4. Exact name of issuer as specified in its charter:
INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.

5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**

6. Industry Classification Code: ___________________ (SEC Use Only)

7. Address of issuer's principal office: **ICTSI Administration Building, MICT South Access Road, Manila** Postal Code: **1012**

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

9. Former name, former address, and former fiscal year: **Not applicable**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA.

Title of Each Class	Number of shares outstanding as of March 31, 2015
Common	**2,038,196,360** Shares

11. Are any or all of the Securities listed on a Stock Exchange?
Yes [**x**] No [ ]

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

12. Indicate by check mark whether the issuer:

a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports).
Yes [x] No [ ]

(b) has been subject to such filing for the past 90 days. Yes [**x**] No [ ]

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PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

The audited consolidated balance sheet as of December 31, 2014 and the unaudited interim condensed consolidated financial statements as of March 31, 2015 and for the three months ended March 31, 2014 and 2015 and the related notes to unaudited interim condensed consolidated financial statements of International Container Terminal Services, Inc. and Subsidiaries (collectively referred to as “the Group”) are filed as part of this Form 17-Q on pages 2 to 27.

Operating segments are also reported in the notes to unaudited interim condensed consolidated financial statements.

There are no other material events subsequent to the end of this interim period that have not been reflected in the unaudited interim condensed consolidated financial statements filed as part of this report.

International Container Terminal Services, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements

As of March 31, 2015
(with Comparative Audited Figures as of December 31, 2014)
and for the Three Months Ended March 31, 2014 and 2015

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED BALANCE SHEET

As of March 31, 2015

(With Comparative Audited Figures as of December 31, 2014)

(In Thousands)

	December 31, 2014 *(Audited)*	**March 31, 2015** *(Unaudited)*
ASSETS		
Noncurrent Assets		
Intangibles (Notes 1 and 5)	US$1,770,540	**US$1,772,649**
Property and equipment (Note 6)	934,436	**937,596**
Investment properties	12,227	**12,143**
Investments in and advances to a joint venture and associate (Notes 7 and 14)	140,719	**155,202**
Deferred tax assets	57,882	**55,820**
Other noncurrent assets	125,343	**128,287**
Total Noncurrent Assets	3,041,147	**3,061,697**
Current Assets		
Cash and cash equivalents (Note 8)	194,298	**249,192**
Receivables (Note 9)	90,819	**79,821**
Spare parts and supplies	26,140	**26,016**
Prepaid expenses and other current assets (Note 10)	48,366	**52,032**
Total Current Assets	359,623	**407,061**
	US$3,400,770	**US$3,468,758**
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Capital stock:		
Preferred stock	US$236	**US$236**
Common stock	67,330	**67,330**
Additional paid-in capital (Note 13)	530,678	**529,715**
Cost of shares held by subsidiaries (Note 13)	(72,492)	**(73,578)**
Treasury shares	(1,177)	**(979)**
Excess of acquisition cost over the carrying value of non-controlling interests (Notes 1 and 13)	(135,448)	**(141,989)**
Retained earnings (Note 13)	763,315	**789,588**
Perpetual capital securities (Note 13)	337,032	**406,952**
Other comprehensive loss - net (Note 13)	(173,433)	**(209,012)**
Total equity attributable to equity holders of the parent	1,316,041	**1,368,263**
Equity Attributable to Non-controlling Interests (Notes 1 and 13)	157,523	**156,698**
Total Equity	1,473,564	**1,524,961**
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 11)	998,194	**1,005,078**
Concession rights payable - net of current portion (Note 5)	518,730	**511,873**
Deferred tax liabilities	68,066	**67,576**
Pension and other noncurrent liabilities (Note 12)	58,671	**73,288**
Total Noncurrent Liabilities	1,643,661	**1,657,815**
Current Liabilities		
Loans payable (Note 11)	24,479	**20,344**
Accounts payable and other current liabilities (Note 14)	185,666	**182,951**
Current portion of long-term debt (Note 11)	47,774	**47,856**
Current portion of concession rights payable (Note 5)	7,506	**8,216**
Income tax payable	17,369	**25,566**
Derivative liabilities	751	**1,049**
Total Current Liabilities	283,545	**285,982**
	US$3,400,770	**US$3,468,758**

See accompanying Notes to Unaudited Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, Except Per Share Data)

	For the Three Months Ended March 31	
	2014	**2015**
	(Unaudited)	*(Unaudited)*
INCOME		
Gross revenues from port operations	US$248,864	**US$296,062**
Gain on sale of a subsidiary (Note 1)	13,150	–
Foreign exchange gain (Note 3)	476	**965**
Interest income	2,571	**2,618**
Other income	917	**660**
	265,978	**300,305**
EXPENSES		
Port authorities' share in gross revenues (Note 14)	37,007	**48,793**
Manpower costs (Note 14)	47,737	**50,153**
Equipment and facilities-related expenses (Note 14)	34,368	**39,422**
Depreciation and amortization	30,291	**30,970**
Administrative and other operating expenses (Note 14)	26,138	**30,161**
Interest expense and financing charges on borrowings (Notes 5, 6 and 11)	13,329	**14,210**
Interest expense on concession rights payable (Note 5)	9,533	**9,345**
Foreign exchange loss (Note 3)	371	**1,789**
Equity in net loss of a joint venture (Note 7)	303	**606**
Other expenses	867	**2,424**
	199,944	**227,873**
CONSTRUCTION REVENUE (EXPENSE)		
Construction revenue	38,416	**15,702**
Construction expense	(38,416)	**(15,702)**
	–	–
INCOME BEFORE INCOME TAX	66,034	**72,432**
PROVISION FOR INCOME TAX		
Current	13,349	**13,280**
Deferred	(1,975)	**2,350**
	11,374	**15,630**
NET INCOME	US$54,660	**US$56,802**
ATTRIBUTABLE TO:		
Equity holders of the parent	US$52,352	**US$54,001**
Non-controlling interests	2,308	**2,801**
	US$54,660	**US$56,802**
Earnings Per Share (Note 15)		
Basic	US$0.022	**US$0.023**
Diluted	0.022	**0.023**

See accompanying Notes to Unaudited Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

	For the Three Months Ended March 31	
	2014 *(Unaudited)*	**2015** *(Unaudited)*
NET INCOME FOR THE PERIOD	US$54,660	**US$56,802**
OTHER COMPREHENSIVE INCOME (LOSS)		
Items to be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations' financial statements (Note 3)	8,694	**(39,609)**
Net unrealized loss on derivatives removed from equity and capitalized as construction in-progress	7,038	**1,855**
Net change in unrealized mark-to-market values of derivatives	(6,911)	**(297)**
Income tax relating to components of other comprehensive income	–	**179**
Net unrealized mark-to-market gain on available-for-sale	17	**4**
Net unrealized loss removed from equity and recognize in profit or loss	849	**–**
	9,687	**(37,868)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	US$64,347	**US$18,934**
ATTRIBUTABLE TO:		
Equity holders of the parent	US$61,253	**US$18,422**
Non-controlling interests	3,094	**512**
	US$64,347	**US$18,934**

See accompanying Notes to Unaudited Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2015

(In Thousands)

	Attributable to Equity Holders of the Parent												
	Preferred Stock	Common Stock	Additional Paid-in Capital (Note 13)	Preferred Shares Held by a Subsidiary	Common Shares Held by a Subsidiary (Note 13)	Treasury Shares	Excess of Acquisition Cost over the Carrying Value of Non-controlling Interests (Note 13)	Retained Earnings (Note 13)	Perpetual Capital Securities (Note 13)	Other Compre-hensive Income (Note 13)	Total	Non-controlling Interests (Note 13)	Total Equity
Balance at December 31, 2013	US$236	US$67,330	US$526,491	(US$72,492)	US$–	(US$1,374)	(US$137,038)	US$649,700	US$337,032	(US$120,307)	US$1,249,578	US$103,659	US$1,353,237
Total comprehensive income for the period	–	–	–	–	–	–	–	52,352	–	8,901	61,253	3,094	64,347
Share-based payments	–	–	1,024	–	–	–	–	–	–	–	1,024	–	1,024
Issuance of treasury shares	–	–	(198)	–	–	198	–	–	–	–	–	–	–
Cash dividends	–	–	–	–	–	–	–	–	–	–	–	(4,838)	(4,838)
Sale of a subsidiary (Note 1)	–	–	–	–	–	–	–	–	–	–	–	(8,812)	(8,812)
Change in non-controlling interest	–	–	–	–	–	–	1,590	–	–	–	1,590	(7,590)	(6,000)
Balance at March 31, 2014	US$236	US$67,330	US$527,317	(US$72,492)	US$–	(US$1,176)	(US$135,448)	US$702,052	US$337,032	(US$111,406)	US$1,313,445	US$85,513	US$1,398,958
Balance at December 31, 2014	US$236	US$67,330	US$530,678	(US$72,492)	US$–	(US$1,177)	(US$135,448)	US$763,315	US$337,032	(US$173,433)	US$1,316,041	US$157,523	US$1,473,564
Total comprehensive income for the period	–	–	–	–	–	–	–	54,001	–	(35,579)	18,422	512	18,934
Share-based payments (Note 13)	–	–	(765)	–	–	–	–	–	–	–	(765)	–	(765)
Issuance of treasury shares	–	–	(198)	–	–	198	–	–	–	–	–	–	–
Acquisition of ICTSI common shares (Note 13)	–	–	–	–	(1,086)	–	–	–	–	–	(1,086)	–	(1,086)
Cash dividends (Note 13)	–	–	–	–	–	–	–	–	–	–	–	(1,818)	(1,818)
Issuance and exchange of perpetual capital securities (Note 13)	–	–	–	–	–	–	–	(23,234)	69,920	–	46,686	–	46,686
Distributions of perpetual capital securities	–	–	–	–	–	–	–	(4,494)	–	–	(4,494)	–	(4,494)
Changes in non-controlling interest (Notes 1 and 13)	–	–	–	–	–	–	(6,541)	–	–	–	(6,541)	481	(6,060)
Balance at March 31, 2015	US$236	US$67,330	US$529,715	(US$72,492)	(US$1,086)	(US$979)	(US$141,989)	US$789,588	US$406,952	(US$209,012)	US$1,368,263	US$156,698	US$1,524,961

See accompanying Notes to Unaudited Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

	For the Three Months Ended March 31	
	2014 *(Unaudited)*	**2015** *(Unaudited)*
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	US$66,034	**US$72,432**
Adjustments for:		
Depreciation and amortization	30,291	**30,970**
Interest expense on:		
Borrowings (Notes 5, 6 and 11)	13,329	**14,210**
Concession rights payable (Note 5)	9,533	**9,345**
Interest income	(2,571)	**(2,618)**
Unrealized foreign exchange loss (gain)	(105)	**1,199**
Share-based payments (Note 13)	1,014	**831**
Equity in net loss of a joint venture (Note 7)	303	**606**
Loss (gain) on sale of property and equipment	(121)	**64**
Gain on sale of a subsidiary (Note 1)	(13,150)	**–**
Unrealized mark-to-market gain on derivatives	(55)	**–**
Dividend income	(1)	**–**
Operating income before changes in working capital	104,501	**127,039**
Decrease (increase) in:		
Receivables (Note 9)	(9,928)	**1,806**
Spare parts and supplies	(973)	**(1,228)**
Prepaid expenses and other current assets (Note 10)	(227)	**(4,248)**
Increase (decrease) in:		
Accounts payable and other current liabilities	11,743	**17,159**
Pension liabilities	(9)	**39**
Cash generated from operations	105,107	**140,567**
Income taxes paid	(9,178)	**(4,952)**
Net cash provided by operating activities	95,929	**135,615**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment (Note 6)	(41,010)	**(36,487)**
Acquisitions of intangible assets (Note 5)	(23,002)	**(27,759)**
Increase in investments and advances to a joint venture (Notes 1, 7 and 14)	(11,368)	**(15,993)**
Increase in other noncurrent assets	(130)	**(4,935)**
Interest received	2,554	**2,579**
Payments for concession rights (Note 5)	(2,012)	**(2,351)**
Proceeds from sale of property and equipment	358	**307**
Net proceeds from sale of a subsidiary (Note 1)	26,539	**–**
Dividends received	73	**–**
Net cash used in investing activities	(47,998)	**(84,639)**

(Forward)

	For the Three Months Ended March 31	
	2014 *(Unaudited)*	**2015** *(Unaudited)*
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from long-term borrowings (Note 11)	5,005	**58,240**
Payments of:		
Interest on borrowings and concession rights payable (Notes 5 and 11)	(34,004)	**(35,915)**
Short-term borrowings	(1,690)	**(4,143)**
Long-term borrowings (Note 11)	(4,918)	**(3,989)**
Dividends	(1,239)	**(3,386)**
Distribution on perpetual capital securities (Note 13)	–	**(4,494)**
Increase in other noncurrent liabilities	1,668	**2,056**
Acquisition of ICTSI common shares by a subsidiary (Note 13)	–	**(1,086)**
Changes in non-controlling interest (Notes 13)	(6,000)	**567**
Net cash provided by (used in) financing activities	(41,178)	**7,850**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	352	**(3,932)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,105	**54,894**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	242,235	**194,298**
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 8)	US$249,340	**US$249,192**

See accompanying Notes to Unaudited Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED 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 Company is ICTSI Administration Building, MICT South Access Road, Manila. ICTSI's common shares were listed with the Philippine Stock Exchange (PSE) on March 23, 1992 at an offer price of ₱6.70. ICTSI has 2,038,196,360 common shares outstanding held by 1,462 shareholders on record as of March 31, 2015.

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 of May 6, 2015, the Group is involved in 29 terminal concessions and port development projects in 20 countries worldwide. These are 24 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 and Iraq; four ongoing port development projects in Argentina, Colombia, Congo and Australia; and a sub-concession agreement to develop, manage and operate a port in Nigeria. The expected start of commercial operations of the ongoing projects are second half of 2015 for Argentina, second quarter of 2016 for Colombia, early 2017 for Congo, and end of 2016 for Australia. The construction of the terminal in Nigeria is expected to start in 2016 and is scheduled to commence initial operations in first half of 2019.

Concessions for port operations and port development projects entered into, renewed, acquired and terminated by ICTSI and subsidiaries for the last two 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 Brazil Ltd. established Operadora Portuaria Centroamericana, 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 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 currently being 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; (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.

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 commenced in January 2015 and is expected to start its initial operations in early 2017.

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 second 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 December 31, 2016. 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.

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.

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). 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 ICT located in Barangays Banlic and San Cristobal, Calamba City, Laguna. LGICT is 60%-owned by IW Cargo and the remaining 40% 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 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.

1.3 Subsidiaries and Joint Venture

The subsidiaries include:

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership December 31, 2014 Direct	Indirect	**March 31, 2015 Direct**	**Indirect**
Asia							
Abbotsford Holdings, Inc. (AHI)	Philippines	Holding Company	Philippine Peso	100.00	–	**100.00**	**–**
ICTSI Dubai	United Arab Emirates	BDO	US Dollar	100.00	–	**100.00**	**–**
International Container Terminal Holdings, Inc. (ICTHI) and Subsidiaries	Cayman Islands	Holding Company	US Dollar	100.00	–	**100.00**	**–**
ICTSI Subic, Inc. (ICTSI Subic)	Philippines	Port Management	US Dollar	100.00	–	**100.00**	**–**
ICTSI Warehousing, Inc. (IWI)	Philippines	Warehousing	Philippine Peso	100.00	–	**100.00**	**–**
Cordilla Properties Holdings Inc. (Cordilla)	Philippines	Holding Company	Philippine Peso	100.00	–	**100.00**	**–**
Mindanao International Container Terminal Services, Inc. (MICTSI)	Philippines	Port Management	Philippine Peso	100.00	–	**100.00**	**–**
Prime Staffing and Selection Bureau, Inc. (PSSBI)[(a)]	Philippines	Manpower Recruitment	Philippine Peso	100.00	–	**100.00**	**–**
ICTSI Cooperatief	The Netherlands	Holding Company	US Dollar	1.00	99.00	**1.00**	**99.00**
Aeolina International Limited (AIL)	British Virgin Island	Holding Company	US Dollar	–	100.00	**–**	**100.00**
CGSA, B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
CGSA Transportadora SL	Spain	Holding Company	US Dollar	–	100.00	**–**	**100.00**
CMSA, B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Container Terminal Systems Solutions, Inc. (CTSSI) [(h)]	Mauritius	Software Developer	US Dollar	–	100.00	**–**	**100.00**
Container Terminal Systems Solutions Philippines, Inc. (CTSSI Phils.)	Philippines	Software Developer	US Dollar	–	100.00	**–**	**100.00**
Crixus Limited	British Virgin Island	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Global Procurement Ltd. (GPL, formerly ICTSI Poland)	Bermuda	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Global Container Capital, B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Global Procurement, B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Icon Logistiek B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Africa, B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Africa (Pty) Ltd.	South Africa	Business Development Office (BDO)	South African Rand	–	100.00	**–**	**100.00**
ICTSI Americas, B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Brazil	Bermuda	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Capital B.V. (ICBV)	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Georgia Corp. (IGC)	Cayman Island	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI India	India	Port Management	Indian Rupee	–	100.00	**–**	**100.00**
ICTSI Ltd.	Bermuda	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Ltd. Regional Head Quarters	Philippines	Regional Headquarters	Philippine Peso	–	100.00	**–**	**100.00**
ICTSI Mauritius	Mauritius	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Oceania B.V.[(c)]	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Tuxpan B.V.[(c)]	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
IFEL	Singapore	Holding Company	US Dollar	–	100.00	**–**	**100.00**
IHKL	Hong Kong	Holding Company	US Dollar	–	100.00	**–**	**100.00**
IW Cargo Handlers, Inc. (IW Cargo)	Philippines	Port Equipment Rental	US Dollar	–	100.00	**–**	**100.00**
New Muara Container Terminal Services Sdn Bhd (NMCTS)	Brunei	Port Management	Brunei Dollar	–	100.00	**–**	**100.00**
Pentland International Holdings, Ltd. (PIHL)	British Virgin Island	Holding Company	US Dollar	–	100.00	**–**	**100.00**
PT Container Terminal Systems Solutions Indonesia (PT CTSSI)	Indonesia	Software Developer	US Dollar	–	100.00	**–**	**100.00**
SPIA Colombia, B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
SPIA Spain SL	Spain	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Tecplata, B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
TSSA, B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
VICT[(a)]	Australia	Port Management	Australian Dollar	–	90.00	**–**	**100.00**
Davao Integrated Port and Stevedoring Services Corporation (DIPSSCOR)	Philippines	Port Management	Philippine Peso	–	96.95	**–**	**96.95**
Container Terminal de Venezuela Conterven CA (CTVCC)	Venezuela	Holding Company	US Dollar	–	95.00	**–**	**95.00**
PT Makassar Terminal Services, Inc. (MTS)	Indonesia	Port Management	Indonesian Rupiah	–	95.00	**–**	**95.00**
Subic Bay International Terminal Holdings, Inc. (SBITHI)	Philippines	Holding Company	US Dollar	83.33	–	**83.33**	**–**
Subic Bay International Terminal Corporation (SBITC)	Philippines	Port Management	US Dollar	–	83.33	**–**	**83.33**
PT ICTSI Jasa Prima Tbk (JASA) and Subsidiaries	Indonesia	Maritime Infrastructure and Logistics	US Dollar	–	80.16	**–**	**80.16**
PT PBM Olah Jasa Andal (OJA)	Indonesia	Port Management	US Dollar	–	80.16	**–**	**80.16**
ICTSI Global Finance B.V. (IGFBV) [(c)]	The Netherlands	Holding Company	US Dollar	–	75.00	**–**	**75.00**
ICTSI Treasury B.V. (ITBV or ICTSI Treasury)	The Netherlands	Holding Company	US Dollar	–	75.00	**–**	**75.00**
Royal Capital B.V. (RCBV)	The Netherlands	Holding Company	US Dollar	–	75.00	**–**	**75.00**
Australian International Container Terminals Limited (AICTL)[(a)]	Australia	Port Management	Australian Dollar	–	70.00	**–**	**70.00**
Hijo International Port Services, Inc. (HIPS)	Philippines	Port Management	Philippine Peso	–	65.00	**–**	**65.00**

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership December 31, 2014 Direct	Indirect	**March 31, 2015** **Direct**	**Indirect**
Pakistan International Container Terminal (PICT)	Pakistan	Port Management	Pakistani Rupee	–	64.53	**–**	**64.53**
Bauan International Ports, Inc. (BIPI)	Philippines	Port Management	Philippine Peso	–	60.00	**–**	**60.00**
LGICT[b]	Philippines	Port Management	Philippine Peso	–	–	**–**	**60.00**
Naha International Container Terminal, Inc. (NICTI)	Japan	Port Management	Japanese Yen	60.00	–	**60.00**	**–**
YICT [e]	China	Port Management	Renminbi	–	51.00	**–**	**51.00**
South Cotabato Integrated Port Services, Inc. (SCIPSI)	Philippines	Port Management	Philippine Peso	35.70	14.38	**35.70**	**14.38**
Asia Pacific Port Holdings Private Ltd. (APPH) [d]	Singapore	Holding Company	US Dollar	–	50.50	**–**	**50.50**
Europe, Middle East and Africa (EMEA)							
Tartous International Container Terminal (TICT) [i]	Syria	Port Management	US Dollar	100.00	–	**100.00**	**–**
Baltic Container Terminal Ltd. (BCT)	Poland	Port Management	US Dollar	–	100.00	**–**	**100.00**
Batumi International Container Terminal LLC (BICTL)	Georgia	Port Management	US Dollar	–	100.00	**–**	**100.00**
ICTSI (M.E.) DMCC Iraq Branch (ICTSI Iraq) [c]	Iraq	Port Management	US Dollar	–	100.00	**–**	**100.00**
LICTSLE[a]	Nigeria	Port Management	US Dollar	–	100.00	**–**	**100.00**
Madagascar International Container Terminal Services, Ltd. (MICTSL)	Madagascar	Port Management	Euro	–	100.00	**–**	**100.00**
IDRC[a, c]	Congo	Port Management	US Dollar	–	60.00	**–**	**60.00**
AGCT [g]	Croatia	Port Management	Euro	–	51.00	**–**	**51.00**
Americas							
Contecon Guayaquil, S.A. (CGSA)	Ecuador	Port Management	US Dollar	99.99	0.01	**99.99**	**0.01**
OPC	Honduras	Port Management	US Dollar	30.00	70.00	**30.00**	**70.00**
Nuevos Puertos S.A. (NPSA)	Argentina	Holding Company	US Dollar	4.00	96.00	**4.00**	**96.00**
Contecon Manzanillo S.A. (CMSA)	Mexico	Port Management	Mexican Peso	1.00	99.00	**1.00**	**99.00**
ICTSI Oregon, Inc. (ICTSI Oregon)	U.S.A.	Port Management	US Dollar	–	100.00	**–**	**100.00**
International Ports of South America and Logistics SA (IPSAL)	Uruguay	Holding Company	US Dollar	–	100.00	**–**	**100.00**
C. Ultramar, S.A. (CUSA)	Panama	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Future Water, S.A. (FWSA)	Panama	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Kinston Enterprise Corporation (KEC)	Panama	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Tecon Suape, S.A. (TSSA)	Brazil	Port Management	Brazilian Real	–	100.00	**–**	**100.00**
Tecplata S.A (Tecplata)[a]	Argentina	Port Management	US Dollar	–	100.00	**–**	**100.00**
Sociedad Puerto Industrial Aguadulce SA (SPIA) [a, f]	Colombia	Port Management	US Dollar	–	45.65	**–**	**46.30**

[a] Not yet started commercial operations as at March 31, 2015
[b] Established in 2015
[c] Established in 2014
[d] Acquired in March 2014 for US$89.1 thousand. This was not accounted for as a business combination due to the immateriality of amount involved.
[e] Acquired in 2014
[f] Changed its functional currency from Colombian Peso to US Dollar in 2014
[g] Changed its functional currency from Croatian Kuna to Euro in 2014
[h] Dissolved on January 5, 2015
[i] Ceased commercial operations on January 27, 2013

On November 28, 2013, ICTSI and the other shareholders of Cebu International Container Terminal, Inc. (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. Net proceeds from the sale of CICTI 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 interim consolidated statement of income.

2. Basis of Preparation

2.1 Basis of Preparation

The interim condensed consolidated financial statements as at March 31, 2015 and for the three months ended March 31, 2014 and 2015 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 interim condensed consolidated financial statements are presented in United States dollar (US dollar, USD or US$), the Parent Company's functional and presentation currency. All values are rounded to the nearest thousand US dollar unit, except when otherwise indicated. Any discrepancies in the tables between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

2.2 Statement of Compliance

The interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the interim condensed consolidated financial statements do not include all the information and disclosures required in the annual audited consolidated financial statements, and should be read in conjunction with the Group's audited annual consolidated financial statements as at and for the year ended December 31, 2014.

3. Summary of Significant Accounting Policies

3.1 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, DIPSSCOR, LGICT, YRDICTL (until June 30, 2014), YICT, SCIPSI, RCBV, AGCT, JASA, OJA, ITBV, HIPS, VICT (until February 4, 2015), APPH, IGFBV and IDRC 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 period or year using uniform accounting policies as those of the Parent Company.

Functional and Presentation Currency. The unaudited 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 events and circumstances relevant to that entity, and items included in the financial statements of each entity are measured using that 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 unaudited statements of income are translated at the Bloomberg weighted average daily exchange rates for the period. The exchange differences arising from the translation are taken directly to the interim consolidated statement of comprehensive income. Upon disposal of the foreign entity, the deferred cumulative translation amount recognized in the interim consolidated statement of comprehensive income relating to that particular foreign operation is recognized in the interim consolidated statement of income.

The following rates of exchange have been adopted by the Group in translating foreign currency income statement and balance sheet items as at and for the three months ended March 31:

	2014		**2015**	
	Closing	Average	**Closing**	**Average**
Foreign currency to 1 unit of US dollar:				
Argentine peso (ARS)	8.00	7.60	**8.82**	**8.69**
Australian Dollar (AUD)	1.08	1.12	**1.31**	**1.27**
Brazilian Reais (BRL or R$)	2.27	2.36	**3.20**	**2.87**
Brunei Dollar (BND)	1.26	1.27	**1.37**	**1.36**
Chinese Renminbi (RMB)	6.22	6.10	**6.20**	**6.24**
Colombian Peso (COP)	1,971.20	2,006.26	**2,599.62**	**2,474.26**
Croatian Kuna (HRK)	5.55	5.58	**7.12**	**6.82**
Euro (EUR or €)	0.73	0.73	**0.93**	**0.89**
Georgian Lari (GEL)	1.75	1.75	**2.24**	**2.09**
Honduran Lempira (HNL)	19.22	19.7	**21.92**	**21.66**
Hong Kong Dollar (HKD)	7.76	7.76	**7.75**	**7.76**
Indian Rupee (INR)	59.89	61.79	**62.5**	**62.26**
Indonesian Rupiah (IDR)	11,361.00	11,835.00	**13,074.00**	**12,810.00**
Iraqi Dinar (IQD)	–	–	**1,205.03**	**1,200.32**
Japanese Yen (JPY)	103.23	102.83	**120.13**	**119.17**
Malagasy Ariary (MGA)	2,328.00	2,314.41	**2,960.00**	**2,818.71**
Mexican Peso (MXN)	13.06	13.23	**15.26**	**14.95**
Pakistani Rupee (PKR or Rs.)	98.19	103.55	**101.93**	**101.41**
Philippine peso (PHP or ₱)	44.82	44.88	**44.70**	**44.42**
Polish zloty (PLN)	3.03	3.05	**3.80**	**3.72**
Singaporean dollar (SGD)	1.26	1.27	**1.37**	**1.36**
South African Rand (ZAR)	10.53	10.86	**12.13**	**11.75**

3.2 <u>Changes in Accounting Policies</u>

3.2.1 New and Amended Standards Adopted in 2015

The accounting policies adopted for the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2014 except that the Group has adopted the following new and amended standards starting January 1, 2015:

New Pronouncements	Impact on the Interim Condensed Consolidated Financial Statements
PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments) The amendments require 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.	Not applicable

3.2.2 Annual Improvements to PFRSs (2010-2012 Cycle)

The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and did not have a material impact on the Group.

- 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. 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.

- 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.

3.2.3 Annual Improvements to PFRSs (2011-2013 Cycle)

The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and did not have a material impact on the Group.

- 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.

4. 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 business into three geographical segments:

- Asia - includes MICT, BIPI, DIPSSCOR, SCIPSI, SBITC, ICTSI Subic, HIPS, MICTSI and LGICT in the Philippines, YRDICTL and YICT in China, OJA, JASA and MTS in Indonesia, NICTI in Japan, NMCTS in Brunei, ICTSI India in India, PICT in Pakistan, VICT in Australia, AICTSL, ICTHI, ICTSI Ltd. and holding companies with regional area headquarters in the Philippines and those 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 in Mexico, ICTSI Oregon, Inc. in Oregon, U.S.A and OPC in Honduras.

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 interim 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 table below presents financial information on geographical segments as of December 31, 2014 (audited) and as of March 31, 2015 (unaudited) and for the three months ended ended March 31, 2014 and 2015 (unaudited):

	2014				**2015** *(Unaudited)*			
	Asia	EMEA	Americas	Consolidated	**Asia**	**EMEA**	**Americas**	**Consolidated**
Volume[(a)]	899,872	211,859	645,364	1,757,095	**1,004,915**	**245,887**	**731,971**	**1,982,773**
Gross revenues	US$122,243	US$26,146	US$100,475	US$248,864	**US$161,458**	**US$26,918**	**US$107,686**	**US$296,062**
Capital expenditures[(b)]	12,249	11,330	40,433	64,012	**15,348**	**27,040**	**21,858**	**64,246**
Other information:								
Segment assets[(c)]	1,670,614	264,309	1,407,965	3,342,888	**1,787,294**	**267,891**	**1,357,753**	**3,412,938**
Segment liabilities[(d)]	1,541,031	101,750	198,990	1,841,771	**1,555,476**	**98,655**	**196,524**	**1,850,655**

[(a)] *Measured in TEUs.*

[(b)] *Capital expenditures include amount spent for the acquisition of port facilities and equipment classified as intangibles under IFRIC 12 and property and equipment as shown in the interim consolidated cash flows.*

[(c)] *Segment assets do not include deferred tax assets amounting to US$57.9 million and US$55.8 million as of December 31, 2014 (audited) and March 31, 2015 (unaudited), respectively.*

[(d)] *Segment liabilities do not include income tax payable amounting to US$17.4 million and US$25.6 million and deferred tax liabilities amounting to US$68.1 million and US$67.6 million as of December 31, 2014 (audited) and March 31, 2015 (unaudited), 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 unaudited consolidated net income attributable to equity holders of the parent for the three months ended March 31:

	2014 *(Unaudited)*	**2015** *(Unaudited)*
Net income attributable to equity holders of the parent	US$52,352	**US$54,001**
Non-controlling interests	2,308	**2,801**
Provision for income tax	11,374	**15,630**
Income before income tax	66,034	**72,432**
Add (deduct):		
Depreciation and amortization	30,291	**30,970**
Interest and other expenses[(a)]	24,403	**28,374**
Interest and other income[(b)]	(17,114)	**(4,243)**
EBITDA[(c)]	US$103,614	**US$127,533**

[(a)] *Interest and other expenses include the following as shown in the unaudited interim consolidated statement of income: foreign exchange loss; interest on concession rights payable; interest expense and financing charges on borrowings; equity in net loss of a joint venture; and other expenses.*

[(b)] *Interest and other income include the following as shown in the unaudited interim consolidated statement of income: gain on sale of a subsidiary; 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 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 38.0 percent and 43.9 percent of the unaudited interim consolidated gross revenues from port operations for the three months ended March 31, 2014 and 2015, respectively. Gross revenues from port operations outside the Republic of the Philippines comprised 62.0 percent and 56.1 percent of the unaudited interim consolidated gross revenues from port operations for the three months ended March 31, 2014 and 2015, respectively.

5. Concession Rights and Concession Rights Payable

5.1 Concession Rights

Concession rights are presented as part of intangibles in the consolidated balance sheet. Concession rights include upfront fee payments recognized on the concession contracts, cost of port infrastructure constructed and port equipment purchased, and present value of future fixed fee considerations in exchange for the license or right to operate ports. Concession rights are amortized over the term of the concession agreements.

Additions to concession rights under port infrastructure mainly pertain to acquisitions of port facilities and equipment in OPC and construction of various civil works in Tecplata and ICTSI Iraq.

Borrowing costs capitalized amounted to US$5.6 million as at March 31, 2014 with capitalization rate of 6.61 percent and US$6.5 million as at March 31, 2015 with capitalization rate of 6.58 percent (see Note 11.3).

5.2 Concession Rights Payable

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 as at March 31, 2015 are as follows (amount in thousands):

	Amount
2015[1]	US$4,560
2016	12,935
2017	14,047
2018	15,206
2019 onwards	473,341
Total	US$520,089

[1] *April 1, 2015 through December 31, 2015*

Total fixed portion of port fees paid by the Group for the three months ended March 31, 2014 and 2015 amounted to US$11.5 million and US$11.7 million, respectively. These port fees are allocated to payments of interest and reduction to or payments of concession rights payable.

Interest expense on concession rights payable amounted to US$9.5 million and US$9.3 million for the three months ended March 31, 2014 and 2015, respectively. The annualized weighted average interest rate was 7.05 percent and 7.13 percent for the three months ended March 31, 2014 and 2015, respectively.

Reduction to concession rights payable, shown as payments to concession rights in the unaudited interim consolidated statement of cash flows for the three months ended March 31, 2014 and 2015 amounted to US$2.0 million and US$2.4 million, respectively.

6. Property and Equipment

Property and equipment increased due to construction of various civil works and acquisitions of terminal equipment in various ports, mainly in VICT, IDRC and BCT. There were no major disposals or write-downs of property and equipment for the three months ended March 31, 2015.

Borrowing costs capitalized amounted to nil as at March 31, 2014 and US$0.8 million as at March 31, 2015 with capitalization rate of 6.58 percent (see Note 11.3). Borrowing costs capitalized in 2015 mainly pertains to VICT and IDRC which started construction in November 2014 and January 2015, respectively.

7. Investments in and Advances to a Joint Venture and Associate

This account mainly pertains to ICTSI's investment in and advances to SPIA. This account increased in 2015 mainly due to additional interest-bearing loans extended to SPIA (see Note 14.1). The loans were used by SPIA to finance its ongoing construction of the terminal in Colombia.

8. Cash and Cash Equivalents

For the purpose of unaudited interim consolidated statements of cash flows, balances of cash and cash equivalents as of March 31 were as follows:

	2014 *(Unaudited)*	**2015** *(Unaudited)*
Cash on hand and in banks	US$100,957	**US$112,916**
Cash equivalents	148,383	**136,276**
	US$249,340	**US$249,192**

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.

9. Receivables

This account consists of:

	December 31, 2014 *(Audited)*	**March 31, 2015** ***(Unaudited)***
Trade	US$87,688	**US$77,585**
Advances and nontrade	8,202	**7,171**
	95,890	**84,756**
Less allowance for doubtful accounts	5,071	**4,935**
	US$90,819	**US$79,821**

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.

10. Prepaid Expenses and Other Current Assets

This account includes input tax, tax credit certificates, creditable withholding taxes and prepaid port fees, insurance, bonds and other expenses. This account increased in 2015 mainly because of higher prepaid taxes at Parent Company and CGSA.

11. Long-term Debt and Loans Payable

11.1 Maturities of Long-term Debt

Maturities of long-term debt, net of unamortized debt issue costs of US$51.2 million, as at March 31, 2015 are as follows (amount in thousand):

	Amount
2015[1]	US$43,653
2016	50,780
2017	4,276
2018	2,085
2019 and onwards	952,140
Total	US$1,052,934

[1] *April 1, 2015 through December 31, 2015*

11.2 US Dollar-denominated Notes

ITBV. 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 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.

11.3 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 equity and cash flow and earnings level relative to current debt service obligations. As of March 31, 2015, ICTSI and subsidiaries are in compliance with their loan covenants.

Interest expense, net of amount capitalized as intangible assets and property and equipment (see Notes 5 and 6), amounted to US$13.3 million and US$14.2 million for the three months ended March 31, 2014 and 2015, respectively. Interest expense includes amortization of debt issue costs amounting to US$0.6 million and US$0.9 million for the three months ended March 31, 2014 and 2015, respectively.

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

There were no other significant transactions pertaining to the Group's long-term debt as of March 31, 2015, except as discussed above.

12. Pension and Other Noncurrent Liabilities

This account consists of:

	December 31, 2014	**March 31, 2015**
Accrued rental	US$38,660	**US$51,248**
Government grant	10,740	**13,374**
Pension liabilities	6,246	**6,240**
Finance lease payable	2,124	**1,823**
Others	901	**603**
	US$58,671	**US$73,288**

Accrued Rental

VICT recorded an accrued rental amounting to US$38.7 million (AUD47.3 million) as at December 31, 2014 and US$51.2 million (AUD 67.4 million) as at March 31, 2015, 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 year 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 March 2015, BCT availed of an additional US$2.7 million grant. As at March 31, 2015, BCT has availed a total of US$14.3 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$10.7 million and US$13.4 million as at December 31, 2014 and March 31, 2015, respectively.

13. **Equity**

13.1 Stock Incentive Plan

On March 20, 2015, the Stock Incentive Committee granted another 1,740,375 shares of stock awards to officers and employees of ICTSI and ICTSI Ltd., 50% of which will vest on March 20, 2016 while another 50% will vest on March 20, 2017. The fair value of the shares was US$2.51 (₱112.60) at the date of grant. The fair value per share was determined based on the market price of stock at the date of grant.

Total number of shares granted under the Stock Incentive Plan (SIP) aggregated 36,033,375 shares as at March 31, 2015. Also, on March 16, 2015, 2,133,500 shares vested under the SIP.

Total compensation expense recognized on the vesting of the fair value of stock awards amounted to US$1.0 million and US$0.8 million for the three months ended March 31, 2014 and 2015, respectively.

13.2 Dividends Declared but not yet Paid

On April 16, 2015, the Board of Directors (the Board) of ICTSI declared a US$0.020 (₱0.90) cash dividend per share to stockholders of record dated May 4, 2015 to be paid on May 15, 2015.

13.3 Cost of Shares Held by Subsidiares

In March 2015, IWI acquired 430,930 ICTSI common shares for US$1.1 million.

As of December 31, 2014 and March 31, 2015, cost of preferred shares held by a subsidiary pertains to preference A shares held by ICTHI.

13.4 Other Comprehensive Income (Loss)

This account consists of:

	Cumulative Translation Adjustments	**Revaluation Increment**	**Unrealized Mark-to-Market Gain on Available-for-Sale Investments**	**Actuarial Gains on Defined Benefit Plans**	**Total Comprehensive Income (Loss)**
Balance at January 1, 2014	(US$123,312)	US$610	US$1,059	US$1,336	(US$120,307)
Translation differences arising from translation of foreign operations' financial statements	7,908	–	–	–	7,908
Net change in unrealized mark-to-market values of derivatives	976	–	–	–	976
Net change in unrealized mark-to-market values of AFS investments	–	–	17	–	17
Balance at March 31, 2014	(US$114,428)	US$610	US$1,076	US$1,336	(US$111,406)

	Cumulative Translation Adjustments	Revaluation Increment	Unrealized Mark-to-Market Gain on Available-for-Sale Investments	Actuarial Gains on Defined Benefit Plans	Total Comprehensive Income (Loss)
Balance at January 1, 2015	**(US$174,717)**	**US$610**	**US$1,054**	**(US$380)**	**(US$173,433)**
Translation differences arising from translation of foreign operations' financial statements	**(37,320)**	**–**	**–**	**–**	**(37,320)**
Net change in unrealized mark-to-market values of derivatives	**1,558**	**–**	**–**	**–**	**1,558**
Net change in unrealized mark-to-market values of AFS investments	**–**	**–**	**4**	**–**	**4**
Income tax relating to components of other comprehensive income	**179**	**–**	**–**	**–**	**179**
Balance at March 31, 2015	**(US$210,300)**	**US$610**	**US$1,058**	**(US$380)**	**(US$209,012)**

13.5 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$298.6 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$51.1 million. A reduction of US$23.2 million, representing the exchange premium and unamortized debt issue cost of the Original Securities, was recognized directly in the 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 sheets.

RCBV paid distributions totaling US$4.5 million to the holders of the Securities on January 29, 2015. The related interest expense accrued by the Issuer or RCBV amounting to US$7.3 million and US$7.2 million for the three months ended March 31, 2014 and 2015, respectively, was not recognized in the unaudited interim consolidated statement of income since the Securities are presented as equity attributable to equity holders of the parent.

13.6 Non-controlling Interests

In March 2014, ICTSI through its subsidiaries ICTSI Ltd. and IPSAL, purchased the remaining 45.08 percent ownership in Nuevos Puertos, noncontrolling shareholder of Tecplata, 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.

On February 4, 2015, IFEL acquired the 10% non-controlling interest from Anglo Ports and became 100% owner of VICT for US$6.2 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$6.5 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 the remaining 40% is owned by Nippon Container Terminals Co. Ltd., Transnational Diversified Corporation and NYK- Fil-Japan Shipping Corp. The non-controlling shareholders contributed US$0.6 million to LGICT.

In March 2015, PICT declared dividends amounting to US$0.03 per share (PKR3.5 per share). Dividends distributed to non-controlling shareholders totaled US$1.3 million (PKR135.5 million).

14. **Related Party Transactions**

14.1 Transactions with the Shareholders and Affiliates

Related Party	Relationship	Nature of Transaction	2014 Transaction Amount for Three Months Ended March 31	2014 Outstanding Receivable (Payable) Balance as of December 31	**2015 Transaction Amount for the Three Months Ended March 31**	**2015 Outstanding Receivable (Payable) Balance as of March 31**
			(In Millions)			
ICBV						
SPIA	Joint venture	Interest-bearing loans (see Note 7)	US$0.6	US$115.1	**US$15.7**	**US$130.8**
Parent Company						
YRDICTL/YICT						
Yantai Port Holdings	Non-controlling shareholder	Port fees(i)	0.31	(0.16)	**0.34**	**(0.02)**
Tecplata						
Nuevos Puertos	Non-controlling shareholder	Purchase of additional Shares	6.00	–	–	–
SCIPSI						
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.04	(0.01)	**0.04**	**(0.01)**
AGCT						
Luka Rijeka	Non-controlling shareholder	Provision of services(ii)	0.08	–	**0.07**	**(0.02)**
PICT						
Premier Mercantile Services (Private) Limited	Common Shareholder	Stevedoring and storage charges(iii)	0.84	(0.68)	**0.92**	**(1.04)**
Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited	Common shareholder	Container handling revenue(iv)	0.17	0.08	**0.16**	**0.06**
Premier Software (Private) Limited	Common shareholder	Software maintenance charges	–	–	–	**(0.01)**

(i) 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. Port fees remitted by YRDICTL/YICT for YPH are presented as part of "Port authorities' share in gross revenues" in the consolidated statements of income. Outstanding payable to YPH related to these port charges presented under "Accounts payable and other current liabilities" account in the consolidated balance sheets.

(ii) 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.

(iii) 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.

(iv) Marine Services, Portlink and AMI are customers of PICT.

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

14.2 Compensation of Key Management Personnel

Compensation of key management personnel consists of the following for the three months ended March 31 (amount in thousands):

	2014	**2015**
Short-term employee benefits	US$272	**US$288**
Post-employment benefits	8	**53**
Share-based payments	2,210	**2,866**
Total compensation to key management personnel	US$2,490	**US$3,207**

15. Earnings Per Share Computation

The table below shows the computation of basic and diluted earnings per share for the three months ended March 31 (amounts are in thousands, except number of shares and per share data):

	2014 *(Unaudited)*	**2015** *(Unaudited)*
Net income attributable to equity holders of the parent, as presented in the unaudited statement of income	US$52,352	**US$54,001**
Adjustment for the effect of cumulative distribution on perpetual capital securities (see Note 13.5)	(7,328)	**(7,241)**
Net income attributable to equity holders of the parent, as adjusted (a)	US$45,024	**US$46,760**
Common shares outstanding at beginning of year	2,045,177,671	**2,045,177,671**
Weighted treasury shares	(11,252,311)	**(7,514,686)**
Weighted shares held by a subsidiary	–	**(323,198)**
Weighted average shares outstanding (b)	2,033,925,360	**2,037,339,787**
Effect of dilutive stock awards	9,114,811	**6,981,311**
Weighted average shares outstanding adjusted for potential common shares (c)	2,043,040,171	**2,044,321,098**
Basic earnings per share (a/b)	US$0.022	**US$0.023**
Diluted earnings per share (a/c)	US$0.022	**US$0.023**

16. Contingencies

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. 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 the existing legal actions and proceedings, if any, will not have a material adverse impact on the Group's unaudited interim condensed consolidated financial position and results of operations.

17. Seasonality and Trends Affecting Revenues and Profit

The container terminal industry has historically experienced seasonal variations. This seasonality may result in quarter-to-quarter or period-to-period volatility in operating results. Trade volumes in the jurisdictions in which the Group operates tend to be stronger in the third and fourth quarters. Management believes that such seasonal variations have no material effect on the results of operations of the Group.

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.

18. Subsequent Events and Other Matters

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.

CGSA
In April 2015, CGSA obtained one-year unsecured loans from Banco Guayaquial and Banco Bolivariano totaling US$6.0 million at a fixed interest rate of 8.0 percent.

IGFBV
On April 29, 2015, IGFBV drawn down US$60.0 million from the US$350.0 million five year revolving credit facility bearing interest of 2.13 percent per annum.

Item 2. 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 unaudited interim consolidated financial statements and related notes. References to "ICTSI", "the Company", and "Parent Company" pertain to ICTSI Parent Company, while references to "the Group" pertain to ICTSI and its subsidiaries.

2.1 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 29 terminal concessions and port development projects in 20 countries worldwide. There are 24 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 and Iraq; four ongoing port development projects in Colombia, Argentina, Australia and DR Congo; and a sub-concession agreement to develop, manage and operate a port in Nigeria. The expected start of commercial operations of the ongoing projects are second half of 2015 for Argentina, second quarter of 2016 for Colombia, end of 2016 for Australia, and early 2017 for Congo. The construction of the terminal in Nigeria is expected to start in 2016 and is scheduled to commence initial operations in the first half of 2019.

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 Brazil, Poland, Madagascar, Ecuador, China, Pakistan and recently, in Honduras, 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, Inc., 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)

- Europe, Middle East and Africa (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)
  - 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)
  - 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 by ICTSI and subsidiaries for the last two 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 started 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). IDRC, which is 60.0 percent-owned by ICTSI Cooperatief, 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 middle of 2016.

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 second 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. VICT is initially 90.0 percent owned by ICTSI through IFEL, and 10.0 percent by Anglo Ports Pty Limited ("Anglo Ports"). Subsequently, on February 4, 2015, IFEL acquired the 10.0 percent non-controlling interest from Anglo Ports and became 100.0 percent 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 and ECP commenced in the fourth quarter of 2014 and expected to start operations at the end of 2016. Phase 2 is expected to start operations at the end of 2017.

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 was 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.

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.

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. 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 will expire at yearend and ICTSI will no longer renew the lease. NICTI contributed less than 1.0 percent of the Group's revenue and net income in 2014.

2.2 Results of Operations and Key Performance Indicators

2.2.1 Results of Operations

The following table shows a summary of the results of operations for the first quarters of 2014 and 2015 as derived from the accompanying unaudited consolidated financial statements.

Table 2.1 Unaudited Consolidated Statements of Income

	For the Three Months Ended March 31		
(In thousands, except % change data)	2014	**2015**	% Change
Gross revenues from port operations	US$248,864	**US$296,062**	19.0
Revenues from port operations, net of port authorities' share	211,857	**247,269**	16.7
Total income (net revenues, interest and other income)	228,971	**251,512**	9.8
Total expenses (operating, financing and other expenses)	162,937	**179,080**	9.9
EBITDA[1]	103,614	**127,533**	23.1
EBIT[2]	73,323	**96,563**	31.7
Net income attributable to equity holders of the parent	52,352	**54,001**	3.1
Earnings per share			
Basic	US$0.022	**US$0.023**	4.5
Diluted	0.022	**0.023**	4.5

[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 unaudited interim consolidated net income attributable to equity holders of the parent for the first quarters of 2014 and 2015:

Table 2.2 EBITDA Computation

	For the Three Months Ended March 31		
In thousands, except % change data	2014	**2015**	% Change
Net income attributable to equity holders of the parent	US$52,352	**US$54,001**	3.1
Non-controlling interests	2,308	**2,801**	21.4
Provision for income tax	11,374	**15,630**	37.4
Income before income tax	66,034	**72,432**	9.7
Add (deduct):			
Depreciation and amortization	30,291	**30,970**	2.2
Interest and other expenses	24,403	**28,374**	16.3
Interest and other income	(17,114)	**(4,243)**	(75.2)
EBITDA	US$103,614	**US$127,533**	23.1

2.2.2 Key Performance Indicators

Certain 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 TEU volume growth 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 at key terminals which consist of MICT, CGSA, PICT, TSSA, BCT, YRDICTL/YICT, MICTSL and OPC, ranged from 15.1 to 31.9 moves per hour in 2014 to 15.5 to 28.7 moves per hour in 2015. Crane availability ranged from 92.0 percent to 99.9 percent in 2014 to 88.7 percent to 99.9 percent in 2015. Berth utilization was at 24.0 percent to 78.0 percent in 2014 and 21.0 percent to 79.4 percent in 2014.

2014 Compared with 2013

Gross moves per hour per crane at key terminals which consist of MICT, CGSA, PICT, TSSA, BCT, YRDICTL and MICTSL ranged from 13.8 to 30.2 moves per hour in 2013 to 15.1 to 31.9 moves per hour in 2014. Crane availability ranged from 85.0 percent to 99.9 percent in 2013 to 92.0 percent to 99.9 percent in 2014. Berth utilization was at 24.5 percent to 62.8 percent in 2013 and 24.0 percent to 78.0 percent in 2014.

2.3 Comparison of Operating Results for the First Quarters Ended March 31, 2015 and 2014

2.3.1 TEU Volume

For the first quarter of 2015, the Group handled consolidated throughput of 1,982,773 TEUs, a 12.8 percent increase from the 1,757,095 TEUs handled for the same period in 2014 mainly due to the continuous improvement in international and domestic trade, new shipping lines and services, continuous growth and ramp up at CMSA and OPC, favorable impact of consolidation at YICT, and the contribution of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq, consolidated volume would have increased by 10.8 percent in 2015. Key terminals, consisting of MICT, PICT, CGSA, TSSA, BCT, YICT, MICTSL and OPC, reported a combined growth of 8.0 percent year-on-year.

Throughput from the Asia operations, comprised of terminals in the Philippines, China, Indonesia and Pakistan, increased by 11.7 percent to 1,004,915 TEUs for the first quarter of 2015 from 899,872 TEUs for the same period in 2014 as a result of the continuous improvement in international and domestic trade; favorable impact of the consolidation of terminal operations at YICT, which took effect in July 2014; increased demand for services at SBITC; and new shipping lines at PICT. The growth, however, was tapered by low banana production due to weather conditions at DIPSSCOR, and lower imports and exports at MICTSI. The Asia operations accounted for 51.2 percent and 50.7 percent of the consolidated volume for the first quarters ended March 31, 2014 and 2015, respectively.

Volume from the Americas segment, composed of terminals in Brazil, Ecuador, Honduras, Mexico and The United States of America, grew by 13.4 percent from 645,364 TEUs for the first quarter of 2014 to 731,971 TEUs for the same period in 2015 mainly due to increased vessel calls as a result of the continuous growth and ramp up at CMSA and OPC; recovery in banana production and effect of banana containerization at CGSA; and modest improvements in international and local trade at TSSA. On March 9, 2015 and March 28, 2015, Hanjin Shipping Co. (Hanjin) and Hapag Lloyd stopped calling the Port of Portland, respectively, due to the continuous labor disruptions. 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. The Americas operations accounted for 36.7 percent and 36.9 percent of the consolidated volume for the first quarters ended March 31, 2014 and 2015, respectively.

Meanwhile, the EMEA operations, consisting of terminals in Poland, Georgia, Madagascar and Croatia, reported a 16.1 percent growth from 211,859 TEUs for the first quarter of 2014 to 245,887 TEUs for the same period in 2015 primarily due to the contribution of a new terminal, ICTSI Iraq; and growth in international trade at AGCT. Excluding ICTSI Iraq, volume for the segment would have declined by 1.1 percent in 2015 primarily due to weaker short sea trade at BCT, delays in vessel calls at MICTSL due to slow economic recovery and inclement weather in the region, and lower vessel calls at BICT. The EMEA operations accounted for 12.1 percent and 12.4 percent of the Group's consolidated volume for the first quarters ended March 31, 2014 and 2015, respectively.

2.3.2 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 first quarters ended March 31, 2014 and 2015:

Table 2.3 Total Income

	For the Three Months Ended March 31		
(In thousands, except % change data)	2014	**2015**	% Change
Gross revenues from port operations	US$248,864	**US$296,062**	19.0
Port authorities' share in gross revenues	37,007	**48,793**	31.8
Net revenues	211,857	**247,269**	16.7
Gain on sale of a non-operating subsidiary	13,150	**-**	(100.0)
Interest income	2,571	**2,618**	1.8
Foreign exchange gain	476	**965**	102.7
Other income	917	**660**	(28.0)
Total income	US$228,971	**US$251,512**	9.8

For the first quarter of 2015, net revenues stood at 98.3 percent of the total consolidated income while interest and foreign exchange gain accounted for 1.0 percent and 0.4 percent, respectively. For the same period in 2014, net revenues, gain on sale of a non-operating subsidiary, interest income and foreign exchange gain accounted for 92.5 percent, 5.7 percent, 1.1 percent and 0.2 percent of the total consolidated income, respectively.

2.3.2.1 Gross Revenues from Port Operations

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

Consolidated gross revenues from port operations surged by 19.0 percent from US$248.9 million for the first quarter of 2014 to US$296.1 million for the same period in 2015 due to volume growth; tariff rate adjustments at certain terminals; higher ancillary services; continuous growth and ramp up at CMSA and OPC; favorable impact of consolidation of terminal operations at YICT; new contracts with shipping lines and forwarders; and the contribution of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq, consolidated gross revenues would have increased by 17.0 percent in 2015.

The Asia, Americas and EMEA segments reported 32.1 percent, 7.2 percent and 3.0 percent growth, respectively. Key terminals posted a combined growth of 18.3 percent year-on-year.

The Asia segment reported a double-digit growth of 32.1 percent in gross revenues from US$122.2 million for the first quarter of 2014 to US$161.5 million for the same period in 2015 mainly due to volume growth, favorable volume mix, higher ancillary services at SBITC, and the favorable impact of consolidation at YICT. The Asia operations captured 49.1 percent and 54.5 percent of the consolidated gross revenues for the first quarters ended March 31, 2014 and 2015, respectively.

On the other hand, gross revenues from the Americas segment was up by 7.2 percent from US$100.5 million for the first quarter of 2014 to US$107.7 million for the same period in 2015 mainly due to volume growth, tariff rate adjustments, and stronger ancillary revenues due to continuous growth and ramp up at CMSA and OPC. However, the increase in gross revenues was reduced by lower vessel calls at ICTSI Oregon as a result of the continuous labor slowdown; and lower BBC and storage revenues, combined with the 17.7 percent depreciation of Brazilian Reais (BRL) against the US dollar at TSSA. Excluding the translation impact of BRL, gross revenues of the Americas segment would have increased by 11.1 percent in 2015. The Americas operations accounted for 40.4 percent and 36.4 percent of the consolidated gross revenues for the first quarters ended March 31, 2014 and 2015, respectively.

Meanwhile, gross revenues from the EMEA operations increased by 3.0 percent from US$26.1 million for the first quarter of 2014 to US$26.9 million for the same period in 2015 primarily due to the contribution of a new terminal, ICTSI Iraq, and higher storage revenues at AGCT. Excluding ICTSI Iraq, the segment's gross revenues would have dropped by 16.2 percent due to the unfavorable impact of the 17.8 percent depreciation of EUR against the US dollar; lower volume; and less favorable volume mix at MICTSL. Excluding the translation impact of EUR, gross revenues of the EMEA segment would have increased by 12.1 percent in 2015. The EMEA operations stood at 10.5 percent and 9.1 percent of the consolidated gross revenues for the first quarters ended March 31, 2014 and 2015, respectively.

2.3.2.2 Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities, surged by 31.8 percent from US$37.0 million for the first quarter ended March 31, 2014 to US$48.8 million for the same period in 2015 due to stronger revenues and the contribution of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq, port authorities' share in gross revenues would have increased by 27.3 percent in 2015.

2.3.2.3 Foreign Exchange Gain, Interest Income and Other Income

Foreign exchange gain increased to US$1.0 million for the first quarter of 2015 from US$0.5 million for the same period in 2014 mainly due to the favorable impact of a weaker MXN against the US dollar (2015:-3.5%; 2014: -0.2%). 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 one-time gain on sale of a non-operating subsidiary amounting to US$13.2 million. Other income, on the other hand, decreased by 28.0 percent from US$0.9 million for the first quarter of 2014 to US$0.7 million for the same period in 2015. Other income is composed of rental and other sundry income accounts of ICTSI and subsidiaries.

2.3.3 Total Expenses

The table below shows the breakdown of total expenses for the first quarters ended March 31, 2014 and 2015.

Table 2.4 Total Expenses

	For the Three Months Ended March 31		
(In thousands, except % change data)	2014	**2015**	% Change
Manpower costs	US$47,737	**US$50,153**	5.1
Equipment and facilities-related expenses	34,368	**39,422**	14.7
Administrative and other operating expenses	26,138	**30,161**	15.4
Total cash operating expenses	108,243	**119,736**	10.6
Depreciation and amortization	30,291	**30,970**	2.2
Interest expense and financing charges on borrowings	13,329	**14,210**	6.6
Interest expense on concession rights payable	9,533	**9,345**	(2.0)
Equity in net loss of a joint venture	303	**606**	100.0
Foreign exchange loss and others	1,238	**4,213**	240.3
Total expenses	US$162,937	**US$179,080**	9.9

Total cash operating expenses of the Group increased by 10.6 percent from US$108.2 million for the first quarter ended March 31, 2014 to US$119.7 million for the same period in 2015 mainly due to the contributions and start-up costs of a new terminal and projects, ICTSI Iraq, VICT, LICTSLE and IDRC. In addition, higher manpower costs arising from volume growth and government-mandated and contracted salary rate adjustments in certain terminals, and increased business development activities also contributed to the surge in cash operating expenses. Excluding new terminal and projects, cash operating expenses would have increased by 8.0 percent in 2015.

2.3.3.1 *Manpower Costs*

Manpower costs increased by 5.1 percent from US$47.7 million for the first quarter of 2014 to US$50.2 million for the same period in 2015 due to increased headcount driven by volume growth and as a result of the consolidation at YICT; government-mandated and contracted salary rate adjustments in certain terminals; and the contribution of a new terminal and projects. Excluding new terminal and projects, manpower costs would have increased by 2.6 percent in 2015.

Manpower costs accounted for 44.1 percent and 41.9 percent of cash operating expenses for the first quarters ended March 31, 2014 and 2015, respectively.

2.3.3.2 *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 increased by 14.7 percent from US$34.4 million for the first quarter of 2014 to US$39.4 million for the same period in 2015 mainly due to higher power consumption driven by volume growth, increased utilization of reefer containers and power tariff adjustments at certain terminals; increased repairs and maintenance of port equipment and facilities; and contribution of new terminal, ICTSI Iraq, tapered by cost savings arising from lower fuel price;

and lower equipment rentals. Excluding the new terminal, equipment and facilities-related expenses would have increased by13.1 percent in 2015.

Equipment and facilities-related expenses represented 31.8 percent and 32.9 percent of cash operating expenses for the first quarters ended March 31, 2014 and 2015, respectively.

2.3.3.3 *Administrative and Other Operating Expenses*

Administrative and other operating expenses surged by 15.4 percent from US$26.1 million for the first quarter of 2014 to US$30.2 million for the same period in 2015 mainly due to contributions and start-up costs of a new terminal and projects, ICTSI Iraq, VICT and IDRC; higher insurance and taxes and licenses at certain terminals driven by revenue growth; and increased business development activities. Excluding new terminal and projects, administrative and other operating expenses would have increased by 11.4 percent in 2015.

Administrative and other operating expenses stood at 24.1 percent and 25.2 percent of the total cash operating expenses for the first quarters ended March 31, 2014 and 2015, respectively.

2.3.3.4 *Depreciation and Amortization*

Depreciation and amortization expense increased by 2.2 percent from US$30.3 million for the first quarter of 2014 to US$31.0 million for the same period in 2015 mainly due to the acquisition of port equipment and improvement of yard facilities at certain key terminals, particularly, YICT and OPC, and the contribution of new terminal, ICTSI Iraq. Excluding ICTSI Iraq, depreciation and amortization expense would have increase by 1.8 percent in 2015.

2.3.3.5 *Interest and Financing Charges on Borrowings*

Financing charges increased by 6.6 percent from US$13.3 million for the first quarter of 2014 to US$14.2 million for the same period in 2015 primarily due to the issuance of additional US$75.0 million MTN in April 2014, and loans acquired as part of the consolidation at YICT amounting to US$35.8 million (RMB 222.2 million) as of March 31, 2015, tapered by 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$5.6 million in 2014 to US$7.3 million in 2015 as a result of the ongoing construction activities at VICT, IDRC and ICTSI Iraq. Capitalization rate decreased from 6.61 percent in 2014 to 6.58 percent in 2015.

2.3.3.6 *Interest Expense on Concession Rights Payable*

Interest on concession rights payable declined by 2.0 percent from US$9.5 million for the first quarter of 2014 to US$9.3 million for the same period in 2015 mainly due to the declining principal balances of the Group's concession rights payable as of March 31, 2015.

2.3.3.7 *Foreign Exchange Loss and Others*

Foreign exchange loss and others surged by 240.3 percent from US$1.2 million for the first quarter of 2014 to US$4.2 million for the same period in 2015.

Foreign exchange loss increased from US$0.4 million for the first quarter ended March 31, 2014 to US$1.8 million for the same period in 2015 mainly as a result a weaker EUR against US dollar (2015:-12.7%; 2014: +0.25). Foreign exchange loss mainly results from the translation or restatement as well as from the settlement of foreign currency-denominated monetary assets and liabilities.

Other expense is composed of the Group's bank charges, management fee, loss on sale of equipment and other sundry expense accounts of ICTSI and subsidiaries.

2.3.4 EBITDA and EBIT

Consolidated EBITDA increased by 23.1 percent from US$103.6 million for the first quarter of 2014 to US$127.5 million for the same period in 2015 primarily due to volume growth and strong revenues driven by the continuous volume and revenue growth and ramp up at CMSA and OPC, favorable impact of consolidation at YICT, and the positive contribution of a new terminal, ICTSI Iraq. Excluding new terminal and projects, consolidated EBITDA would have increased by 22.5 percent in 2015. Consequently, EBITDA margin went up to 43.1 percent in 2015 from 41.6 percent in 2014.

Meanwhile, consolidated EBIT increased by 31.7 percent from US$73.3 million for the first quarter of 2014 to US$96.6 million for the same period in 2015 mainly due to stronger operating income. As a result, EBIT margin also increased to 32.6 percent in 2015 from 29.5 percent in 2014.

2.3.5 Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax increased by 9.7 percent from US$66.0 million for the quarter ended March 31, 2014 to US$72.4 million for the same period in 2015 primarily due to strong operating income and positive contribution of a new terminal and projects, particularly ICTSI Iraq. Excluding new terminal and projects, consolidated income before income tax would have increased by 8.3 percent in 2015. On the other hand, excluding the gain on sale of a non-operating subsidiary in January 2014, consolidated income before income tax, on a recurring basis, would have surged by 37.8 percent in 2015.

The ratio of income before income tax to consolidated gross revenues stood at 26.5 percent and 24.5 percent in 2014 and 2015, respectively.

Consolidated provision for current and deferred income taxes increased by 37.4 percent to US$15.6 million for the first quarter of 2015 from US$11.4 million for the same period in 2014 mainly due to stronger operating income and lower deferred income tax benefit on unrealized foreign exchange loss. Effective income tax rate in 2014 and 2015 stood at 17.2 percent and 21.6 percent, respectively.

2.3.6 Net Income

Consolidated net income increased by 3.9 percent from US$54.7 million for the quarter ended March 31, 2014 to US$56.8 million for the same period in 2015 mainly due to strong revenues and operating income, tapered by higher depreciation and amortization expense and interest expense and financing charges on borrowings during the period. Excluding the gain on sale of a non-operating subsidiary recognized in 2014, consolidated net income, on a recurring basis, would have increased by 36.8 percent in 2015. The ratio of consolidated net income to gross revenues stood at 22.0 percent and 19.2 percent in 2014 and 2015, respectively.

Consolidated net income attributable to equity holders increased by 3.1 percent from US$52.4 million for the quarter ended March 31, 2014 to US$54.0 million for the same period in 2015. Excluding the gain on sale of a non-operating subsidiary in 2014, consolidated net income attributable to equity holders, on a recurring basis, would have surged by 37.8 percent in 2015.

Basic and diluted earnings per share increased from US$0.022 in 2014 to US$0.023 in 2015 due to stronger operating results.

2.4 Trends, Events or Uncertainties Affecting 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, may have a negative impact on the Group's reported levels of revenues and profits.

2.5 Financial Position

Table 2.5 Consolidated Condensed Balance Sheets

(In thousands, except % change data)	December 31, 2014	**March 31, 2015**	% Change
Total assets	US$3,400,770	**US$3,468,758**	2.0
Current assets	359,623	**407,061**	13.2
Total equity	1,473,564	**1,524,961**	3.5
Total equity attributable to equity holders of the parent	1,316,041	**1,368,263**	4.0
Total interest-bearing debt	1,070,447	**1,073,278**	0.3
Current liabilities	283,545	**285,982**	0.9
Total liabilities	1,927,206	**1,943,797**	0.9
Current assets/total assets	10.6%	**11.7%**	
Current ratio	1.27	**1.42**	
Debt-equity ratio[1]	0.73	**0.70**	

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

Total assets increased by 2.0 percent to US$3.5 billion as of March 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, IDRC and Tecplata; expansion at ICTSI Iraq; port equipment acquisition at BCT; 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 medium-term notes under ICTSI Treasury's MTN Programme and senior guaranteed perpetual capital securities in January 2015. Non-current assets stood at 89.4 percent and 88.3 percent of the total consolidated assets as of December 31, 2014 and March 31, 2015, respectively.

Current assets increased by 13.2 percent from US$359.6 million as of December 31, 2014 to US$407.1 million as of March 31, 2015 primarily due to strong cash inflows generated from operations, net proceeds from the issuances of medium-term notes and senior guaranteed perpetual capital securities in January 2015. Current assets accounted for 10.6 percent and 11.7 percent of the total consolidated assets of the Group as of December 31, 2014 and March 31, 2015, respectively. Current ratio stood at 1.27 as of December 31, 2014 and 1.42 as of March 31, 2015.

Total equity increased by 3.5 percent to US$1.5 billion as of March 31, 2015 primarily due to higher net income generated for the period and issuance of a US$300.0 million senior guaranteed perpetual capital securities in January 2015. The proceeds of which were partly used to finance the tendered US$230.0 million higher cost subordinated perpetual capital securities.

Total liabilities remained relatively flat at US$1.9 billion as of March 31, 2015 mainly due to the net liability arising from the issuance of medium-term notes under the MTN Programme, partly in exchange for the outstanding higher cost ICTSI senior notes as part of the Group's liability management exercise; and accrual of lease expense at VICT. The increase was reduced by loan repayments at Parent Company and certain subsidiaries. Financial leverage, the ratio of total interest-bearing debt to total assets, stood at 30.9 percent and 31.5 percent as of December 31, 2014 and March 31, 2015, respectively.

Meanwhile, current liabilities went up by 0.9 percent to US$286.0 million as of March 31, 2015 from US$283.5 million as of December 31, 2014 arising from higher income tax payable, particularly at CGSA and OPC; tapered by payments of dividends, short-term loans and interest at certain subsidiaries.

2.5.1 Material Variances Affecting the Balance Sheet

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

Noncurrent Assets

1. Investment in and advances to a joint venture and associate grew by 10.3 percent to US$155.2 million as of March 31, 2015 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.

Current Assets

2. Cash and cash equivalents increased by 28.3 percent to US$249.2 million as of March 31, 2015 arising from the strong cash inflows generated from operations; net proceeds from the issuances and exchanges of medium-term notes and perpetual capital securities.
3. Receivables declined by 12.1 percent to US$79.8 million as of March 31, 2015 primarily due to improved collection process at certain terminals, particularly at TSSA,CMSA and ICTSI Oregon.
4. Prepaid expenses and other current assets increased by 7.6 percent to US$52.0 million as of March 31, 2015 mainly due to timing of utilization of prepaid taxes, particularly at the Parent Company.

Equity

5. Treasury shares declined by 16.8 percent to US$1.0 million as of March 31, 2015 mainly as a result of vesting of shares under the stock incentive plan.
6. Perpetual capital securities increased by 20.7 percent to US$407.0 million as of March 31, 2015 primarily due to RCBV's issuance of a US$300.0 million, 6.25 percent senior guaranteed perpetual capital securities. This new issue was partly used to finance the tendered higher cost, US$230.0 million, 8.375 percent subordinated perpetual capital securities.
7. Other comprehensive loss increased by 20.5 percent to US$209.0 million mainly due to weaker local currencies of certain terminals against the US dollar, specifically at TSSA, CMSA and AGCT.

Noncurrent Liabilities

8. Pension and other non-current liabilities increased by 24.9 percent to US$73.3 million as of March 31, 2015 arising mainly from the accrual of lease expense at VICT.

Current Liabilities

9. Loans payable decreased by 16.9 percent to US$20.3 million as of March 31, 2015 mainly due to the scheduled amortization of CGSA's and of YICT's prepayment of short-term loans totaling US$4.1 million.
10. Income tax payable increased by 47.2 percent to US$25.6 million as of March 31, 2015 due to higher taxable income at certain terminals, particularly at CGSA and OPC.
11. Derivative liabilities surged by 39.7 percent to US$1.0 million as of March 31, 2015 due to fair value adjustments of the Group's interest rate swap transactions.

2.6 Liquidity and Capital Resources

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

2.6.1 Liquidity

The table below shows the Group's consolidated cash flows as of March 31, 2014 and 2015:

Table 2.6 Consolidated Cash Flows

	For the Three Months Ended March 31		
(In thousands, except % change data)	2014	**2015**	% Change
Net cash provided by operating activities	US$95,929	**US$135,615**	41.4
Net cash used in investing activities	(47,999)	**(84,639)**	76.3
Net cash provided by (used in) financing activities	(41,177)	**7,849**	(119.1)
Effect of exchange rate changes on cash	352	**(3,931)**	(1216.8)
Net increase in cash and cash equivalents	7,105	**54,894**	672.6
Cash and cash equivalents, beginning	242,235	**194,298**	(19.8)
Cash and cash equivalents, end	US$249,340	**US$249,192**	(0.1)

Consolidated cash and cash equivalents declined marginally by 0.1 percent to US$249.2 million as of March 31, 2015 as a result of the Group's continuous deployment of funds to finance ongoing port development activities tapered by debt and equity issuances during the period.

Net cash provided by operating activities increased by 41.4 percent from US$95.9 million for the first quarter ended March 31, 2014 to US$135.6 million for the same period in 2015 due to much stronger results of operations.

Net cash used in investing activities increased by 76.3 percent to US$84.6 million mainly due to higher investments in capital expenditures during the period. Capital expenditures for 2015 amounted to US$64.2 million capturing 12.1 percent of the US$530.0 million total 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$16.0 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 first quarter ended March 31, 2015 amounted to US$7.8 million which consist mainly of the US$58.2 million net proceeds from the issuances and exchanges of debt and equity instruments in January 2015. The issuances and exchanges are part of the Group's liability management exercise. The increase was reduced by interest payments on borrowings and concession rights payable totaling US$35.9 million, scheduled repayments of certain subsidiaries' short and long-term loans aggregating US$8.1 million, payment of dividends of US$3.4 million, and distributions to holders of perpetual capital securities amounting to US$4.5 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 totaling US$34.0 million; scheduled repayments of certain terminals' loans aggregating US$5.0 million; and acquisition of the remaining non-controlling interest in Tecplata for US$6.0 million. These were slightly tapered by the proceeds from BCT's availment of long-term loans amounting to US$5.2 million to fund its acquisition of port equipment.

2.6.2 Capital Resources

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

Table 2.7 Capital Sources

(In thousands, except % change data)	December 31, 2014	**March 31, 2015**	% Change
Loans payable	US$24,479	**US$20,344**	(16.9)
Current portion of long-term debt	47,774	**47,856**	0.2
Long-term debt, net of current portion	998,194	**1,005,078**	0.7
Total short and long-term debt	1,070,447	**1,073,278**	0.3
Equity	1,473,564	**1,524,961**	3.4
	US$2,544,011	**US$2,598,239**	2.1

The Group's total debt and equity capital increased by 2.1 percent as of March 31, 2015 primarily due to strong net income and increase in debt and equity financing activities to fund expansion projects and capital expenditures, repayment of maturing loans, and other general corporate requirements.

2.6.2.1 Debt Financing

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

Table 2.8 Outstanding Loans

(In thousands)	Company	Final Maturity	Interest Rate	Amount
Short-Term Debt				
Unsecured US Dollar Term Loan	Parent	2015	Floating	US$19,924
Unsecured US Dollar Term Loan	CGSA	2015 - 2016	Fixed	420
				20,344
Long-Term Debt				
Unsecured US Dollar Term Loan	Parent	2015	Floating	19,937
Unsecured US Dollar Bond	Parent	2020	Fixed	179,211
Unsecured US Dollar Bond	ITBV	2023 – 2025	Fixed	743,064
Secured US Dollar Term Loan	BCT	2021	Floating	23,459
Unsecured US Dollar Term Loan	CGSA	2016	Fixed	3,458
Unsecured US Dollar Securities	CGSA	2016	Fixed/Floating	23,411
Secured Pakistani Rupee Term Loan	PICT	2017	Floating	14,655
Secured Euro Term Loan	AGCT	2023 - 2024	Floating	9,894
Secured RMB Term Loam	YICT	2016	Floating	35,845
				1,052,934
Total Debt				1,073,278
Less current portion and short-term				68,200
Long-term debt, net of current portion				**US$1,005,078**

As of March 31, 2015, 89.6 percent of the Group's total debt capital is held by the Parent and ICTSI Treasury, out of which the US$179.2 million senior notes issued in 2010 and due in 2020 and US$743.1 million MTN issued in 2013 to 2015 and due in 2023 to 2025 formed 85.9 percent of the Group's debt capital.

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

Table 2.9 Outstanding Debt Maturities

(In thousands)	Amount
2015	US$43,653
2016	50,780
2017	4,276
2018	2,085
2019 and onwards	952,140
Total	US$1,052,934

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. 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 exchange for US$91.8 million of the 2020 Notes.

As of March 31, 2015, outstanding notes under the MTN Programme amounted to US$743.1 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.

The MTN were not registered with the SEC. The MTN 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 MTN are traded and listed in the Singapore Stock Exchange.

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, ICTSI Global Finance B.V. (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.

No amount has been drawn from the facility as of March 31, 2015.

On April 29, 2015, IGFBV drawn down US$60.0 million from the facility bearing interest rate of 2.13 percent per annum.

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. The loan matured in November 2014 and was renewed for another year.

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. As of March 31, 2015, the aggregate outstanding balance under the term loan facility, net of related debt issuance cost, amounted to US$23.5 million.

CGSA. In 2014, CGSA availed of two-year unsecured Term Loans with 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, with the principal payable in monthly installments. The aggregate outstanding balance of the Term Loans with Local Banks in Ecuador amounted to US$3.5 million as of March 31, 2015.

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 to a special purpose trust. 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, were used to finance capital expenditures and expansion of port operations. The securities issued pursuant to the securitization agreement are currently registered with and traded in the Ecuadorian stock market. As of March 31, 2015, the outstanding principal balance of securities amounted to US$23.4 million.

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 was repaid in March 2015. As of March 31, 2015, the outstanding balances of the long-term loan of YICT amounted to US$35.8 million (RMB 222.2 million).

PICT. PICT has a Rs.1.5 billion loan with Habib Bank Limited. The 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 March 31, 2015, outstanding principal balance of the loan amounted to US$14.7 million (Rs.1.5 billion).

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 (EURIBOR) plus a spread of 4.2 percent. On July 22, 2013, AGCT signed the second part of the same loan agreement for EUR4.4 million (US$5.6 million). 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 EURIBOR plus a spread of 4.2 percent. The loan is secured by AGCT's port equipment. As of March 31, 2015, the total outstanding balance of the loans amounted to US$9.9 million (EUR8.8 million).

2.6.2.2 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 March 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 March 31, 2015, the Group has complied with its loan covenants.

There were no other significant transactions pertaining to the Group's long-term debt as of March 31, 2015, except as discussed above.

2.7 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.

2.7.1 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 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 51.1 percent and 51.0 percent of gross revenues for the periods ended March 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 table below provides the currency breakdown of the Group's revenue for the first quarter ended March 31, 2015:

Table 2.10 Revenue Currency Profile

Subsidiary	USD/EUR Composition	Local Currency
ICTSI	29 % USD	71 % PhP
DIPSSCOR		100 % PhP
SCIPSI		100 % PhP
MICTSI		100 % PhP
SBITC/ISI	100 % USD	
BIPI		100 % PhP
HIPS		100 % PhP
YICT		100 % RMB
PICT	77 % USD	23 % PKR
OJA	70 % USD	30 % IDR
PTMTS		100 % IDR
NICTI		100 % JPY
NMCTS		100 % BND
TSSA		100 % BRL
CGSA	100 % USD	
ICTSI Oregon	100 % USD	
OPC	100 % USD	
CMSA	40 % USD	60 % MXN
BCT	69 % USD/1 % EUR	30 % PLN
BICT	100 % USD	
AGCT	81 % EUR	19 % HRK
MICTSL	100 % EUR*	

**MGA pegged to the EURO*

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 on the currency risk of its 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" account in the consolidated statements of income. As of March 31, 2015, there were no outstanding Philippine peso-denominated short-term investments designated as cash flow hedge.

In 2013 and 2014, Tecplata designated an aggregate of US$173.0 million (AR$927.9 million) and US$40.3 million (AR$308.5 million), respectively, of its Argentine peso-denominated cash and cash equivalents as cash flow hedges on the currency risk of its Argentine peso-denominated payables that would arise from forecasted Argentine peso-denominated capital expenditures. The hedging covered forecasted Argentine peso-denominated expenditures from April 2013 until December 2014. Foreign currency translation gains or losses deferred in equity would form part of the cost of the port infrastructure and would be recycled to profit and loss through depreciation. As of March 31, 2015, there were no outstanding Argentine peso-denominated cash and cash equivalents designated as cash flow hedge.

2.7.2 Interest Rate Risk

The Group's exposure to market risk for changes in interest rates (cash flow interest rate risk) 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 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 March 31, 2015, the market valuation loss on the outstanding interest rate swap amounted to US$0.4 million.

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 March 31, 2015, the market valuation loss on the outstanding interest rate swap amounted to EUR0.64 million (US$0.6 million).

2.7.3 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 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.

PART II – OTHER INFORMATION

There are no other information not previously reported in SEC Form 17-C that need to be reported in this section.

ANNEX 1

**INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.
AND SUBSIDIARIES**

**SCHEDULE OF AGING OF RECEIVABLES
As of March 31, 2015**
(Unaudited, in Thousands)

	Trade	Advances	Total
Under six months	US$72,703	US$6,772	US$79,475
Six months to one year	–	332	332
Over one year	–	14	14
	US$72,703	US$7,118	US$79,821

ANNEX 2

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.
AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
As of and for the Three Months Ended March 31

	2014	**2015**
Liquidity ratios		
Current ratio[(a)]	1.79	**1.42**
Interest rate coverage ratio[(b)]	7.77	**8.97**
Solvency ratios		
Debt to equity ratio[(c)]	0.68	**0.70**
Asset to equity ratio[(d)]	2.25	**2.27**
Profitability ratio		
EBITDA margin[(e)]	41.6%	**43.1%**

[(a)] *Current assets over current liabilities*

[(b)] *EBITDA over interest expense and financing charges on borowings*

[(c)] *Interest-bearing debts over total equity*

[(d)] *Total assets over total equity*

[(e)] *EBITDA over gross revenues from port operations*

ANNEX 3

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

LIST OF EFFECTIVE PFRS STANDARDS AND INTERPRETATIONS*
March 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of 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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of January 1, 2015		Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
	Amendments to PFRS 5: Changes in Methods of Disposal	Not early adopted		
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	✓		

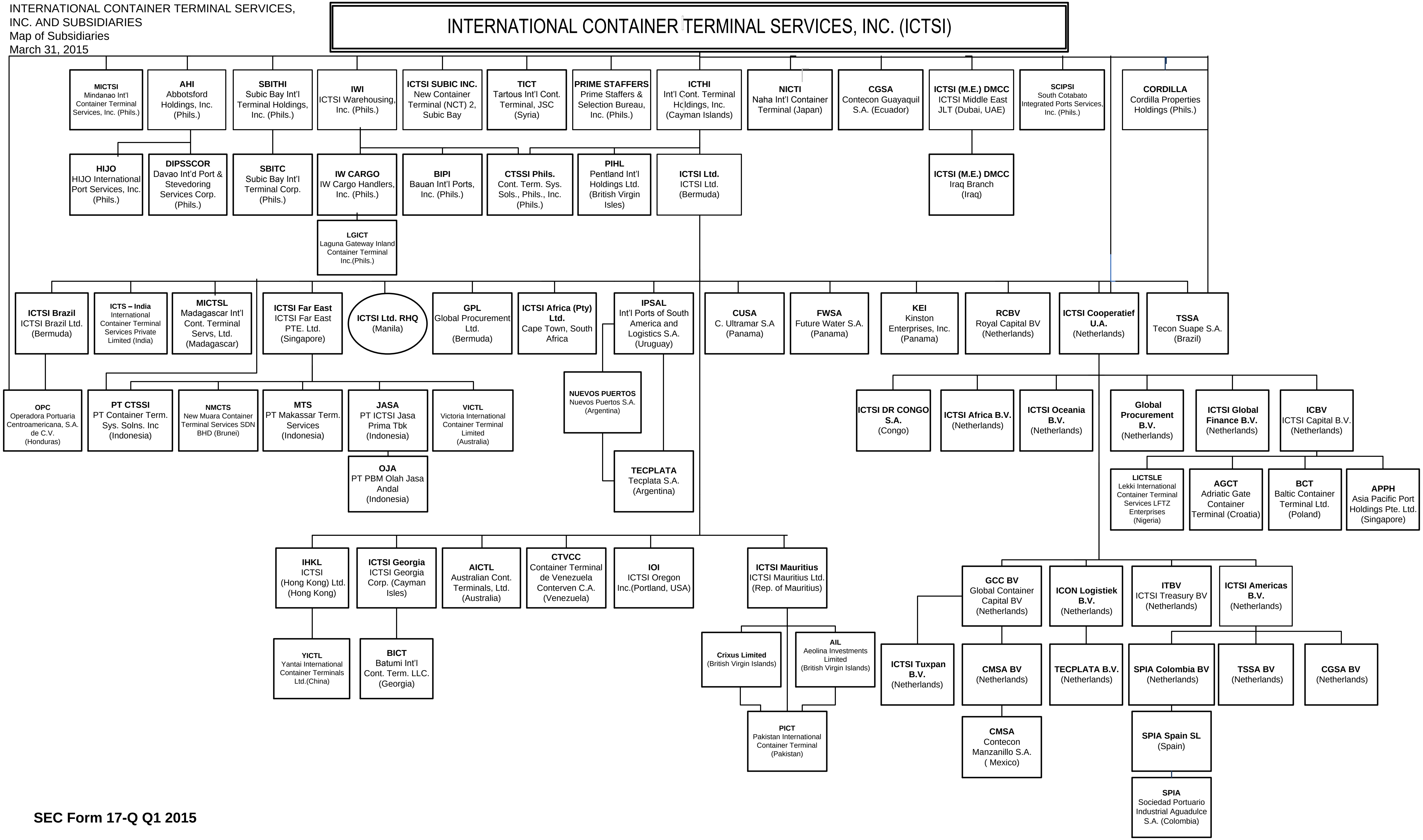
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of January 1, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 13: Portfolio Exception	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	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	✓		
PAS 24	Related Party Disclosures	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of January 1, 2015		Adopted	Not Adopted	Not Applicable
(Revised)	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		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of January 1, 2015**		**Adopted**	**Not Adopted**	**Not Applicable**
	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	✓		
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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of January 1, 2015**		**Adopted**	**Not Adopted**	**Not Applicable**
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	✓		

ANNEX 4
INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Map of Subsidiaries
March 31, 2015



SIGNATURES

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

Registrant **INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.**

By

[redacted]

Martin L. O'Neil
Senior Vice-President and
Chief Financial Officer

May 6, 2015

[redacted]

Jose Joel M. Sebastian
Vice-President and Controller

May 6, 2015