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)

12 *Month* **31** *Day*
(Fiscal Year)

SEC 17Q
(Form Type)

04 *Month* **Every 3rd Thursday** *Day*
(Annual Meeting)

N/A
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

None
Amended Articles Number/Section

Total Amount of Borrowings

1,446
as at September 30, 2015
Total No. of Stockholders

US$20.0M
Domestic

US$1,033.3M
Foreign

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 **September 30, 2015**

2. Commission identification number: **147212**

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

1. 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 at September 30, 2015
Common	**2,034,685,960** 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 at December 31, 2014 and the unaudited interim condensed consolidated financial statements as at September 30, 2015 and for the three and nine months ended September 30, 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 37.

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 at September 30, 2015
(with Comparative Audited Figures as at December 31, 2014)
and for the Three and Nine Months Ended September 30, 2014 and 2015

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED BALANCE SHEET

As at September 30, 2015
(With Comparative Audited Figures as at December 31, 2014)
(In Thousands)

	December 31, 2014 *(Audited)*	**September 30, 2015** *(Unaudited)*
ASSETS		
Noncurrent Assets		
Intangibles (Notes 1 and 6)	US$1,770,540	**US$1,808,817**
Property and equipment (Notes 1 and 7)	934,436	**1,045,335**
Investment properties	12,227	**11,764**
Investments in and advances to a joint venture and associate (Notes 8 and 16)	140,719	**217,860**
Deferred tax assets	57,882	**71,831**
Other noncurrent assets	125,343	**127,306**
Total Noncurrent Assets	3,041,147	**3,282,913**
Current Assets		
Cash and cash equivalents (Note 9)	194,298	**425,480**
Receivables (Note 10)	90,819	**72,264**
Spare parts and supplies	26,140	**26,325**
Prepaid expenses and other current assets (Notes 1 and 11)	48,366	**54,800**
Total Current Assets	359,623	**578,869**
	US$3,400,770	**US$3,861,782**
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 14)	530,678	**533,712**
Cost of shares held by subsidiaries (Note 14)	(72,492)	**(74,261)**
Treasury shares (Note 14)	(1,177)	**(7,571)**
Excess of acquisition cost over the carrying value of non-controlling interests (Notes 1 and 14)	(135,448)	**(142,899)**
Retained earnings (Note 14)	763,315	**820,350**
Perpetual capital securities (Note 14)	337,032	**831,910**
Other comprehensive loss - net (Notes 14 and 20)	(173,433)	**(260,013)**
Total equity attributable to equity holders of the parent	1,316,041	**1,768,794**
Equity Attributable to Non-controlling Interests (Notes 1 and 14)	157,523	**155,336**
Total Equity	1,473,564	**1,924,130**
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 12 and 19)	998,194	**1,002,244**
Concession rights payable - net of current portion (Notes 6 and 19)	518,730	**506,895**
Deferred tax liabilities	68,066	**65,990**
Pension and other noncurrent liabilities (Note 13)	58,671	**101,178**
Total Noncurrent Liabilities	1,643,661	**1,676,307**
Current Liabilities		
Loans payable (Note 12)	24,479	**3,530**
Accounts payable and other current liabilities (Notes 1 and 16)	185,666	**182,695**
Current portion of long-term debt (Notes 12 and 19)	47,774	**47,497**
Current portion of concession rights payable (Notes 6 and 19)	7,506	**8,830**
Income tax payable	17,369	**17,603**
Derivative liabilities	751	**1,190**
Total Current Liabilities	283,545	**261,345**
	US$3,400,770	**US$3,861,782**

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, Except Per Share Data)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	**2015**	2014	**2015**
INCOME				
Gross revenues from port operations (Notes 1, 16 and 20)	US$268,923	**US$239,928**	US$779,208	**US$792,035**
Gain on sale of subsidiaries (Notes 1 and 4)	31,847	**–**	44,998	**323**
Foreign exchange gain (Note 3)	679	**829**	1,908	**3,379**
Interest income (Note 16)	2,592	**3,328**	7,792	**8,923**
Other income (Notes 1, 4, 15 and 18)	4,461	**2,070**	10,473	**4,761**
	308,502	**246,155**	844,379	**809,421**
EXPENSES				
Port authorities' share in gross revenues (Notes 1 and 16)	41,921	**37,670**	119,007	**125,934**
Manpower costs (Notes 14 and 16)	52,653	**44,965**	151,772	**141,347**
Equipment and facilities-related expenses (Note 16)	33,264	**27,434**	100,940	**97,558**
Depreciation and amortization	32,104	**31,258**	92,882	**93,522**
Administrative and other operating expenses (Note 16)	27,204	**27,735**	81,367	**87,701**
Interest expense and financing charges on borrowings (Notes 6, 7 and 12)	16,272	**13,986**	43,694	**41,767**
Interest expense on concession rights payable (Notes 1 and 6)	9,518	**9,322**	28,603	**27,997**
Impairment loss on goodwill (Note 15)	38,148	–	38,148	–
Equity in net loss of a joint venture (Note 8)	2,222	**768**	1,213	**2,862**
Foreign exchange loss (Note 3)	1,532	**1,022**	3,245	**1,989**
Other expenses (Note 15)	2,817	**1,287**	4,962	**6,827**
	257,655	**195,447**	665,833	**627,504**
CONSTRUCTION REVENUE (EXPENSE)				
Construction revenue	29,001	**29,417**	84,153	**61,290**
Construction expense	(29,001)	**(29,417)**	(84,153)	**(61,290)**
	–	**–**	–	**–**
INCOME BEFORE INCOME TAX	50,847	**50,708**	178,546	**181,917**
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current (Note 15)	15,607	**12,233**	43,264	**44,956**
Deferred (Notes 3 and 15)	(1,548)	**517**	(7,058)	**(6,704)**
	14,059	**12,750**	36,206	**38,252**
NET INCOME	US$36,788	**US$37,958**	US$142,340	**US$143,665**
ATTRIBUTABLE TO:				
Equity holders of the parent	US$34,060	**US$35,785**	US$135,746	**US$136,194**
Non-controlling interests	2,728	**2,173**	6,594	**7,471**
	US$36,788	**US$37,958**	US$142,340	**US$143,665**
Earnings Per Share (Note 17)				
Basic	US$0.013	**US$0.013**	US$0.056	**US$0.055**
Diluted	0.013	**0.013**	0.056	**0.055**

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	**2015**	2014	**2015**
NET INCOME FOR THE PERIOD	US$36,788	**US$37,958**	US$142,340	**US$143,665**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items to be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign operations (Notes 3 and 14)	(20,389)	**(54,083)**	(5,959)	**(92,380)**
Net change in unrealized mark-to-market values of derivatives (Note 14)	1,088	**(371)**	(6,008)	**(439)**
Net unrealized loss (gain) removed from equity and recognized in profit or loss (Note 14)	(29)	**–**	1,669	**–**
Net unrealized loss (gain) removed from equity and capitalized as construction in-progress (Note 14)	(1,156)	**–**	5,992	**1,855**
Net unrealized mark-to-market gain (loss) on available-for-sale investments (Note 14)	22	**–**	(20)	**4**
Income tax relating to components of other comprehensive income (Note 14)	–	**68**	–	**44**
	(20,464)	**(54,386)**	(4,326)	**(90,916)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	US$16,324	**(US$16,428)**	US$138,014	**US$52,749**
ATTRIBUTABLE TO:				
Equity holders of the parent	US$15,070	**(US$15,289)**	US$134,984	**US$49,614**
Non-controlling interests	1,254	**(1,139)**	3,030	**3,135**
	US$16,324	**(US$16,428)**	US$138,014	**US$52,749**

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.
AND SUBSIDIARIES

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 and 2015
(In Thousands)

	Attributable to Equity Holders of the Parent												
	Preferred Stock	**Common Stock**	**Additional Paid-in Capital** (Note 14)	**Preferred Shares Held by a Subsidiary**	**Common Shares Held by a Subsidiary** (Note 14)	**Treasury Shares**	**Excess of Acquisition Cost over the Carrying Value of Non-controlling Interests** (Notes 1 and 14)	**Retained Earnings** (Note 14)	**Perpetual Capital Securities** (Note 14)	**Other Compre-hensive Loss** (Note 14)	**Total**	**Non-controlling Interests** (Note 14)	**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	–	–	–	–	–	–	–	135,746	–	(762)	134,984	3,030	138,014
Cash dividends (Note 14)	–	–	–	–	–	–	–	(39,061)	–	–	(39,061)	(8,875)	(47,936)
Distributions on perpetual capital securities (Note 14)	–	–	–	–	–	–	–	(14,656)	–	–	(14,656)	–	(14,656)
Sale of a subsidiary (Note 1)	–	–	–	–	–	–	–	–	–	(18,510)	(18,510)	(61,401)	(79,911)
Change in non-controlling interest (Notes 1 and 14)	–	–	–	–	–	–	1,590	–	–	–	1,590	(7,590)	(6,000)
Share-based payments (Note 14)	–	–	3,195	–	–	–	–	–	–	–	3,195	–	3,195
Collection of subscriptions receivable	–	–	1	–	–	–	–	–	–	–	1	–	1
Issuance of treasury shares	–	–	(198)	–	–	198	–	–	–	–	–	–	–
Effect of business combination (Note 4)	–	–	–	–	–	–	–	–	–	–	–	125,357	125,357
Balance at September 30, 2014	US$236	US$67,330	US$529,489	(US$72,492)	US$–	(US$1,176)	(US$135,448)	US$731,729	US$337,032	(US$139,579)	US$1,317,121	US$154,180	US$1,471,301

	Attributable to Equity Holders of the Parent												
	Preferred Stock	**Common Stock**	**Additional Paid-in Capital** (Note 14)	**Preferred Shares Held by a Subsidiary**	**Common Shares Held by a Subsidiary** (Note 14)	**Treasury Shares**	**Excess of Acquisition Cost over the Carrying Value of Non-controlling Interests** (Notes 1 and 14)	**Retained Earnings** (Note 14)	**Perpetual Capital Securities** (Note 14)	**Other Compre-hensive Loss** (Note 14)	**Total**	**Non-controlling Interests** (Note 14)	**Total Equity**
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	–	–	–	–	–	–	–	**136,194**	–	**(86,580)**	**49,614**	**3,135**	**52,749**
Share-based payments (Note 14)	–	–	**3,173**	–	–	–	–	–	–	–	**3,173**	–	**3,173**
Acquisition of ICTSI common shares (Note 14)	–	–	–	–	**(3,598)**	**(6,591)**	–	–	–	–	**(10,189)**	–	**(10,189)**
Sale of shares held by a subsidiary (Note 14)	–	–	**58**	–	**1,829**	–	–	–	–	–	**1,887**	–	**1,887**
Cash dividends (Note 14)	–	–	–	–	–	–	–	**(41,157)**	–	–	**(41,157)**	**(6,875)**	**(48,032)**
Issuance and exchange of perpetual capital securities (Note 14)	–	–	–	–	–	–	–	**(23,234)**	**506,220**	–	**482,986**	–	**482,986**
Acquisition of perpetual capital securities	–	–	–	–	–	–	–	–	**(11,342)**	–	**(11,342)**	–	**(11,342)**
Distributions on perpetual capital securities (Note 14)	–	–	–	–	–	–	–	**(14,768)**	–	–	**(14,768)**	–	**(14,768)**
Sale of a subsidiary (Note 1)	–	–	–	–	–	–	–	–	–	–	–	**(268)**	**(268)**
Changes in non-controlling interest (Notes 1 and 14)	–	–	–	–	–	–	**(7,451)**	–	–	–	**(7,451)**	**1,821**	**(5,630)**
Issuance of treasury shares	–	–	**(197)**	–	–	**197**	–	–	–	–	–	–	–
Balance at September 30, 2015	**US$236**	**US$67,330**	**US$533,712**	**(US$72,492)**	**(US$1,769)**	**(US$7,571)**	**(US$142,899)**	**US$820,350**	**US$831,910**	**(US$260,013)**	**US$1,768,794**	**US$155,336**	**US$1,924,130**

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

	For the Nine Months Ended September 30	
	2014	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	US$178,546	**US$181,917**
Adjustments for:		
Depreciation and amortization	92,882	**93,522**
Interest expense on:		
Borrowings (Notes 6, 7 and 12)	43,694	**41,767**
Concession rights payable (Notes 1 and 6)	28,603	**27,997**
Interest income	(7,792)	**(8,923)**
Share-based payments (Note 14)	3,183	**3,145**
Equity in net loss of a joint venture (Note 8)	1,213	**1,989**
Dividend income	(1,574)	**(642)**
Gain on sale of subsidiaries (Notes 1 and 4)	(44,998)	**(323)**
Unrealized foreign exchange loss (gain)	1,398	**(304)**
Loss (gain) on sale of property and equipment	(607)	**218**
Impairment loss on goodwill (Note 15)	38,148	–
Gain on termination of management contract (Note 1)	(2,881)	–
Gain on settlement of insurance claim (Note 18)	(1,590)	–
Unrealized mark-to-market loss on derivatives	149	–
Operating income before changes in working capital	328,374	**340,363**
Decrease (increase) in:		
Receivables (Note 10)	2,576	**13,298**
Spare parts and supplies	(2,919)	**(2,585)**
Prepaid expenses and other current assets (Note 11)	(5,175)	**(8,391)**
Increase (decrease) in:		
Accounts payable and other current liabilities	6,495	**19,507**
Pension liabilities	(2)	**98**
Cash generated from operations	329,349	**362,290**
Income taxes paid	(43,764)	**(44,489)**
Net cash provided by operating activities	285,585	**317,801**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Notes 1 and 7)	(83,155)	**(153,690)**
Intangible assets (Notes 1 and 6)	(94,076)	**(100,870)**
Subsidiary, net of cash acquired (Notes 1 and 4)	(135,423)	**(54,500)**
Increase in investments and advances to a joint venture (Notes 8 and 16)	(39,013)	**(79,127)**
Payments for concession rights (Note 6)	(6,036)	**(7,047)**
Interest received	7,756	**9,134**
Increase in other noncurrent assets	(3,294)	**(3,008)**
Net proceeds from:		
Sale of property and equipment	4,312	**2,219**
Sale of subsidiaries, net of cash held by subsidiaries (Note 1)	94,580	**(111)**
Termination of management contract (Note 1)	15,880	–
Dividends received	1,647	**642**
Net cash used in investing activities	(236,822)	**(386,358)**

(Forward)

	For the Nine Months Ended September 30	
	2014	**2015**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from:		
Issuance and exchange of perpetual capital securities (Note 14)	US$–	**US$482,986**
Long-term borrowings (Note 12)	107,403	**120,753**
Short-term borrowings (Note 12)	5,000	**7,346**
Sale of common shares held by a subsidiary	–	**1,887**
Payments of:		
Long-term borrowings (Note 12)	(30,010)	**(118,605)**
Interest on borrowings and concession rights payable (Notes 6 and 12)	(81,554)	**(79,042)**
Dividends (Note 14)	(47,977)	**(47,393)**
Short-term borrowings (Note 12)	(4,030)	**(28,296)**
Acquisition of perpetual capital securities (Note 14)	–	**(11,342)**
Distributions on subordinated perpetual capital securities (Note 14)	(14,656)	**(14,768)**
Acquisition of treasury shares (Note 14)	–	**(6,591)**
Increase in other noncurrent liabilities	7,377	**5,728**
Acquisition of ICTSI common shares by a subsidiary (Note 14)	–	**(3,598)**
Change in non-controlling interest (Notes 1 and 14)	(6,000)	**(5,631)**
Net cash provided by (used in) financing activities	(64,447)	**303,434**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(3,831)	**(3,695)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,515)	**231,182**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	242,234	**194,298**
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 9)	US$222,719	**US$425,480**

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

NOTES TO UNAUDITED 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 2,034,685,960 common shares outstanding held by 1,446 shareholders on record as at September 30, 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 at November 3, 2015, the Group is involved in 30 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, DR Congo and Australia; a sub-concession agreement to develop, manage and operate a port in Nigeria; and a recent acquisition of an existing concession to construct and operate a port in Tuxpan, Mexico. The expected start of commercial operations of the ongoing projects are fourth quarter of 2015 for Argentina, third quarter of 2016 for Colombia and DR Congo and fourth quarter 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 middle 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. On May 19, 2015, ICTSI, through its subsidiary, ICTSI Cooperatief, and its joint venture partner, SIMOBILE, transferred their respective 8% and 2% ownership interest in IDRC to Societe Commerciale Des Transports Et Des Ports S.A. (SCTP SA). SIMOBILE transferred to its subsidiary, SIP Sprl, its 10% ownership in IDRC. Thereafter, IDRC is owned 52% by ICTSI, 28% by SIMOBILE, 10% by SIP Sprl and 10% by SCTP SA.

The facility to be constructed in Phase 1 will consist of two berths that will be able to handle 120,000 TEUs and 350,000 metric tons. The capacity and berth length can, subject to demand, be doubled in Phase 2. Phase 1 is expected to be completed within 18 to 24 months from the start of construction. The construction of the terminal commenced in January 2015 and is expected to start its initial operations in the third quarter of 2016.

Umm Qasr, Iraq. ICTSI, through its wholly owned subsidiary, ICTSI (M.E.) DMCC [formerly ICTSI (M.E.) JLT] (ICTSI Dubai), and General Company for Ports of Iraq (GCPI) signed on April 8, 2014 the Contract for the Construction and Operation of Three New Quays and Management and Operation of Quay No. 20 ("Contract") in the Port of Umm Qasr ("Port") in Iraq. The Contract grants ICTSI the rights to: (a) manage and operate the existing container facility at Berth 20 of the Port for a period of 10 years, (b) build, under a build-operate-transfer (BOT) scheme, a new container and general cargo terminal in the Port for a concession period of 26 years, and (c) provide container and general cargo terminal services in both components.

ICTSI commenced trial operations at Berth 20 in September 2014 and full-fledged commercial operations in November 2014.

Phase 1 of the expansion project under the BOT scheme will have 250 meters of berth with an estimated capacity of 300,000 TEUs. When fully developed, the facility will have 600 meters of quay with an estimated capacity of 900,000 TEUs. Phase 1 is expected to be completed by the third quarter of 2016.

Port of Melbourne, Australia. On May 2, 2014, ICTSI, through its subsidiary in Australia, Victoria International Container Terminal Ltd. (VICT), signed a contract in Melbourne with Port of Melbourne Corporation ("POMC") for the design, construction, commissioning, operation, maintaining and financing of the Webb Dock Container Terminal (Terminal) and Empty Container Park (ECP) at Webb Dock East (WDE) in the Port of Melbourne. Initially, VICT was 90% owned by ICTSI through ICTSI Far East Pte. Ltd. (IFEL), a wholly owned subsidiary, and 10% by Anglo Ports Pty Limited ("Anglo Ports"). On February 4, 2015, IFEL acquired the 10% non-controlling interest from Anglo Ports and became 100% owner of VICT. The Contract grants VICT the rights to: (a) design, build and commission the new Terminal at berths WDE 4 and WDE 5, (b) design, build and commission the new ECP at WDE, and (c) operate the Terminal and ECP until June 30, 2040.

Phase 1 construction of the Terminal with a capacity of 350,000 TEUs and ECP with a capacity of 250,000 TEUs commenced and expected to be ready for operation by last quarter of 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 second quarter of 2017.

Port of Kattupalli, India. On June 30, 2014, ICTSI, through its subsidiaries, ICTSI Ltd. and International Container Terminal Services (India) Private Limited (ICTSI India), and L&T Shipbuilding Ltd. (LTSB) signed a termination agreement cancelling ICTSI's container port agreement for the management and operation of the Kattupalli Container Terminal in Tamil, Nadu, India. In accordance with the termination agreement, LTSB agreed to pay ICTSI India approximately US$15.9 million (INR957.5 million) as reimbursement of the license fee the latter paid to operate the terminal plus management fees and other amounts due to the latter. The transaction resulted to recognition of a gain on termination of management contract of US$2.9 million (INR175.1 million) in 2014 presented under "Other income" account, which represents the difference between the US$13.0 million book value of the intangible asset derecognized and the US$15.9 million proceeds from the termination collected on July 9, 2014.

Yantai, China. On July 1, 2014, ICTSI, through its subsidiary, ICTSI (Hongkong) Limited (IHKL), acquired 51 percent of the total equity interest of Yantai International Container Terminals, Limited (YICT). On the same date, ICTSI sold its 60 percent ownership interest in Yantai Rising Dragon International Container Terminal, Ltd. (YRDICTL). The objective of these transactions is to consolidate and optimize the overall port operations within the Zhifu Bay Port Area. YICT became the only foreign container terminal and YRDICTL is dedicated to handling local container cargo within the Zhifu Bay Port Area.

Laguna Gateway Inland Container Terminal, Philippines. On March 2, 2015, Laguna Gateway Inland Container Terminal, Inc. (LGICT) started operating the first one-stop inland container terminal (ICT) located in Barangays Banlic and San Cristobal, Calamba City, Laguna. LGICT is 60%-owned by IW Cargo Handlers, Inc. (IW Cargo) and 40%-owned by Nippon Container Terminals Co. Ltd., Transnational Diversified Corporation and NYK - Fil-Japan Shipping Corp. The ICT primarily operates as an extension of the seaport operations of the MICT. In particular, the said ICT is intended to function as a regional logistics hub, which will service and support the operations of exporters and importers, both within and outside the economic zones in the LABARZON area. Only fifty eight (58) kilometers from Metro Manila, the ICT is situated on a twenty one (21)-hectare property, strategically located near various economic export zones with an already existing adjacent railroad. Of the said twenty one (21) hectares, four (4) hectares have already been previously developed and available for immediate operations. Envisioned to be the first of its kind in magnitude and operations, the ICT will be developed as a 24/7 state-of-the-art facility with cutting edge terminal systems and equipment.

Tuxpan, Mexico. On May 27, 2015, ICTSI, through its subsidiary, ICTSI Tuxpan B.V., acquired from Grupo TMM S.A.B and Immobiliaria TMM S.A. de C.V 100 percent of the capital stock of

Terminal Maritima de Tuxpan, S.A de C.V (TMT) for US$54.5 million. TMT is a company duly incorporated in accordance with the laws of Mexico with a concession to construct and operate a maritime container terminal in the Port of Tuxpan, Mexico and is the owner of the real estate where the maritime container terminal will be constructed. The concession agreement is valid until May 25, 2021, subject to extension for another 20 years. The concession covers an area of 29,109.68 square meters, which is adjacent to the 43 hectares land owned by TMT. Under the concession agreement, TMT is liable and committed to: (1) pay fixed fee of MXN23.24 plus VAT, per square meter of assigned area and (2) pay variable fee starting year 2018. As of report date, management is currently working on a development plan on TMT.

Brunei, Darussalam. On May 21, 2009, ICTSI, through New Muara Container Terminal Services Sdn Bhd (NMCTS), entered into an Agreement with the Government for the operation and maintenance of the Muara Container Terminal in Brunei Darussalam. The Agreement is valid for a period of four years from commencement date or May 22, 2009. The term may be extended for a period of one year at a time, for a maximum of two years subject to the mutual agreement of the parties. In 2012, NMCTS got an extension for one year or until May 22, 2014. On April 3, 2014, NMCTS got another extension for one year or until May 20, 2015. In 2015, NMCTS got another extension for one year or until May 20, 2016 as an interim operator pending the result of the tender process, which NMCTS participated in. The said one year contract can be pre-terminated by the Brunei Government with a 30-day notice to NMCTS.

1.3 Subsidiaries and Joint Venture

The subsidiaries include:

				Percentage of Ownership			
	Place of Incorporation	Nature of Business	Functional Currency	December 31, 2014		**September 30, 2015**	
				Direct	Indirect	**Direct**	**Indirect**
Asia							
Abbotsford Holdings, Inc.	Philippines	Holding Company	Philippine Peso	100.00	–	**100.00**	**–**
ICTSI Dubai	United Arab Emirates	Business Development Office (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.	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.[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	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	Euro	–	100.00	**–**	**100.00**
CMSA, B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Container Terminal Systems Solutions, Inc.[h]	Mauritius	Software Developer	US Dollar	–	100.00	**–**	**–**
Container Terminal Systems Solutions Philippines, Inc.	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. (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**
ICTSI Cameroon B.V. (formerly 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	BDO	South African Rand	–	100.00	**–**	**100.00**
ICTSI Americas, B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Asia Pacific Business Services, Inc. [b]	Philippines	Business Process Outsourcing	US Dollar	–	–	**–**	**100.00**
ICTSI Honduras Ltd. (formerly 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.	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 Headquarters	Philippines	Regional Headquarters	Philippine Peso	–	100.00	**–**	**100.00**
ICTSI Ltd. Regional Operating Headquarters	Philippines	Regional Operating Headquarters	US Dollar	–	–	**–**	**100.00**

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership — December 31, 2014 Direct	December 31, 2014 Indirect	**September 30, 2015 Direct**	**September 30, 2015 Indirect**
ICTSI Mauritius Ltd.	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 Project Delivery Services Co. Pte. Ltd. (IPDS) [b]	Singapore	Port Equipment Sale and Rental	US Dollar	–	–	**–**	**100.00**
ICTSI Qatar LLC [b]	Qatar	Holding Company	US Dollar	–	–	**–**	**100.00**
ICTSI South Asia Pte. Ltd. [b]	Singapore	Holding Company	US Dollar	–	–	**–**	**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	Philippines	Port Equipment Rental	US Dollar	–	100.00	**–**	**100.00**
NMCTS	Brunei	Port Management	Brunei Dollar	–	100.00	**–**	**100.00**
Pentland International Holdings, Ltd.	British Virgin Island	Holding Company	US Dollar	–	100.00	**–**	**100.00**
PT Container Terminal Systems Solutions Indonesia	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	Euro	–	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**
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)[k]	Japan	Port Management	Japanese Yen	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	**–**	**52.00**
Adriatic Gate Container Terminal (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**
Operadora Portuaria Centroamericana, S.A. de C.V. (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.	Panama	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Future Water, S.A.	Panama	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Kinston Enterprise Corporation	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**
TMT[j]	Mexico	Port Management	Mexican Peso	–	–	**–**	**100.00**

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership December 31, 2014 Direct	Indirect	**September 30, 2015 Direct**	**Indirect**
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 September 30, 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*
[(j)] *Acquired in 2015*
[(k)] *Disposed in 2015*

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. ICTSI's share in the net proceeds from the sale amounted to US$26.6 million (₱1.2 billion). Net cash inflow from the sale of CICTI, which excludes the cash and cash equivalents of CICTI as at date of sale, amounted to US$26.5 million. The sale resulted in the recognition of gain on sale amounting to US$13.2 million in the 2014 interim unaudited consolidated statement of income shown as part of "Gain on sale of subsidiaries" account.

In March 2014, ICTSI through its subsidiaries, ICTSI Ltd. and IPSAL, purchased the remaining 45.08 percent ownership in NPSA, non-controlling shareholder of Tecplata, for US$6.0 million. The purchase was accounted for as an acquisition of non-controlling interests. This transaction effectively increased ICTSI's ownership in Tecplata from 96.25 percent to 100.00 percent (see Note 14.7).

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 interim consolidated balance sheet.

On April 27, 2015, NICTI purchased ICTSI's 60 percent ownership interest in NICTI for JPY107.0 million (approximately US$0.9 million) as part of its treasury shares. The 10-year lease agreement of NICTI will expire at yearend and negotiations for its renewal will soon commence and ICTSI is no longer interested in participating in the said negotiations. The transaction resulted in the recognition of gain on sale amounting to US$0.3 million in the 2015 interim unaudited consolidated statement of income.

In the 2015 interim unaudited consolidated statement of cash flows, the net cash outflow at disposal date on the sale of NICTI amounting to US$0.1 million was derived as follows:

	Amount
Cash proceeds from sale	US$874
Less cash and cash equivalents of NICTI	985
Net cash outflow for the sale of NICTI	(US$111)

On May 19, 2015, ICTSI, through its subsidiary, ICTSI Cooperatief, and its joint venture partner, SIMOBILE, transferred their respective 8% and 2% ownership interest in IDRC to Societe Commerciale Des Transports Et Des Ports S.A. (SCTP SA) in exchange for the latter's contribution of technical knowledge, skills and substantial experience in the port and port system in DRC and operation of railroad system and undertaking to facilitate the activities of IDRC and to assist in its relations with the public authorities. SIMOBILE transferred to its subsidiary, SIP Sprl, its 10% ownership in IDRC. Thereafter, IDRC is owned 52% by ICTSI, 28% by SIMOBILE, 10% by SIP Sprl and 10% by SCTP SA. The transaction was accounted for as a change in non-controlling interest and was recorded as an increase of US$0.9 million in the "Excess of acquisition cost over the carrying value of non-controlling interests - net" account in the 2015 interim consolidated balance sheet.

On May 27, 2015, ICTSI, through its subsidiary, ICTSI Tuxpan B.V., acquired from Grupo TMM S.A.B and Immobiliaria TMM S.A. de C.V 100 percent of the capital stock of TMT for US$54.5 million. The acquisition did not qualify as an acquisition of a business in accordance with PFRS 3, *Business Combination*, and was therefore accounted for as acquisition of assets, mainly composed of land and concession rights.

The fair values of the identifiable assets and liabilities of TMT at the date of acquisition were:

	Fair Value Recognized on Acquisition
Assets	
Property and equipment - land	US$51,411
Intangibles - concession rights	3,247
Prepaid expenses and other current assets	163
	54,821
Liabilities	
Accounts payable and other current liabilities	321
Purchase consideration transferred and satisfied by cash	US$54,500

2. Basis of Preparation and Statement of Compliance

2.1 Basis of Preparation

The interim unaudited condensed consolidated financial statements as at September 30, 2015 and for the three and nine months ended September 30, 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 unaudited 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 unaudited 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 interim unaudited condensed consolidated financial statements of the Group include the accounts of ICTSI and its subsidiaries where the Parent Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in PICT, MTS, AICTL, CTVCC, SBITC, SBITHI, BIPI, NICTI (until April 27, 2015), DIPSSCOR, LGICT, 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 interim unaudited consolidated statement of income and the interim unaudited consolidated statement of comprehensive income, and interim 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 interim 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 interim unaudited consolidated statement of income; and (iii) reclassifies the Parent Company's share of components previously recognized in other comprehensive income to the interim unaudited 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 interim unaudited condensed 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 unaudited consolidated statement of comprehensive income. Upon disposal of the foreign entity, the deferred cumulative translation amount recognized in the interim unaudited consolidated statement of comprehensive income relating to that particular foreign operation is recognized in the interim unaudited 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 nine months ended September 30:

	2014		**2015**	
	Closing	Average	**Closing**	**Average**
Foreign currency to 1 unit of US dollar:				
Argentine peso (AR$)	8.43	7.99	**9.42**	**8.97**
Australian dollar (AUD)	1.14	1.09	**1.42**	**1.31**
Brazilian reais (BRL or R$)	2.45	2.29	**3.95**	**3.17**
Brunei dollar (BND)	1.28	1.26	**1.42**	**1.36**
Chinese renminbi (RMB)	6.14	6.17	**6.36**	**6.25**
Colombian peso (COP)	2,024.85	1,942.72	**3,087.44**	**2,643.59**
Croatian kuna (HRK)	6.05	5.63	**6.85**	**6.83**
Euro (€)	0.79	0.74	**0.89**	**0.90**
Georgian lari (GEL)	1.75	1.75	**2.38**	**2.23**
Honduran lempira (HNL)	21.23	20.27	**21.82**	**21.85**
Hong Kong dollar (HKD)	7.77	7.75	**7.75**	**7.75**
Indian rupee (INR)	61.76	60.72	**65.59**	**63.58**
Indonesian rupiah (IDR)	12,188.00	11,746.00	**14,653.00**	**13,272.00**
Iraqi dinar (IQD)	1,205.08	1,183.85	**1,215.00**	**1,204.18**
Japanese yen (JPY)	109.65	103.00	**119.88**	**120.91**
Malagasy ariary (MGA)	2,650.00	2,411.76	**3,174.00**	**3,053.27**
Mexican peso (MXN)	13.43	13.12	**16.92**	**15.59**
Pakistani rupee (PKR or Rs.)	102.65	100.75	**104.46**	**102.03**
Philippine peso (₱)	44.88	44.26	**46.74**	**45.07**
Polish zloty (PLN)	3.31	3.08	**3.80**	**3.73**
Singaporean dollar (SGD)	1.28	1.26	**1.42**	**1.36**
South African rand (ZAR)	11.29	10.72	**13.85**	**12.28**

3.2 Changes in Accounting Policies

3.2.1 New and Amended Standards Adopted in 2015

The accounting policies adopted for the interim unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at 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 Unaudited 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, *Financial Instruments: Recognition and Measurement*. The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In

addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- 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. **Business Combination**

The Group, in the process of acquiring new ports, recognizes goodwill from business combination representing the expected synergies and other benefits from combining the acquiree’s net assets with those of the acquirer.

<u>Acquisition of YICT and Sale of YRDICTL in 2014</u>

On July 1, 2014, ICTSI, through its subsidiary IHKL, acquired 51 percent of the total equity interest of YICT for a total cash consideration of approximately US$137.3 million (RMB854.2 million) paid in four installments. On the same date, ICTSI sold its 60 percent ownership interest in YRDICTL to Yantai Port Holdings (YPH) for a total cash consideration of approximately US$94.8 million (RMB588.1 million) paid in two installments in July 2014. All the proceeds from the sale of YRDICTL were used to partially fund the acquisition of YICT. The contracts also provide for contingent consideration for the sale and acquisition transactions, based on the change in net asset value of YICT and YRDICTL from August 31, 2013 to June 30, 2014 subject to external audit. IHKL expected to receive from YPG a net amount of US$1.0 million (RMB6.1 million) in 2015 representing the additional consideration for the sale and acquisition transactions based on the change in net asset value of YICT and YRDICTL from August 31, 2013 to June 30, 2014 in accordance with the contract. On June 12, 2015, IHKL received from YPG a net amount of US$0.8 million

(RMB5.2 million). The receipt of the final net contingent consideration in 2015 resulted in the reduction of gain on sale of YRDICTL by US$0.2 million (RMB0.9 million).

The objective of these transactions is to consolidate and optimize the overall port operations within the Zhifu Bay Port Area in Yantai, China. YICT became the only foreign container terminal and YRDICTL is dedicated to handling local container cargo within the Zhifu Bay Port Area. DP World China (Yantai) and YPH owns 12.5 percent and 36.5 percent ownership interest, respectively, in YICT, with ICTSI as the majority shareholder. YRDICTL is now 100 percent owned by YPH and dedicated to handling local container cargo.

The fair values of the identifiable assets and liabilities of YICT at the date of acquisition were:

	Final Fair Value Recognized on Acquisition
	In Thousands
Assets	
Property and equipment	US$222,168
Intangibles	81,736
Other noncurrent assets	435
Cash and cash equivalents	1,888
Receivables - net of allowance for doubtful accounts of US$74.8 thousand	5,308
Spare parts and supplies	599
Prepaid expenses and other current assets	63
	312,197
Liabilities	
Deferred tax liabilities	US$11,664
Loans payable	4,514
Accounts payable and other current liabilities	2,735
Current portion of long-term debt	38,566
	57,479
Total identifiable net assets at fair value	254,718
Non-controlling interest measured at proportionate fair value	(124,812)
Goodwill arising on acquisition	10,239
Purchase consideration transferred and satisfied by cash	US$140,145

In the consolidated statements of cash flows, the net cash outflow at acquisition date on the acquisition amounting to US$135.4 million was derived as follows:

	Amount
Cash paid at acquisition date	US$137,311
Less cash and cash equivalents of YICT	1,888
Net cash outflow at acquisition date	US$135,423
Add cash paid for contingent consideration in 2015	2,834
Net cash outflow for the acquisition	US$138,257

Net cash inflow from the sale of YRDICTL amounted to US$68.0 million, which excludes the cash and cash equivalents of YRDICTL as at date of sale amounting to US$26.7 million (RMB165.8 million) as at December 31, 2014. This amount also excludes the additional amount received from YPG in 2015 amounting to US$3.7 million (RMB23.7 million). Adjusted gain on sale of YRDICTL after the receipt of the final net contingent consideration in 2015 is US$31.7 million.

The carrying values of the assets and liabilities of YRDICTL at the date of disposal were:

	Carrying Value at Disposal Date
	In Thousands
Assets	
Property and equipment	US$75,937
Intangibles	27,044
Deferred tax assets	418
Other noncurrent assets	18
Cash and cash equivalents	26,726
Receivables	4,223
Spare parts and supplies	380
Prepaid expenses and other current assets	98
	US$134,844
Liabilities	
Deferred tax liabilities	US$1,269
Accounts payable and other current liabilities	1,131
	US$2,400

Gross revenues and net income attributable to equity holders of the parent of YICT from acquisition date to December 31, 2014 amounted to US$16.5 million (RMB101.9 million) and US$0.4 million (RMB2.7 million). If the acquisition and sale had taken place at the beginning of the year, consolidated revenues would have been higher by US$0.7 million (RMB4.2 million) and net income attributable to equity holders of the parent would have been lower by US$0.8 million (RMB4.9 million) for the year ended December 31, 2014.

5. Segment Information

A segment is a distinguishable component of the Group that is engaged either in providing types of services (business segment) or in providing the services within a particular economic environment (geographic segment).

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

- Asia - includes MICT, BIPI, DIPSSCOR, SCIPSI, SBITC, ICTSI Subic, HIPS, MICTSI and LGICT in the Philippines, YRDICTL (until June 30, 2014) and YICT (starting July 1, 2014) in China, OJA and MTS in Indonesia, NICTI in Japan (until April 27, 2015), NMCTS in Brunei, PICT in Pakistan, VICT in Australia, ICTHI, ICTSI Ltd. and other holding companies and those companies incorporated in The Netherlands for the purpose of supporting the funding requirements of the Group;

- EMEA - includes BCT in Poland, BICTL in Georgia, AGCT in Croatia, MICTSL in Madagascar, LICTSLE in Nigeria, IDRC in DR Congo, and ICTSI Iraq in Iraq; and

- Americas - includes TSSA in Brazil, CGSA in Ecuador, SPIA in Colombia, Tecplata in Argentina, CMSA and TMT in Mexico, ICTSI Oregon 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 unaudited 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 at December 31, 2014 (audited) and as at September 30, 2015 (unaudited) and for the three and nine months ended September 30, 2014 and 2015 (unaudited):

2014	As at and for the Three Months Ended September 30				As at and for the Nine Months Ended September 30			
	Asia	EMEA	Americas	Consolidated	Asia	EMEA	Americas	Consolidated
Volume[(a)]	937,602	233,887	672,711	1,844,200	2,729,115	670,841	2,010,268	5,410,224
Gross revenues	US$136,758	US$25,246	US$106,919	US$268,923	US$382,934	US$77,170	US$319,104	US$779,208
Capital expenditures[(b)]	16,321	13,775	42,674	72,770	35,444	37,227	104,560	177,231
Other information:								
Segment assets[(c)]	1,670,614	264,309	1,407,965	3,342,888	1,670,614	264,309	1,407,965	3,342,888
Segment liabilities[(d)]	1,541,031	101,750	198,990	1,841,771	1,541,031	101,750	198,990	1,841,771

2015	**As at and for the Three Months Ended September 30**				**As at and for the Nine Months Ended September 30**			
	Asia	**EMEA**	**Americas**	**Consolidated**	**Asia**	**EMEA**	**Americas**	**Consolidated**
Volume[(a)]	**989,088**	**227,025**	**664,005**	**1,880,118**	**2,998,551**	**688,969**	**2,080,728**	**5,768,248**
Gross revenues	**US$127,584**	**US$26,256**	**US$86,088**	**US$239,928**	**US$424,558**	**US$78,011**	**US$289,466**	**US$792,035**
Capital expenditures[(b)]	**73,189**	**18,375**	**26,275**	**117,839**	**116,860**	**72,217**	**65,483**	**254,560**
Other information:								
Segment assets[(c)]	**2,098,549**	**318,692**	**1,372,710**	**3,789,951**	**2,098,549**	**318,692**	**1,372,710**	**3,789,951**
Segment liabilities[(d)]	**1,549,178**	**106,577**	**198,304**	**1,854,059**	**1,549,178**	**106,577**	**198,304**	**1,854,059**

(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 unaudited statement of cash flows.*

(c) *Segment assets do not include deferred tax assets amounting to US$57.9 million and US$71.8 million as at December 31, 2014 (audited) and September 30, 2015 (unaudited), respectively.*

(d) *Segment liabilities do not include income tax payable amounting to US$17.4 million and US$17.6 million and deferred tax liabilities amounting to US$68.1 million and US$66.0 million as at December 31, 2014 (audited) and September 30, 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 interim unaudited consolidated net income attributable to equity holders of the parent for the three and nine months ended September 30:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	**2015**	2014	**2015**
Net income attributable to equity holders of the parent	US$34,060	**US$35,785**	US$135,746	**US$136,194**
Non-controlling interests	2,728	**2,173**	6,594	**7,471**
Provision for income tax	14,059	**12,750**	36,206	**38,252**
Income before income tax	50,847	**50,708**	178,546	**181,917**
Add (deduct):				
Depreciation and amortization	32,104	**31,258**	92,882	**93,522**
Interest and other expenses[(a)]	70,509	**26,385**	119,865	**81,442**
Interest and other income[(b)]	(39,579)	**(6,227)**	(65,171)	**(17,386)**
EBITDA[(c)]	US$113,881	**US$102,124**	US$326,122	**US$339,495**

(a) *Interest and other expenses include the following as shown in the interim unaudited 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 interim unaudited 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 39.7% and 39.8% of the unaudited consolidated gross revenues from port operations for the three months ended September 30, 2014 and 2015, respectively, and 38.4% and 41.6% of the unaudited consolidated gross revenues from port operations for the nine months ended September 30, 2014 and 2015, respectively. Gross revenues from port operations outside the Republic of the Philippines comprised 60.3% and 60.2% of the unaudited consolidated gross revenues from port operations for the three months ended September 30, 2014 and 2015, respectively, and 61.6% and 58.4% of the unaudited consolidated gross revenues from port operations for the nine months ended September 30, 2014 and 2015, respectively.

6. Concession Rights and Concession Rights Payable

6.1 Concession Rights

Concession rights are presented as part of intangibles in the interim 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 Parent Company, construction of various civil works in Tecplata and ICTSI Iraq and acquisition of TMT as at September 30, 2015 (see Note 1.3).

On June 30, 2014, the Group derecognized its US$13.0 million concession rights under upfront fee payment as a result of the termination of the management contract in Kattuppalli, India (see Note 1.2).

Borrowing costs capitalized amounted to US$17.6 million for the nine months ended September 30, 2014 with capitalization rate of 6.69 percent and US$20.1 million for the nine months ended September 30, 2015 with capitalization rate of 6.57 percent (see Note 12.5).

6.2 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 and upfront fees as at September 30, 2015 are as follows (amount in thousands):

	Amount
2015[1]	US$1,121
2016	10,747
2017	14,065
2018	15,226
2019 onwards	474,566
Total	US$515,725

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

Total fixed portion of port fees and upfront fees paid by the Group for the three and nine months ended September 30, 2014 and 2015 amounted to US$11.5 million and US$11.7 million and US$34.6 million and US$35.0 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 and US$28.6 million and US$28.0 million for the three and nine months ended September 30, 2014 and 2015, respectively. The annualized weighted average interest rate was 7.15% and 7.18% as at September 30, 2014 and 2015, respectively.

Reduction to concession rights payable, shown as payments to concession rights in the interim unaudited consolidated statement of cash flows for the nine months ended September 30, 2014 and 2015 amounted to US$6.0 million and US$7.0 million, respectively.

7. Property and Equipment

Property and equipment increased due to land recognized from acquisition of TMT (see Note 1.3) construction of various civil works and acquisitions of terminal equipment in various ports, mainly in VICT, IDRC and BCT as at September 30, 2015. There were no major disposals or write-downs of property and equipment for the nine months ended ended September 30, 2014 and 2015.

Borrowing costs capitalized amounted to nil for the nine months ended September 30, 2014 and US$3.8 million for the nine months ended September 30, 2015 with capitalization rate of 6.57 percent. Borrowing costs capitalized in 2015 mainly pertains to VICT and IDRC which started construction in November 2014 and January 2015, respectively.

8. 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 16.1). The loans were used by SPIA to finance its ongoing construction of the terminal in Colombia.

9. **Cash and Cash Equivalents**

For the purpose of unaudited interim consolidated statements of cash flows, balances of cash and cash equivalents as at September 30 were as follows:

	2014 *(Unaudited)*	**2015** *(Unaudited)*
Cash on hand and in banks	US$92,096	**US$94,137**
Cash equivalents	130,623	**331,343**
	US$222,719	**US$425,480**

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.

10. **Receivables**

This account consists of:

	December 31, 2014 *(Audited)*	**September 30, 2015** *(Unaudited)*
Trade	US$87,688	**US$69,085**
Advances and nontrade	8,202	**8,018**
	95,890	**77,103**
Less allowance for doubtful accounts	5,071	**4,839**
	US$90,819	**US$72,264**

Trade receivables are noninterest-bearing and are generally on 30-60 days' credit terms. Trade receivables decreased as of September 30, 2015 primarily due to improved collection process at certain terminals, particularly at ICTSI Parent and CMSA, and lower receivable balance at ICTSI Oregon as a result of discontinued vessel calls of two major shipping lines (see Note 20).

Advances and nontrade receivables mainly include noninterest-bearing advances to suppliers and vendors that may be applied against payable or collectible within 12 months.

11. **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 insurance and bonds as a result of inclusion of infrastructure in the coverage.

12. **Long-term Debt and Loans Payable**

12.1 Maturities of Long-term Debt

Maturities of long-term debt, net of unamortized debt issue costs, premium and discount of US$49.4 million, as at September 30, 2015 are as follows (amount in thousand):

	Amount
2015[(1)]	US$29,514
2016	52,427
2017	6,918
2018	3,510
2019 and onwards	957,372
Total	US$1,049,741

[(1)] *October 1, 2015 through December 31, 2015*

12.2 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 cash proceeds received by ITBV amounted to US$11.6 million, net of debt issue cost. The 2025 Notes were issued by ITBV under its US$1.0 billion MTN programme, and are unconditionally and irrevocably guaranteed by ICTSI. These new Notes were consolidated and formed a single series with the US$282.5 million 5.875 percent guaranteed Notes due 2025 issued on September 17, 2013 and April 30, 2014.

BCT. In 2015, BCT availed a total of US$6.3 million from the term loan facility with The Hong Kong and Shanghai Banking Corporation Limited, which bear interest at 1.70 percent over LIBOR with principal repayable semi-annually starting December 31, 2016 until June 30, 2021.

CGSA. In September 2015, CGSA obtained two-year unsecured loans from Banco Del Pacifico amounting to US$2.0 million at a fixed interest rate of 8.75 percent and, Banco Bolivariano amounting to US$2.0 million at a fixed interest rate of 8.83 percent.

12.3 US Dollar-denominated Revolving Credit Facility

IGFBV. On July 24, 2014, the Board of Directors (the Board) of ICTSI approved the establishment of a loan facility programme pursuant to which a subsidiary, IGFBV, may from time to time enter into one or more loan facilities with one or more lenders under the said programme, to be guaranteed by ICTSI. In connection with the establishment of the said programme, the Board also approved the first loan facility under the programme with IGFBV as the borrower and ICTSI as the guarantor. The loan facility is a revolving credit facility with a principal amount of US$350.0 million and a tenor of five years from signing date, July 24, 2014.

In 2015, IGFBV drawn down a total of US$100.0 million from the US$350.0 million five year revolving credit facility bearing interest ranging from 2.13 to 2.14 percent per annum. In August 2015, IGFBV prepaid the US$100.0 million loan.

12.4 Loans Payable

In April 2015, CGSA availed one-year loans from Banco Bolivariano and Banco Guayaquil totaling US$6.0 million at fixed interest rate of 8.0 percent per annum.

On June 18, 2015, TSSA availed of a short-term loan amounting to US$1.3 million from Banco Bradesco S.A. bearing fixed interest of 8.73 percent per annum and settled on August 18, 2015.

In September 2015, ICTSI prepaid its short-term loan with Bank of Tokyo amounting to US$20.0 million.

12.5 Loan Covenants and Capitalized Borrowing Costs

The loans from local and foreign banks impose certain restrictions with respect to corporate reorganization, disposition of all or a substantial portion of ICTSI's and subsidiaries' assets, acquisitions of futures or stocks, and extending loans to others, except in the ordinary course of business. ICTSI is also required to maintain specified financial ratios relating to their debt to EBITDA of not less than 4 times and cash flow and earnings level relative to current debt service obligations. As at September 30, 2015, ICTSI and subsidiaries are in compliance with their loan covenants.

Interest expense, net of amount capitalized as intangible assets and property and equipment, amounted to US$16.3 million and US$14.0 million, and US$43.7 million and US$41.8 million for the three and nine months ended September 30, 2014 and 2015, respectively (see Notes 6 and 7). Interest expense includes amortization of debt issue costs amounting to US$1.1 million and US$2.1 million, and US$2.5 million and US$3.9 million for the three and nine months ended September 30, 2014 and 2015, respectively.

There was no material change in the covenants related to the Group's long-term debts.

There were no other significant transactions pertaining to the Group's long-term debt as at September 30, 2015, except as discussed above.

13. Pension and Other Noncurrent Liabilities

This account consists of:

	December 31, 2014 *(Audited)*	**September 30, 2015** ***(Unaudited)***
Accrued rental	US$38,660	**US$75,462**
Government grant	10,740	**16,520**
Pension liabilities	6,246	**6,255**
Finance lease payable	2,124	**1,296**
Others	901	**1,645**
	US$58,671	**US$101,178**

Accrued Rental

VICT recorded an accrued rental amounting to US$38.7 million (AUD47.3 million) as at December 31, 2014 and US$75.5 million (AUD 107.5 million) as at September 30, 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 2015, BCT availed of an additional US$6.3 million grant. As at September 30, 2015, BCT has availed a total of US$17.3 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$16.5 million as at December 31, 2014 and September 30, 2015, respectively.

14. **Equity**

14.1 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 September 30, 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$1.2 million and US$1.1 million, and US$3.2 million and US$3.1 million for the three and nine months ended September 30, 2014 and 2015, respectively.

14.2 Dividends Declared

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

14.3 Cost of Shares Held by Subsidiaries

In March and April 2015, IWI acquired a total of 1,494,940 ICTSI common shares for US$3.6 million. In June 2015, IWI sold 759,970 ICTSI common shares for US$1.8 million and the related gain was recorded to additional paid-in capital account amounting to US$58 thousand.

As at December 31, 2014 and September 30, 2015, cost of preferred shares held by a subsidiary pertains to preference A shares held by ICTHI.

14.4 Treasury Shares

On September 16, 2015, the Board of ICTSI approved and authorized the re-purchase from the open market of up to 10 million ICTSI shares. The purpose of the said authorization is to provide management the flexibility to acquire shares from the open market either for its executive SIP or as and when management deems the price of the shares to be undervalued.

In September 2015, the Company acquired 3,510,400 treasury shares totaling US$6.6 million.

14.5 Other Comprehensive Loss

This account consists of:

	Cumulative Translation Adjustments	Revaluation Increment	Unrealized Mark-to-Market Gain on Available-for-Sale Investments	Actuarial Gains (Losses) 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)
Sale of subsidiaries	(18,510)	–	–	–	(18,510)
Translation differences arising from translation of foreign operations' financial statements	(2,395)	–	–	–	(2,395)
Net change in unrealized mark-to-market values of derivatives	1,653	–	–	–	1,653
Net change in unrealized mark-to-market values of AFS investments	–	–	(20)	–	(20)
Income tax relating to components of other comprehensive income	–	–	–	–	–
Balance at September 30, 2014	(US$142,564)	US$610	US$1,039	US$1,336	(US$139,579)

	Cumulative Translation Adjustments	Revaluation Increment	Unrealized Mark-to-Market Gain on Available-for-Sale Investments	Actuarial Gains (Losses) 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	**(88,044)**	**–**	**–**	**–**	**(88,044)**
Net change in unrealized mark-to-market values of derivatives	**1,416**	**–**	**–**	**–**	**1,416**
Net change in unrealized mark-to-market values of AFS investments	**–**	**–**	**4**	**–**	**4**
Income tax relating to components of other comprehensive income	**44**	**–**	**–**	**–**	**44**
Balance at September 30, 2015	**(US$261,301)**	**US$610**	**US$1,058**	**(US$380)**	**(US$260,013)**

14.6 Perpetual Capital Securities

On January 29, 2015, RCBV issued US$300.0 million 6.25 percent Senior Guaranteed Perpetual Capital Securities unconditionally and irrevocably guaranteed by ICTSI at a price of 99.551 percent or US$298.7 million. The new issue was partly used to finance the tendered US$230.0 million 8.375 percent Subordinated Guaranteed Perpetual Capital Securities ("Original Securities) at a tender price of 107.625 or US$247.5 million. The cash proceeds received by RCBV amounted to US$46.7 million, net of debt issue cost. A reduction of US$23.2 million, representing the exchange premium and unamortized debt issue cost of the Original Securities, was recognized directly in retained earnings as a result of the transaction. The transaction did not have an impact in the 2015 interim unaudited 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 interim consolidated balance sheet.

On August 18, 2015, RCBV issued US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities ("New Securities") unconditionally and irrevocably guaranteed by ICTSI. The cash proceeds received by RCBV amounted to US$436.3 million, net of debt issue cost, will be used for refinancing, funding capital expenditures and general corporate purposes.

In July and August 2015, RCBV redeemed and cancelled a total of US$11.3 million of the Subordinated Guaranteed Perpetual Capital Securities.

RCBV paid distributions totaling US$14.8 million to the holders of the Securities as of September 30, 2015. Related interest expense accrued by the Issuer or RCBV amounting to US$7.3 million and US$9.4 million and US$22.0 million and US$23.8 million for the three and nine months ended September 30, 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.

14.7 Non-controlling Interests

In March 2014, ICTSI through its subsidiaries, ICTSI Ltd. and IPSAL, purchased the remaining 45.08 percent ownership in NPSA, non-controlling shareholder of Tecplata, for US$6.0 million. The purchase was accounted for as an acquisition of non-controlling 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 interim unaudited consolidated balance sheet.

On March 2, 2015, LGICT started operating the first one-stop ICT located in Barangays Banlic and San Cristobal, Calamba City, Laguna. LGICT is 60%-owned by IW Cargo and 40%-owned by Nippon Container Terminals Co. Ltd., Transnational Diversified Corporation and NYK- Fil-Japan Shipping Corp. The non-controlling shareholders contributed US$0.6 million to LGICT.

In March, June and September 2015, PICT declared dividends amounting to US$0.03 per share (PKR3.5 per share), US$0.05 per share (PKR5.0 per share) and US$0.07 per share (PKR7.0 per share), respectively. Dividends distributed to non-controlling shareholders totaled US$5.8 million (PKR600.0 million).

On May 19, 2015, ICTSI, through its subsidiary, ICTSI Cooperatief, and its joint venture partner, SIMOBILE, transferred their respective 8% and 2% ownership interest in IDRC to Societe Commerciale Des Transports Et Des Ports S.A. (SCTP SA) in exchange for the latter's contribution of technical knowledge, skills and substantial experience in the port and port system in DRC and operation of railroad system and undertaking to facilitate the activities of IDRC and to assist in its relations with the public authorities. SIMOBILE transferred to its subsidiary, SIP Sprl, its 10% ownership in IDRC. Thereafter, IDRC is owned 52% by ICTSI, 28% by SIMOBILE, 10% by SIP Sprl and 10% by SCTP SA. The transaction was accounted for as a change in non-controlling interest and was recorded as an increase of US$0.9 million in the "Excess of acquisition cost over the carrying value of non-controlling interests - net" account in the 2015 interim consolidated balance sheet.

15. Income and Expenses

15.1 Other Income

In 2014, other income includes gain on termination of management contract of ICTSI India, gain on settlement of insurance claims of CGSA and dividend income (see Notes 1.2 and 18).

15.2 Impairment Loss

In 2014, an impairment charge of US$38.1 million was recorded in respect of the Company's goodwill in Tecplata based on value in use calculation using discounted cash flows throughout the concession period. The remaining carrying value of goodwill in Tecplata is nil. The reportable segment of Tecplata is Americas.

The impairment charge in Tecplata was as a result of lower projected cash flows on its updated business plan caused by the prevailing and unfavorable economic conditions in Argentina.

The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group used discount rates based on the industry's Weighted Average Cost of Capital (WACC). Management assumed a discount rate of 12.71 percent for Tecplata. Management recognizes that unfavorable conditions can materially affect the assumptions used in the determination of value-in-use.

15.3 Other Expenses

In 2015, ICBV's outstanding advances to SPIA were subjected to wealth tax amounting to US$1.3 million in accordance with the new tax reform of Colombia in 2015.

16. Related Party Transactions

16.1 Transactions with the Shareholders and Affiliates

			2014			**2015**		
Related Party	Relationship	Nature of Transaction	Transaction Amount for the Three Months Ended September 30	Transaction Amount for the Nine Months Ended September 30	Outstanding Receivable (Payable) Balance Amount as at December 31	Transaction Amount for the Three Months Ended September 30	Transaction Amount for the Nine Months Ended September 30	Outstanding Receivable (Payable) Balance Amount as at September 30
			(In Millions)					
ICBV								
SPIA	Joint venture	Interest-bearing loans (see Note 8)	US$15.10	US$39.01	US$115.12	**US$26.26**	**US$78.82**	**US$193.94**
YRDICTL/YICT								
YPH	Non-controlling shareholder	Port fees[i]	0.45	1.08	(0.16)	**0.58**	**1.39**	**(0.08)**
Tecplata								
NPSA	Non-controlling shareholder	Purchase of additional shares	–	6.00	–	–	–	–
SCIPSI								
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.05	0.13	(0.01)	**0.04**	**0.13**	**(0.02)**
AGCT								
Luka Rijeka	Non-controlling shareholder	Provision of services[ii]	0.07	0.23	–	**0.05**	**0.19**	**(0.02)**
PICT								
Premier Mercantile Services (Private) Limited	Common Shareholder	Stevedoring and storage charges[iii]	1.09	2.69	(0.68)	**1.13**	**3.26**	**(0.51)**
Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited	Common shareholder	Container handling revenue[iv]	0.25	0.56	0.08	**0.11**	**0.39**	**0.02**

Related Party	Relationship	Nature of Transaction	2014 Transaction Amount for the Three Months Ended September 30	2014 Transaction Amount for the Nine Months Ended September 30	2014 Outstanding Receivable (Payable) Balance Amount as at December 31	**2015** Transaction Amount for the Three Months Ended September 30	**2015** Transaction Amount for the Nine Months Ended September 30	**2015** Outstanding Receivable (Payable) Balance Amount as at September 30
					(In Millions)			
LGICT								
NCT Transnational Corp.	Non-controlling shareholder	Management fees	–	–	–	**0.08**	**0.23**	**0.10**

(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 interim unaudited consolidated statements of income. Outstanding payable to YPH related to these port charges presented under "Accounts payable and other current liabilities" account in the interim 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.

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

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

16.2 Compensation of Key Management Personnel

Compensation of key management personnel consists of the following for the nine months ended September 30 (amount in thousands):

	2014	**2015**
Short-term employee benefits	US$949	**US$916**
Share-based payments	2,210	**2,866**
Post-employment pension	26	**155**
Total compensation to key management personnel	US$3,185	**US$3,937**

17. Earnings Per Share Computation

The table below shows the computation of basic and diluted earnings per share for the three and nine months ended September 30 (amounts are in thousands, except number of shares and per share data):

	For the Three Months Ended September 30 2014	For the Three Months Ended September 30 **2015**	For the Nine Months Ended September 30 2014	For the Nine Months Ended September 30 **2015**
Net income attributable to equity holders of the parent	US$34,060	**US$35,785**	US$135,746	**US$136,194**
Adjustment for the effect of cumulative distributions on subordinated perpetual capital securities (see Note 14.6)	(7,328)	**(9,392)**	(21,984)	**(23,833)**
Net income attributable to equity holders of the parent, as adjusted (a)	US$26,732	**US$26,393**	US$113,762	**US$112,361**
Common shares outstanding at beginning of year	2,045,177,671	**2,045,177,671**	2,045,177,671	**2,045,177,671**
Weighted average treasury shares	(9,827,311)	**(11,902,686)**	(9,827,311)	**(11,902,686)**
Weighted average shares held by a subsidiary	–	**(652,553)**	–	**(652,553)**
Weighted average common shares issued during the period	950,000	–	950,000	–
Weighted average shares outstanding (b)	2,036,300,360	**2,032,622,432**	2,036,300,360	**2,032,622,432**
Effect of dilutive stock awards	9,114,811	**10,491,711**	9,114,811	**10,491,711**
Weighted average shares outstanding adjusted for potential common shares (c)	2,045,415,171	**2,043,114,143**	2,045,415,171	**2,043,114,143**
Basic earnings per share (a/b)	US$0.013	**US$0.013**	US$0.056	**US$0.055**
Diluted earnings per share (a/c)	US$0.013	**US$0.013**	US$0.056	**US$0.055**

18. **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.

<u>TICT</u>
On December 28, 2012, TICT filed a Notice of Termination of its 10-year Investment Agreement with Tartous Port General Company (TPGC). Termination was executed in accordance with the terms and conditions of the Investment Agreement, specifically "unforeseen change of circumstances" and "Force Majeure". The change of circumstances was brought about by civil unrest and violence in Syria, which had gravely affected businesses and trade in the country.

In early 2013, TPGC submitted to arbitration TICT's termination notice. On April 1, 2014, ICTSI, through TICT, received a decision from the arbitration panel. On April 20, 2015, the award has become executory. However, management and its legal counsels believe that TPGC will not be able to successfully enforce the award outside of Syria.

<u>BICTL</u>
BICTL has been operating the multipurpose container terminal and dry cargo and ferry terminal in the Black Sea Port of Batumi, Georgia, under a Lease Agreement entered into with Batumi Sea Port Ltd. (BSP) way back on September 20, 2007.

In 2013, BSP sent a notice of alleged violation of the terms and conditions of the Lease Agreement by BCITL. After receiving BSP's notice and formally disputing in writing the allegations, BICTL initiated arbitration proceedings with the London Court of International Arbitration (LCIA) to settle the dispute with its lessor, BSP, in accordance with the dispute resolution mechanism under the Lease Agreement.

After executing a standstill agreement, the parties settled their differences in an amicable manner which led to the execution of the Settlement Agreement. The Settlement Agreement covers several mutually beneficial measures with focus on further growth of the port. Pursuant to the Settlement Agreement, the parties subsequently withdrew their respective claims and counterclaims before the LCIA which led to the termination of the arbitration proceedings.

<u>CGSA</u>
In April 2010, a vessel, CCNI Antartico, hit one of the quay cranes of CGSA causing damage to the crane, affecting portion of one of the berths, related infrastructure and third party containers and cargo. These properties were capitalized as intangible assets in the consolidated balance sheet. CGSA and ICTSI took appropriate steps to replace the equipment, repair the berth and minimize business interruption. The damaged crane has been replaced and the berth has been repaired. The repaired berth and crane replacement have been operational since October 2010 and June 2011, respectively. Security in respect of CGSA's claims against the vessel has been obtained in relation to the damage caused to CGSA's equipment, facilities, operations and third parties' equipment and goods.

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

On July 23, 2014, the Group received as full settlement of its claims a total of US$9.9 million.

ICTSI Oregon

Due to the labor disruption caused by the ILWU in Portland commencing in June 2012 and continuing to the present, ICTSI Oregon has filed two separate counter-claims in federal court against the ILWU seeking monetary damages. The first is a claim for damages caused by the ILWU's "secondary activity" which is unlawful under United States labor law. Secondary activity is activity unlawfully directed against a neutral party in order to further the union's claims with regards to an employer with which the union has a primary labor dispute. In this case, the ILWU has pressured ICTSI Oregon with slowdowns, work stoppages, and other illegal activity with the object of coercing the Port of Portland to relinquish the Port's control over jobs that the ILWU wishes to obtain for its members.

The second claim brought by ICTSI is an antitrust claim brought against the ILWU and the Pacific Maritime Association (PMA). ICTSI Oregon also has a second counterclaim for breach of fiduciary duty against PMA. In addition, the National Labor Relations Board (NLRB) has sought and obtained two federal court injunctions against the ILWU prohibiting illegal work stoppages as well as a finding of contempt of court against the union.

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

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

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

19. Fair Value

Set out below is a comparison of carrying amounts and fair values of the Group's financial instruments by category whose fair value is different from its carrying amount:

	December 31, 2014		**September 30, 2015**	
	Carrying Amount	Fair Value	**Carrying Amount**	**Fair Value**
Financial Liabilities				
Other financial liabilities:				
Long-term debt	US$1,045,968	US$1,127,988	**US$1,049,741**	**US$1,163,351**
Concession rights payable	526,236	613,894	**515,725**	**602,576**
	US$1,572,204	US$1,741,882	**US$1,565,466**	**US$1,765,927**

Carrying values of cash and cash equivalents, receivables, accounts payable and other current liabilities and loans payable approximate their fair values due to the short-term nature of the transactions.

The fair value of quoted AFS equity shares is based on quoted prices. For unquoted equity securities, the fair values are not reasonably determinable due to unavailability of required information for valuation. These are presented based on cost less allowance for impairment losses. The unquoted equity securities pertain mainly to investments in golf clubs whose securities are not quoted and holding company whose shares are not publicly listed.

The fair values of the US dollar-denominated notes and US dollar-denominated medium term notes are based on quoted prices. The fair value of other fixed interest-bearing loans and concession rights payable were estimated at the present value of all future cash flows discounted using the applicable rates for similar types of loans ranging from 0.04 percent to 15.95 percent in 2014 and 1.65 percent to 15.88 percent in 2015.

For variable interest-bearing loans repriced monthly or quarterly, the carrying amount approximates the fair value due to the regular repricing of interest rates.

The fair values of derivative assets and liabilities are calculated using valuation techniques with inputs and assumptions that are based on market observable data and conditions. For interest rate swaps, fair values are based on counterparty bank valuation.

20. Seasonality and Foreign Exchange Volatility

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 and net income is not material.

The Group has geographically diverse operations and transacts in currencies other than its US dollar 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, MXN, 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 52.8 percent and 49.0 percent of gross revenues for the periods ended September 30, 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.

Continued fluctuations in the value of the U.S. dollar against its other subsidiaries' functional currencies could cause the Company's gross revenues, costs and expenses, and net income to decrease in U.S. dollar terms and distort comparisons of its results of operations and financial condition across periods.

Changes in exchange rates also affect the US dollar value of the assets and liabilities consolidated by the Company and the impact of the translation of the net assets of the subsidiaries with non-US dollar functional currency are recorded in "Other Comprehensive Loss" account in the interim consolidated balance sheet. The increase in other comprehensive loss in 2015 is primarily due to the translation loss of the subsidiaries' net assets from MXN, BRL, EUR and AUD to US dollar.

21. **Subsequent Event**

CMSA
On October 22, 2015, CMSA signed a US$260.0 million Project Finance Facility with International Finance Corporation, Inter-American Development Bank (IADB), Standard Chartered Bank and KfW Ipex Bank.

The CMSA Project (the Project) is for the development and operation of a Specialized Container terminal at the Port of Manzanillo in Manzanillo, Mexico. The terminal will have a capacity of 2.2 million TEUs when completely built. The development will be done in three phases with phase one creating capacity of 750,000 TEUs. Phase two, which is expected to be completed by year 2020, will increase the terminal's capacity to 1.4 million TEUs.

The financing package, which has a tenor of 12 years and a long availability period of four years, will help CMSA finance the completion of phases one and two of the Project.

ICTSI
In October 2015, ICTSI prepaid its loan with Australia and New Zealand Banking Group Limited, Manila Branch, amounting to US$20.0 million. The loan was originally due on December 4, 2015.

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 30 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 Argentina, Colombia, DR Congo and Australia; a sub-concession agreement to develop, manage and operate a port in Nigeria; and a recent acquisition of an existing concession to construct and operate a port in Tuxpan, Mexico. The expected start of commercial operations of the ongoing projects are fourth quarter of 2015 for Argentina, third quarter of 2016 for Colombia and DR Congo and fourth quarter 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 middle 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 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, 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)
  - DR Congo - River Port, Mbengu, Matadi, Democratic Republic of Congo (IDRC)
  - Iraq - Port of Umm Qasr, Iraq (ICTSI Iraq)

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

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

River Port, Matadi, Democratic Republic of Congo. On January 23, 2014, the Company, through its subsidiary, ICTSI Cooperatief U.A. (ICTSI Cooperatief), forged a business partnership with La Societe de Gestion Immobiliere Lengo (SIMOBILE) for the establishment and formation of a joint venture company, ICTSI DR Congo (IDRC). ICTSI Cooperatief and SIMOBILE initially owned 60.0 percent and 40.0 percent of IDRC, respectively. On May 19, 2015, ICTSI Cooperatief and SIMOBILE transferred their respective 8.0 percent and 2.0 percent ownership interest in IDRC to Societe Commerciale Des Transports Et Des Ports S.A. (SCTP SA) in exchange for the latter's contribution of technical knowledge, skills and substantial experience in the port and port system in DRC and operation of railroad system and undertaking to facilitate the activities of IDRC and to assist in its relations with the public authorities. Thereafter, IDRC is owned 52.0 percent by ICTSI, 38.0 percent by SIMOBILE and 10.0 percent by SCTP SA. IDRC will build, manage, develop and operate the same as a new container terminal in phases, as well as provide exclusive container handling services and general cargo services therein. Phase 1 is expected to be completed within 18 to 24 months from the start of construction. The construction of the terminal commenced in January 2015 and is expected to commence initial operations in the third quarter of 2016.

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

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

Phase 1 construction of the Terminal and ECP commenced in the fourth quarter of 2014 and expected to start operations at the last quarter of 2016. Phase 2 is expected to start operations by the second quarter 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 is to consolidate and optimize the overall port operations within the Zhifu Bay Port area in Yantai. After the consolidation, YICT became the only foreign container terminal within the Zhifu Bay Port area. ICTSI took control over the operations of YICT on the same date.

Laguna Gateway Inland Container Terminal, Philippines. On March 2, 2015, Laguna Gateway Inland Container Terminal, Inc. (LGICT) started operating the first one-stop inland container terminal (ICT) located in Barangays Banlic and San Cristobal, Calamba City, Laguna. LGICT is 60.0 percent-owned by IW Cargo and the remaining 40.0 percent is owned by Nippon Container Terminals Co. Ltd., Transnational Diversified Corporation and NYK- Fil-Japan Shipping Corp. The ICT primarily operates as an extension of the seaport operations of the MICT. In particular, the said ICT is intended to function as a regional logistics hub, which will service and support the operations of exporters and importers, both within and outside the economic zones in the LABARZON area. Only 58 kilometers from Metro Manila, the ICT is situated on a 21-hectare property, strategically located near various economic export zones with an already existing adjacent railroad.

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

On 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 third quarter and nine months ended September 30, 2015 as compared with the same period in 2014 as derived from the accompanying unaudited interim consolidated financial statements.

Table 2.1 Unaudited Consolidated Statements of Income

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
(In thousands, except % change data)	2014	**2015**	% Change	2014	**2015**	% Change
Gross revenues from port operations	US$268,923	**US$239,928**	(10.8)	US$779,208	**US$792,035**	1.6
Revenues from port operations, net of port authorities' share	227,002	**202,258**	(10.9)	660,201	**666,101**	0.9
Total income (net revenues, interest and other income)	266,581	**208,485**	(21.8)	725,372	**683,487**	(5.8)
Total expenses (operating, financing and other expenses)	215,734	**157,777**	(26.9)	546,826	**501,570**	(8.3)
EBITDA[1]	113,881	**102,124**	(10.3)	326,122	**339,495**	4.1
EBIT[2]	81,777	**70,866**	(13.3)	233,240	**245,973**	5.5
Net income attributable to equity holders of the parent	34,060	**35,785**	5.1	135,746	**136,194**	0.3
Earnings per share						
Basic	US$0.013	**US$0.013**	(0.0)	US$0.056	**US$0.055**	(1.1)
Diluted	0.013	**0.013**	(0.0)	0.056	**0.055**	(1.1)

[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 third quarter and nine months ended September 30, 2015 as compared with the same period in 2014:

Table 2.2 EBITDA Computation

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
(In thousands, except % change data)	2014	**2015**	% Change	2014	**2015**	% Change
Net income attributable to equity holders of the parent	US$34,060	**US$35,785**	5.1	US$135,746	**US$136,194**	0.3
Minority interests	2,728	**2,173**	(20.3)	6,594	**7,471**	13.3
Provision for income tax	14,059	**12,750**	(9.3)	36,206	**38,252**	5.7
Income before income tax	50,847	**50,708**	(0.3)	178,546	**181,917**	1.9
Add (deduct):						
Depreciation and amortization	32,104	**31,258**	(2.6)	92,882	**93,522**	0.7
Interest and other expenses	70,509	**26,385**	(62.6)	119,865	**81,442**	(32.1)
Interest and other income	(39,579)	**(6,227)**	(84.3)	(65,171)	**(17,386)**	(73.3)
EBITDA	US$113,881	**US$102,124**	(10.3)	US$326,122	**US$339,495**	4.1

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 15.3 to 30.2 moves per hour in 2014 to 17.3 to 29.4 moves per hour in 2015. Crane availability ranged from 90.0 percent to 99.0 percent in 2014 to 90.6 percent to 99.2 percent in 2015. Berth utilization was at 23.0 percent to 99.5 percent in 2014 and 20.0 percent to 70.6 percent in 2015.

2014 Compared with 2013

Gross moves per hour per crane at key terminals which consist of MICT, CGSA, PICT, TSSA, BCT, YRDICTL/YICT and MICTSL ranged from 16.7 to 31.2 moves per hour in 2013 to 15.3 to 30.2 moves per hour in 2014. Crane availability ranged from 90.4 percent to 99.6 percent in 2013 to 90.0 percent to 99.0 percent in 2014. Berth utilization was at 26.1 percent to 74.9 percent in 2013 and 23.0 percent to 99.5 percent in 2014.

2.3 Comparison of Operating Results for the Third Quarters Ended September 30, 2015 and 2014

2.3.1 TEU Volume

For the third quarter of 2015, the Group handled consolidated throughput of 1,880,118 TEUs, a 1.9 percent increase from 1,844,200 TEUs handled for the same period in 2014 mainly due to new shipping lines and services; continuous growth and ramp-up at CMSA and OPC; increased demand for services at SBITC; and the contribution of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq, consolidated volume would have decreased by 0.4 percent in 2015. Key terminals, consisting of MICT, PICT, CGSA, TSSA, BCT, YRDITCL/YICT, MICTSL and OPC, reported a combined growth of 1.4 percent year-on-year.

Throughput from the Asia operations, consisting of terminals in the Philippines, China, Indonesia and Pakistan, increased by 5.5 percent to 989,088 TEUs for the third quarter of 2015 from 937,602 TEUs for the same period in 2014 as a result of new shipping lines and services at PICT; increase in trade volume at MICT due to the easing out of the effect of the modified truck ban policy which was imposed by the City of Manila in early 2014 and was lifted in September 2014; and increased demand for services at DIPSSCOR and SBITC. The growth, however, was tapered by lower imports and exports at MTS. The

Asia operations accounted for 50.8 percent and 52.6 percent of the consolidated volume for the third quarters ended September 30, 2014 and 2015, respectively.

Volume from the Americas segment, consisting of terminals in Brazil, Ecuador, Honduras, Mexico and The United States of America, decreased by 1.3 percent from 672,711 TEUs for the third quarter of 2014 to 664,005 TEUs for the same period in 2015 primarily arising from decline in import volume at TSSA as a result of the prevailing economic slowdown and significant currency depreciation in Brazil and discontinued vessel calls from two major shipping lines, Hanjin Shipping Co. (Hanjin) and Hapag Lloyd, at ICTSI Oregon as a result of continuous labor disruptions. 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 decrease in volume for the segment was partially tapered by increased vessel calls at CMSA and OPC as a result of continuous growth and ramp-up; and new shipping lines and services at CGSA. The Americas operations accounted for 36.5 percent and 35.3 percent of the consolidated volume for the third quarters ended September 30, 2014 and 2015, respectively.

Meanwhile, the EMEA operations, consisting of terminals in Poland, Georgia, Madagascar, Croatia and Iraq, reported a 2.9 percent decline from 233,887 TEUs for the third quarter of 2014 to 227,025 TEUs for the same period in 2015 mainly due to weaker short sea trade and reduced vessel calls at BCT; and decline in transshipments at MICTSL, tapered by contribution of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq, volume for the segment would have declined by 21.5 percent in 2015. The EMEA operations accounted for 12.7 percent and 12.1 percent of the Group's consolidated volume for the third quarters ended September 30, 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) Interest income; (3) Foreign exchange gain; and (4) Other income.

The table below illustrates the consolidated total income for the third quarters ended September 30, 2014 and 2015:

Table 2.3 Total Income

	For the Three Months Ended September 30		
(In thousands, except % change data)	2014	**2015**	% Change
Gross revenues from port operations	US$268,923	**US$239,928**	(10.8)
Port authorities' share in gross revenues	41,921	**37,670**	(10.1)
Net revenues	227,002	**202,258**	(10.9)
Interest income	2,592	**3,328**	28.4
Foreign exchange gain	679	**829**	22.1
Gain on sale of a subsidiary	31,847	**–**	(100.0)
Other income	4,461	**2,070**	(53.6)
Total income	US$266,581	**US$208,485**	(21.8)

For the third quarter of 2015, net revenues stood at 97.0 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.6 percent, 0.4 percent and 1.0 percent, respectively. For the same period in 2014, net revenues, interest income, foreign exchange gain and other income accounted for 85.2 percent, 1.0 percent, 0.3 percent and 13.5 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 decreased by 10.8 percent from US$268.9 million for the third quarter of 2014 to US$239.9 million for the same period in 2015 mainly due to lower storage and BBC revenues at TSSA; discontinued vessel calls of two major shipping lines at ICTSI Oregon; and weaker short sea trade and reduced vessel calls at BCT; combined with the translation impact of the depreciation of the Brazilian Reais (BRL) at TSSA (-61.3%); Euro (EUR) at MICTSL (-19.1%), Mexican peso (MXN) at CMSA (-25.3%) and Philippine peso (PHP) at Philippine terminals (-5.2%), tapered by volume growth; tariff rate adjustments at certain terminals; new contracts with shipping lines and services; continuous growth and ramp up at CMSA and OPC and the contribution of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq and the translation impact of currency depreciation, consolidated gross revenues would have decreased by 6.7 percent in 2015.

The Asia and Americas segments reported a 6.7 percent and 19.5 percent decline, respectively, while the EMEA segment reported 4.0 percent growth. Key terminals posted a combined decline of 10.8 percent quarter-on-quarter.

The Asia segment reported a decline of 6.7 percent in gross revenues from US$136.8 million for the third quarter of 2014 to US$127.6 million for the same period in 2015 mainly due to unfavorable volume mix that led to lower ancillary services at key terminals and depreciation of PHP (-5.2%), tapered by higher ancillary services at SBITC; and new contracts with shipping lines and services at PICT. Excluding the translation impact of PHP, gross revenues of the Asia segment would have decreased by 4.1 percent in 2015. The Asia operations captured 50.9 percent and 53.2 percent of the consolidated gross revenues for the third quarters ended September 30, 2014 and 2015, respectively.

Meanwhile, gross revenues from the Americas segment was down by 19.5 percent from US$106.9 million for the third quarter of 2014 to US$86.1 million for the same period in 2015 mainly due to lower storage revenues and BBC, combined with depreciation of BRL against the US dollar at TSSA (-61.3%); discontinued vessel calls of two major shipping lines at ICTSI Oregon as a result of the continuous labor slowdown; and depreciation of MXN against the US dollar at CMSA (-25.3%). The decline in gross revenues was reduced by tariff rate adjustments at certain terminals; volume growth and stronger ancillary revenues due to continuous growth and ramp up at CMSA and OPC. Excluding the translation impact of BRL and MXN, gross revenues of the Americas segment would have decreased by 8.9 percent in 2015. The Americas operations accounted for 39.8 percent and 35.9 percent of the consolidated gross revenues for the third quarters ended September 30, 2014 and 2015, respectively.

The EMEA operations, on the other hand, reported a 4.0 percent increase from US$25.2 million for the third quarter of 2014 to US$26.3 million for the same period in 2015 primarily due to the contribution of a new terminal, ICTSI Iraq, tapered by decline in transshipment volume combined with unfavorable impact of the 19.1 percent average depreciation of EUR against the US dollar at MICTSL; and weaker short sea trade and reduced vessel calls at BCT. Excluding ICTSI Iraq and the translation impact of EUR, the segment's gross revenues would have decreased by 12.0 percent in 2015. The EMEA operations stood at 9.4 percent and 10.9 percent of the consolidated gross revenues for the third quarters ended September 30, 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, dropped by 10.1 percent from US$41.9 million for the third quarter ended September 30, 2014 to US$37.7 million for the same period in 2015 due to lower revenues tapered by the contribution of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq, port authorities' share in gross revenues would have dropped by 14.5 percent in 2015.

2.3.2.3 Interest Income, Foreign Exchange Gain and Other Income

Consolidated interest income increased by 28.4 percent from US$2.6 million for the third quarter of 2014 to US$3.3 million for the same period in 2015 mainly due to higher interest income earned from advances granted to SPIA, a joint venture associate, tapered by lower interest income earned on Tecplata's cash deposits and placements.

Foreign exchange gain increased by 22.1% to US$0.8 million for the third quarter of 2015 from US$0.7 million for the same period in 2014 mainly due to the favorable impact of a weaker PHP against the US dollar (2015:-3.7%; 2014: -2.8%). Foreign exchange gain mainly arises from the settlement and translation or restatement adjustments of foreign currency-denominated monetary assets and liabilities.

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

Other income, on the other hand, decreased from US$4.5 million for the third quarter of 2014 to US$2.1 million for the same period in 2015. Other income is composed of rentals, gain on sale of fixed assets, 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 third quarters ended September 30, 2014 and 2015.

Table 2.4 Total Expenses

	For the Three Months Ended September 30		
(In thousands, except % change data)	2014	**2015**	% Change
Manpower costs	US$52,653	**US$44,965**	(14.6)
Equipment and facilities-related expenses	33,264	**27,434**	(17.5)
Administrative and other operating expenses	27,204	**27,735**	2.0
Total cash operating expenses	113,121	**100,134**	(11.5)
Depreciation and amortization	32,104	**31,258**	(2.6)
Interest expense and financing charges on borrowings	16,272	**13,986**	(14.0)
Interest expense on concession rights payable	9,518	**9,322**	(2.1)
Equity in net loss of a joint venture	2,222	**768**	(65.4)
Foreign exchange loss and others	42,497	**2,309**	(94.6)
Total expenses	US$215,734	**US$157,777**	(26.9)

Consolidated cash operating expenses of the Group dropped by 11.5 percent from US$113.1 million for the third quarter ended September 30, 2014 to US$100.1 million for the same period in 2015 mainly due to lower fuel costs arising from decrease in global prices of fuel; decline in variable costs at ICTSI Oregon as a result of discontinued vessel calls of two major shipping lines due to continuous labor disruption; and favorable translation impact of BRL at TSSA, EUR at MICTSL MXN at CMSA and PHP at Philippine terminals, tapered by higher insurance costs arising from increased risk coverage; increased business development activities; and contributions and start-up costs of new terminal and projects, including ICTSI Iraq, VICT, IDRC and LGICT. Excluding new terminals and projects and the translation impact of currency depreciation, consolidated cash operating expenses would have decreased by 4.6 percent in 2015.

2.3.3.1 Manpower Costs

Manpower costs dropped by 14.6 percent from US$52.7 million for the third quarter of 2014 to US$45.0 million for the same period in 2015 primarily due to decline in contracted services at ICTSI Oregon as a result of discontinued vessel calls of two major shipping lines; and the translation impact of BRL at TSSA, EUR at MICTSL, MXN at CMSA and PHP at Philippine terminals, tapered by increased headcount driven by volume growth; government-mandated and contracted salary rate adjustments at certain terminals; and the contribution of new terminal and projects, including ICTSI Iraq, VICT, IDRC and LGICT. Excluding new terminal and projects, consolidated manpower costs would have dropped by 9.3 percent in 2015.

Manpower costs accounted for 46.5 percent and 44.9 percent of cash operating expenses for the third quarters ended September 30, 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, tools expenses, equipment rentals, and fuel, oil and lubricants.

Equipment and facilities-related expenses decreased by 17.5 percent from US$33.3 million for the third quarter of 2014 to US$27.4 million for the same period in 2015 mainly due to lower fuel cost as a result of decrease in global fuel prices; decrease in power consumption due to efficient usage; lower equipment rentals as port equipment are acquired at OPC; decline in variable costs at ICTSI Oregon as a result of discontinued vessel calls of two major shipping lines; and the translation impact of BRL at TSSA EUR at MICTSL, MXN at CMSA and PHP at Philippine terminals. The decrease was slightly tapered by contribution of a new terminal, ICTSI Iraq. Excluding the new terminal and projects, consolidated equipment and facilities-related expenses would have decreased by 18.9 percent in 2015.

Equipment and facilities-related expenses represented 29.4 percent and 27.4 percent of cash operating expenses for the third quarters ended September 30, 2014 and 2015, respectively.

2.3.3.3 Administrative and Other Operating Expenses

Administrative and other operating expenses increased by 2.0 percent from US$27.2 million for the third quarter of 2014 to US$27.7 million for the same period in 2015 mainly due to contributions and start-up costs of new terminal and projects, including ICTSI Iraq, VICT, IDRC and LGICT; higher insurance costs arising from increased risk coverage; higher documentary stamp taxes; and increased business development activities, tapered by the translation impact of BRL at TSSA, EUR at MICTSL, MXN at CMSA and PHP at Philippine terminals. Excluding new terminal and projects, administrative and other operating expenses would have decreased by 0.7 percent in 2015.

Administrative and other operating expenses stood at 24.0 percent and 27.7 percent of the total cash operating expenses for the third quarters ended September 30, 2014 and 2015, respectively.

2.3.3.4 Interest and Financing Charges on Borrowings

Interest and financing charges on borrowings dropped by 14.0 percent from US$16.3 million for the third quarter of 2014 to US$14.0 million for the same period in 2015 primarily due to increase in capitalized borrowing costs on qualifying assets from US$6.1 million for the third quarter of 2014 to US$8.9 million for the same period in 2015 as a result of ongoing construction activities at VICT, IDRC and ICTSI Iraq.

2.3.3.5 Equity in net loss of a joint venture

Equity in net loss of a joint venture dropped by 65.4 percent from US$2.2 million for the third quarter of 2014 to US$0.1 million for the same period in 2015 primarily due to decrease in the Company's share in net loss at SPIA.

2.3.3.6 Foreign Exchange Loss and Others

Foreign exchange loss and others dropped by 94.6 percent from US$42.5 million for the third quarter of 2014 to US$2.3 million for the same period in 2015 primarily due to the recognition of an impairment charge on the goodwill recognized at Tecplata amounting to US$38.1 million in 2014 driven by lower projected cash flows on its updated business plan caused by the prevailing and unfavorable economic conditions in Argentina; and the loss recognized on settlement of an insurance claim at BCT amounting to US$0.9 million in 2014.

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

2.3.4 EBITDA and EBIT

Consolidated EBITDA declined by 10.3 percent from US$113.9 million for the third quarter of 2014 to US$102.1 million for the same period in 2015 primarily due to the decline in storage and BBC revenues at TSSA; the impact of unfavorable volume mix at key terminals; and the unfavorable translation impact of currency depreciation of BRL at TSSA, EUR at MICTSL and PHP at Philippine terminals. The decline in EBITDA, however, was tapered by continuous revenue growth and ramp-up at CMSA and OPC; and the positive contribution of a new terminal, ICTSI Iraq. Excluding new terminal and projects, consolidated EBITDA would have decreased by 12.2 percent in 2015. Excluding currency deprecation, consolidated EBITDA would have decreased by 7.5 percent in 2015. EBITDA margin, however, increased to 42.6 percent in 2015 from 42.3 percent in 2014.

Meanwhile, consolidated EBIT decreased by 13.3 percent from US$81.8 million for the third quarter of 2014 to US$70.9 million for the same period in 2015 mainly due to weaker EBITDA. As a result, EBIT margin also decreased to 29.5 percent in 2015 from 30.4 percent in 2014.

2.3.5 Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax slightly decreased by 0.3 percent from US$50.8 million for the quarter ended September 30, 2014 to US$50.7 million for the same period in 2015 primarily due to softer operating income from existing terminals, tapered by the positive contribution of a new terminal, ICTSI Iraq. The 2014 consolidated income before income tax includes non-recurring gain and losses on the gain on sale of YRDICTL, impairment charge recognized on the goodwill of Tecplata and the loss recognized on the settlement of an insurance claim at BCT aggregating US$7.2 million. Excluding new terminal and projects, consolidated income before income tax would have decreased by 4.8 percent in 2015. Excluding the non-recurring gains and losses in 2014, consolidated income before income tax would have decreased by 12.6 percent. The ratio of income before income tax to consolidated gross revenues stood at 18.9 percent and 21.1 percent in 2014 and 2015, respectively.

Consolidated provision for current and deferred income taxes decreased by 9.3 percent to US$12.8 million for the third quarter of 2015 from US$14.1 million for the same period in 2014 mainly due to lower taxable income for the period. Effective income tax rate in 2014 and 2015 stood at 27.6 percent and 25.1 percent, respectively.

2.3.6 Net Income

Consolidated net income increased by 3.2 percent from US$36.8 million for the quarter ended September 30, 2014 to US$38.0 million for the same period in 2015. Excluding the non-recurring gain and losses in 2014, consolidated net income would have decreased by 13.6 percent in 2015. The ratio of consolidated net income to gross revenues stood at 13.7 percent and 15.8 percent in 2014 and 2015, respectively.

Consolidated net income attributable to equity holders increased by 5.1 percent from US$34.1 million for the quarter ended September 30, 2014 to US$35.8 million for the same period in 2015. Excluding the non-recurring gain and losses in 2014, consolidated net income attributable to equity holders would have decreased by 13.2 percent in 2015.

Basic and diluted earnings per share remained at US$0.013 in 2014 and 2015.

2.4 Comparison of Operating Results for the Nine Months Ended September 30, 2015 and 2014

2.4.1 TEU Volume

Consolidated throughput handled by the Group increased by 6.6 percent from 5,410,224 TEUs for the first nine months of 2014 to 5,768,248 TEUs for the same period in 2015 mainly due to 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 4.6 percent in 2015. Key terminals, consisting of MICT, PICT, CGSA, TSSA, BCT, YRDICTL/YICT, MICTSL and OPC, reported a combined growth of 4.7 percent year-on-year.

The Asia operations reported a 9.9 percent increase from 2,729,115 TEUs for the first nine months of 2014 to 2,998,551 TEUs for the same period in 2015 as a result of favorable impact of the consolidation of terminal operations at YICT, which took effect in July 2014; increase in trade volume at MICT due to the easing out of the effect of the modified truck ban policy which was imposed by the City of Manila in early 2014 and was lifted in September 2014; increased demand for services at SBITC; and new shipping lines and services at PICT. The Asia operations accounted for 50.4 percent and 52.0 percent of the consolidated volume for the nine months ended September 30, 2014 and 2015, respectively.

Throughput handled by the Americas segment, on the other hand, increased by 3.5 percent from 2,010,268 TEUs for the first nine months of 2014 to 2,080,728 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; and new shipping lines and services at CGSA. The growth, however, was reduced by lower imports due to higher trade tariffs imposed by Ecuadorian government at CGSA; and discontinued vessel calls from two major shipping lines at ICTSI Oregon as a result of continuous labor disruptions. The Americas operations accounted for 37.2 percent and 36.1 percent of the consolidated volume for the nine months ended September 30, 2014 and 2015, respectively.

Meanwhile, volume handled by the EMEA operations increased by 2.7 percent from 670,841 TEUs for the first nine months of 2014 to 688,969 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. The growth in volume for the segment, however, was tapered by weaker short sea trade and reduced vessel calls at BCT; and decrease in transshipments at MICTSL. Excluding ICTSI Iraq, volume for the segment would have declined by 13.6 percent. The EMEA segment stood at 12.4 percent and 11.9 percent of the consolidated volume for the nine months ended September 30, 2014 and 2015, respectively.

2.4.2 Total Income

Table 2.5 Total Income

	For the Nine Months Ended September 30		
(In thousands, except % change data)	2014	**2015**	% Change
Gross revenues from port operations	US$779,208	**US$792,035**	1.6
Port authorities' share in gross revenues	119,007	**125,934**	5.8
Net revenues	660,201	**666,101**	0.9
Interest income	7,792	**8,923**	14.5
Foreign exchange gain	1,908	**3,379**	77.1
Gain on sale of subsidiaries	44,998	**323**	(99.3)
Other income	10,473	**4,761**	(54.5)
Total income	US$725,372	**US$683,487**	(5.8)

For the nine months ended September 30, 2015, net revenues accounted for 97.4 percent of the total consolidated income while interest income, foreign exchange gain, gain on sale of subsidiaries and other income represented 1.3 percent, 0.5 percent, 0.1 percent and 0.7 percent, respectively. For the same period in 2014, net revenues were 91.0 percent while interest income, foreign exchange gain, gain on sale of subsidiaries and other income accounted for 1.1 percent, 0.3 percent, 6.2 percent and 1.4 percent, respectively.

2.4.2.1 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 increased by 1.6 percent to US$792.0 million for the first nine months of 2015 from US$779.2 million for the same period in 2014 due to volume growth; tariff rate adjustments at certain terminals; new contracts with shipping lines and services; continuous growth and ramp-up at CMSA and OPC; favorable impact of consolidation of terminal operations at YICT; increased demand for services at SBITC; and the contribution of a new terminal, ICTSI Iraq. The growth, however, was tapered by the translation impact of the depreciation of BRL at TSSA (-38.4%), EUR at MICTSL (-21.5%), MXN at CMSA (-18.8%) and PHP at Philippine terminals (-1.8%); discontinued vessel calls of two major shipping lines at ICTSI Oregon and weaker short sea trade and reduced vessel calls at BCT. Excluding ICTSI Iraq and the translation impact of currency depreciation, consolidated gross revenues would have increased by 4.5 percent in 2015.

The Asia and EMEA segments reported 10.9 percent and 1.1 percent growth, respectively, while the Americas segment reported a 9.3 percent decline. Key terminals posted a combined growth of 2.1 percent year-on-year.

Gross revenues from the Asia operations increased by 10.9 percent from US$382.9 million for the first nine months of 2014 to US$424.6 million for the same period in 2015 mainly due to favorable impact of consolidation of terminal operations at YICT; volume growth, favorable mix and higher ancillary services at SBITC; new contracts with shipping lines and services at PICT, tapered by depreciation of PHP against US dollar (-1.8%) at Philippine terminals. Excluding the translation impact of PHP, gross revenues of the Asia segment would have increased by 12.0 percent in 2015. The Asia segment accounted for 49.1 percent and 53.6 percent of the consolidated gross revenues for the nine months ended September 30, 2014 and 2015, respectively.

Meanwhile, gross revenues from the Americas segment reported a decline of 9.3 percent from US$319.1 million for the first nine months of 2014 to US$289.5 million for the same period in 2015 primarily due to lower storage and BBC revenues at TSSA; combined with translation impact of the depreciation of BRL against the US dollar (-38.4%) at TSSA and MXN (-18.8%) at CMSA; and discontinued vessel calls of two major shipping lines at ICTSI Oregon as a result of the continuous labor slowdown. The decline in gross revenues was tapered by tariff rate adjustments at certain terminals; and volume growth and stronger ancillary revenues due to continuous growth and ramp-up at CMSA and OPC. Excluding the translation impact of BRL and MXN, gross revenues of the Americas segment would have decreased by 1.4 percent in 2015. The Americas segment stood at 41.0 percent and 36.6 percent of the consolidated gross revenues for the nine months ended September 30, 2014 and 2015, respectively.

The EMEA operations, on the other hand, reported a 1.1 percent increase in gross revenues to US$78.0 million for the first nine months of 2015 from US$77.2 million for the same period in 2014 primarily due to the contribution of a new terminal, ICTSI Iraq, tapered by weaker short sea trade and reduced vessel calls at BCT; and unfavorable translation impact of the depreciation of EUR against the US dollar (-21.5%) and decrease in transshipment volume at MICTSL. Excluding ICTSI Iraq and translation impact of EUR, the segment's gross revenues would have decreased by 8.2 percent in 2015. The EMEA operations accounted for 9.9 percent and 9.8 percent of the consolidated gross revenues for the nine months ended September 30, 2014 and 2015, respectively.

2.4.2.2 Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities, grew by 5.8 percent to US$125.9 million for the first nine months of 2015 from US$119.0 million for the same period in 2014 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 2.1 percent in 2015.

2.4.2.3 Interest Income, Foreign Exchange Gain, and Other Income

Consolidated interest income increased by 14.5 percent from US$7.8 million for the first nine months of 2014 to US$8.9 million for the same period in 2015 mainly due to higher interest income earned from advances granted to SPIA, a joint venture associate, tapered by lower interest income earned on Tecplata's cash deposits and placements.

Foreign exchange gain increased to US$3.4 million for the first nine months of 2015 from US$1.9 million for the same period in 2014 mainly due to the favorable impact of a weaker MXN against US dollar (2015: -14.7%; 2014: -3.0%). Foreign exchange gain mainly arises from the settlement and translation or restatement adjustments of foreign currency-denominated monetary assets and liabilities.

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

Other income declined by 54.5 percent from US$10.5 million for the first nine months of 2014 to US$4.8 million for the same period in 2015 mainly due to the non-recurring gains on termination of a management contract at ICTSI India and settlement of an insurance claim at CGSA totaling US$4.5 million that were recognized in 2014. Other income also includes the Group's rental and other sundry income accounts of ICTSI and subsidiaries.

2.4.3 Total Expenses

The table below shows the breakdown of total expenses for the nine months ended September 30, 2014 and 2015:

Table 2.6 Total Expenses

	For the Nine Months Ended September 30		
(In thousands, except % change data)	2014	**2015**	% Change
Manpower costs	US$151,772	**US$141,347**	(6.9)
Equipment and facilities-related expenses	100,940	**97,558**	(3.4)
Administrative and other expenses	81,367	**87,701**	7.8
Total cash operating expenses	334,079	**326,606**	(2.2)
Depreciation and amortization	92,882	**93,522**	0.7
Interest expense and financing charges on borrowings	43,694	**41,767**	(4.4)
Interest expense on concession rights payable	28,603	**27,997**	(2.1)
Equity in net loss of a joint venture	1,213	**1,989**	64.0
Foreign exchange loss and others	46,355	**9,689**	(79.1)
TOTAL OPERATING EXPENSES	US$546,826	**US$501,570**	(8.3)

The Group's cash operating expenses for the nine months ended September 30, 2015 decreased by 2.2 percent to US$326.6 million from US$334.1 million for the same period in 2014 mainly due to lower fuel costs arising from decrease in global prices of fuel; decline in variable costs at ICTSI Oregon as a result of discontinued vessel calls of two major shipping lines due to continuous labor disruption; and the translation impact of BRL at TSSA, EUR at MICTSL, MXN at CMSA and PHP at Philippine terminals. The decrease, however, was reduced by the contributions and start-up costs of a new terminal and projects, including ICTSI Iraq, VICT, IDRC and LGICT; higher power consumption; higher insurance costs arising from increased risk coverage; and increase in business development activities. Excluding new terminal and projects and the translation impact of currency depreciation, consolidated cash operating expenses would have increased by 2.7 percent in 2015.

2.4.3.1 *Manpower Costs*

Manpower costs dropped by 6.9 percent to US$141.3 million for the first nine months of 2015 from US$151.8 million for the same period in 2014 primarily due to decline in contracted services at ICTSI Oregon as a result of discontinued vessel calls of two major shipping lines; and the translation impact of BRL at TSSA, EUR at MICTSL, MXN at CMSA and PHP at Philippine terminals, tapered by increased headcount driven by volume growth and as a result of the consolidation at YICT; government-mandated and contracted salary rate adjustments at certain terminals; and the contribution of new terminal and projects, including ICTSI Iraq, VICT, IDRC and LGICT. Excluding new terminal and projects, consolidated manpower costs would have decreased by 9.3 percent in 2015.

Manpower costs accounted for 45.4 percent and 43.3 percent of cash operating expenses for the nine months ended September 30, 2014 and 2015, respectively.

2.4.3.2 *Equipment and Facilities-related Expenses*

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

Equipment and facilities-related expenses declined by 3.4 percent from US$100.9 million for the first nine months of 2014 to US$97.6 million for the same period in 2015 mainly due to lower fuel cost as a result of decrease in global fuel prices; lower equipment rentals as port equipment were acquired at OPC; decline in variable cost at ICTSI Oregon as a result of discontinued vessel calls of two major shipping lines; and the translation impact of BRL at TSSA, EUR at MICTSL, MXN at CMSA and PHP at Philippine terminals. The decrease was slightly tapered by higher power consumption driven by volume growth and power tariff adjustments at certain terminals; and the contribution of a new terminal, ICTSI

Iraq. Excluding new terminal and projects, consolidated equipment and facilities-related expenses would have decreased by 4.9 percent in 2015.

Equipment and facilities-related expenses stood at 30.2 percent and 29.9 percent of cash operating expenses for the nine months ended September 30, 2014 and 2015, respectively.

2.4.3.3 *Administrative and Other Operating Expenses*

Administrative and other operating expenses increased by 7.8 percent from US$81.4 million for the first nine months of 2014 to US$87.7 million for same period in 2015 mainly due to contributions and start-up costs of a new terminal and projects, including ICTSI Iraq, VICT, IDRC and LGICT; higher insurance costs arising from increased risk coverage; higher documentary stamp taxes and increased business development activities, tapered by the translation impact of BRL at TSSA, EUR at MICTSL, MXN at CMSA and PHP at Philippine terminals. Excluding new terminal and projects, consolidated administrative expenses and other operating expenses would have increased by 5.5 percent.

Administrative and other operating expenses accounted for 24.4 percent and 26.8 percent of cash operating expenses for the nine months ended September 30, 2014 and 2015, respectively.

2.4.3.4 *Equity in net loss of a joint venture*

Equity in net loss of a joint venture surged by 64.0 percent from US$1.2 million for the first nine months of 2014 to US$2.0 million for the same period in 2015 due to the increase in the Company’s share in net loss at SPIA.

2.4.3.5 *Foreign Exchange Loss and Others*

Foreign exchange loss and others decreased from US$46.4 million for the first nine months of 2014 to US$9.7 million for the same period in 2015 primarily due to recognition of an impairment charge on the goodwill recognized at Tecplata amounting to US$38.1 million and the loss recognized on settlement of an insurance claim at BCT amounting to US$0.9 million in 2014, tapered by the recognition of a one-time wealth tax on equity in SPIA amounting to US$1.3 million in accordance with the new tax reform of Colombia in 2015.

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

2.4.4 EBITDA and EBIT

Consolidated EBITDA increased by 4.1 percent to US$339.5 million for the first nine months of 2015 from US$326.1 million for the same period in 2014 primarily due to 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. The growth, however, was tapered by decline in storage and BBC revenues at TSSA; combined with unfavorable translation impact of the deprecation of BRL at TSSA, EUR at MICTSL, MXN at CMSA and PHP at Philippine terminals; discontinued vessel calls of two major shipping lines at ICTSI Oregon due to continuous labor disruption; and weaker short sea trade and reduced vessel calls at BCT. Excluding new terminal and projects, consolidated EBITDA would have increased by 2.6 percent in 2015. Excluding currency depreciation, EBITDA would have increased by 6.1% in 2015. Consequently, EBITDA margin went up to 42.9 percent in 2015 from 41.9 percent in 2014.

Meanwhile, consolidated EBIT went up by 5.5 percent to US$246.0 million for the first nine months of 2015 from US$233.2 million for the same period in 2014 mainly due to stronger EBITDA. As a result, EBIT margin also increased from 29.9 percent to 31.1 percent for the nine months ended September 30, 2014 and 2015, respectively.

2.4.5 Income Before Income Tax and Provision for Income Tax

The consolidated income before income tax grew by 1.9 percent to US$181.9 million for the first nine months of 2015 from US$178.5 million for the same period in 2014 primarily due to strong operating income for the period; and positive contribution of a new terminal, ICTSI Iraq. The 2014 consolidated income before income tax includes non-recurring gains and losses on the gain on sale of subsidiaries, gain on termination of a management contact and settlement of an insurance claim at CGSA, impairment charge recognized on the goodwill of Tecplata and the loss recognized on the settlement of an insurance claim at BCT aggregating to a US$10.4 million net gain while the 2015 consolidated income before income tax includes non-recurring gain on sale of a subsidiary, a one-time wealth tax for equity in SPIA aggregating to a US$0.9 million net loss. Excluding new terminal and projects, consolidated income before income tax would have decreased by 2.4 percent in 2015. Excluding the non-recurring gains and losses recognized in 2014 and 2015, consolidated income before income tax would have increased by 8.8 percent in 2015.

The ratio of income before income tax to consolidated gross revenues stood at 22.9 percent and 23.0 percent in 2014 and 2015, respectively.

Consolidated provision for current and deferred income taxes increased by 5.7 percent to US$38.3 million for the first nine months of 2015 from US$36.2 million for the same period in 2014 mainly due to higher taxable income and recognition of a one-time super tax at PICT in accordance with Finance Act 2015 of Pakistan. Effective income tax rate in 2014 and 2015 stood at 20.3 percent and 21.0 percent, respectively.

2.4.6 Net Income

Consolidated net income increased by 0.9 percent to US$143.7 million for the first nine months of 2015 from US$142.3 million for the same period in 2014. Excluding the non-recurring items recognized in 2014 and 2015, consolidated net income would have increased by 9.5 percent in 2015. The ratio of consolidated net income to gross revenues stood at 18.3 percent and 18.1 percent for the nine months ended September 30, 2014 and 2015, respectively.

Consolidated net income attributable to equity holders increased by 0.3 percent from US$135.7 million for nine months ended September 30, 2014 to US$136.2 million for the same period in 2015. Excluding the non-recurring items in 2014 and 2015, consolidated net income attributable to equity holders would have increased by 9.0 percent in 2015.

Basic and diluted earnings per share decreased from US$0.056 during the nine months ended September 30, 2014 to US$0.055 for the same period in 2015.

2.5 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, Brazilian Reais, Mexican peso and the Euro, may have a negative impact on the Group's reported levels of revenues and profits.

2.6 Financial Position

Table 2.7 Consolidated Condensed Balance Sheets

(In thousands, except % change data)	December 31, 2014	**September 30, 2015**	% Change
Total assets	US$3,400,770	**US$3,861,782**	13.6
Current assets	359,623	**578,869**	61.0
Total equity	1,473,564	**1,924,130**	30.6
Total equity attributable to equity holders of the parent	1,316,041	**1,768,794**	34.4
Total interest-bearing debt	1,070,447	**1,053,271**	(1.6)
Current liabilities	283,545	**261,345**	(7.8)
Total liabilities	1,927,206	**1,937,652**	0.5
Current assets/total assets	10.6%	**15.0 %**	
Current ratio	1.27	**2.21**	
Debt-equity ratio[1]	0.73	**0.55**	

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

Total assets increased by 13.6 percent to US$3.9 billion as of September 30, 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, CMSA, OPC, CGSA; port equipment acquisition at MICT and BCT; land recognized from acquisition of TMT; and advances extended to SPIA to fund the Group's share on the ongoing construction and development at the Port of Buenaventura. These investments were funded mainly by cash generated from the Group's operations, and net proceeds from the issuances of medium-term notes under ICTSI Treasury's MTN Programme and perpetual capital securities in January and August 2015. Non-current assets stood at 89.4 percent and 85.0 percent of the total consolidated assets as of December 31, 2014 and September 30, 2015, respectively.

Current assets surged by 61.0 percent from US$359.6 million as of December 31, 2014 to US$578.9 million as of September 30, 2015 primarily due to cash inflows generated from operations and net proceeds from the issuances of perpetual capital securities in August 2015; and higher prepaid insurance costs and bonds as a result of increased risk coverage, tapered by continuous deployment of cash to fund capital expenditures; settlement of debt and improved collection of receivables at certain terminals. Current assets accounted for 10.6 percent and 15.0 percent of the total consolidated assets of the Group as of December 31, 2014 and September 30, 2015, respectively. Current ratio stood at 1.27 as of December 31, 2014 and 2.21 as of September 30, 2015.

Total equity increased by 30.6 percent to US$1.9 billion as of September 30, 2015 primarily due to the net income generated for the period; the net proceeds from the issuance of a US$300.0 million perpetual capital securities in January 2015 which used to finance the tendered US$230.0 million higher cost subordinated perpetual capital securities and issuance of a US$450.0 million senior perpetual capital securities in August 2015.

Total liabilities increased by 0.5 percent as of September 30, 2015 mainly due to net liability arising from the issuance and exchange of medium-term notes under the MTN Programme for the outstanding higher cost ICTSI senior notes as part of the Group's liability management exercise in January 2015; accrual of lease expense at VICT and receipt of EU grant at BCT. 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 31.5 percent and 27.3 percent as of December 31, 2014 and September 30, 2015, respectively.

Meanwhile, current liabilities decreased by 7.8 percent to US$261.3 million as of September 30, 2015 from US$283.5 million as of December 31, 2014 mainly due to repayment of short-term loans at the Parent Company and at certain subsidiaries tapered by short-term loan availment by CGSA,

2.6.1 Material Variances Affecting the Balance Sheet

Balance sheet accounts as of September 30, 2015 with variances of plus or minus 5.0 percent against December 31, 2014 balances are discussed, as follows:

Noncurrent Assets

1. Property and equipment increased by 11.9 percent to US$1.0 billion as of September 30, 2015 brought about by land recognized from the acquisition of TMT and increase in capital expenditures arising from ongoing construction and terminal equipment acquisition at VICT, IDRC, BCT and CMSA.
2. Investment in and advances to a joint venture and associate grew by 54.8 percent to US$217.9 million as of September 30, 2015 due to continuous funding extended to SPIA for the Group's share on the ongoing construction and development at the Port of Buenaventura.
3. Deferred tax assets surged by 24.1 percent to US$71.8 million as a result of higher deferred income tax benefit from unrealized foreign exchange loss.

Current Assets

4. Cash and cash equivalents increased by 119.0 percent to US$425.5 million as of September 30, 2015 arising from cash inflows generated from operations and net proceeds from issuances of perpetual capital securities in August 2015, tapered by continuous deployment of cash to fund capital expenditures and settlement of debt during the period.
5. Receivables declined by 20.4 percent to US$72.3 million as of September 30, 2015 primarily due to improved collection process at certain terminals, particularly at ICTSI Parent and CMSA, and lower receivable balance at ICTSI Oregon as a result of reduced activities at the terminal.
6. Prepaid expenses and other current assets increased by 13.3 percent to US$54.8 million as of September 30, 2015 mainly due to higher prepaid insurance costs and bonds as a result of increased risk coverage.

Equity

7. Treasury shares increased by 543.2 percent to US$7.6 million as of September 30, 2015 mainly as a result of acquisition of 3,510,400 treasury shares totaling US$6.6 million in September 2015.
8. Excess of acquisition cost over the carrying value of minority interest increased by 5.5% to US$142.9 million as of September 30, 2015 mainly as a result of acquisition of 10% non-controlling interest in VICT and loss on transfer of 8% ownership interest in IDRC.
9. Perpetual capital securities increased by 146.8 percent to US$831.9 million as of September 30, 2015 primarily due to RCBV's issuance of a US$300.0 million, 6.25 percent perpetual capital securities which was partly used to finance the tendered US$230.0 million, 8.375 percent outstanding subordinated perpetual capital securities in January 2015; and issuance of US$450.0 million, 5.50 percent perpetual capital securities in August 2015 which will be used for refinancing, funding capital expenditures and general corporate purposes.
10. Other comprehensive loss increased by 49.9 percent to US$260.0 million mainly due to weaker local currencies of certain terminals against the US dollar, specifically at TSSA, MICTSL and CMSA.

Noncurrent Liabilities

11. Pension and other non-current liabilities increased by 72.4 percent to US$101.2 million as of September 30, 2015 arising mainly from the receipt of EU grant at BCT and accrual of lease expense at VICT.

Current Liabilities

12. Loans payable decreased by 85.6 percent to US$3.5 million as of September 30, 2015 mainly due to repayment of a US$-denominated short term-loan and a foreign currency-denominated short-term loans; tapered by short-term loan availment by CGSA.
13. Derivative liabilities surged by 58.5 percent to US$1.2 million as of September 30, 2015 due to fair value adjustments on outstanding interest rate swap transactions at certain terminals.

2.7 Liquidity and Capital Resources

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

2.7.1 Liquidity

The table below shows the Group's consolidated cash flows as of September 30, 2014 and 2015:

Table 2.8 Consolidated Cash Flows

	For the Nine Months Ended September 30		
(In thousands, except % change data)	2014	**2015**	% Change
Net cash provided by operating activities	US$285,585	**US$317,801**	11.3
Net cash used in investing activities	(236,822)	**(386,358)**	63.1
Net cash provided by (used in) financing activities	(64,447)	**303,434**	–
Effect of exchange rate changes on cash and cash equivalents	(3,831)	**(3,695)**	(3.5)
Net increase in cash and cash equivalents	(19,515)	**231,182**	(1284.6)
Cash and cash equivalents, beginning	242,234	**194,298**	(19.8)
Cash and cash equivalents, end	US$222,719	**US$425,480**	91.0

Consolidated cash and cash equivalents surged by 91.0 percent year-on-year to US$425.5 million as of September 30, 2015 mainly as a result of higher cash generated from operations and equity issuances during the period tapered by the Group's continuous deployment of funds to finance ongoing port development activities and settlement of debt during the period.

Net cash provided by operating activities increased by 11.3 percent from US$285.6 million for the nine months ended September 30, 2014 to US$317.8 million for the same period in 2015 due to stronger results of operations and improved collection process.

Net cash used in investing activities increased by 63.1 percent to US$386.4 million mainly due to acquisition of a subsidiary, TMT, for US$54.5 million and higher investments in capital expenditures during the period. Capital expenditures for 2015 amounted to US$254.6 million capturing 48.0 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$79.1 million advances granted to SPIA, a joint venture, for the Group's share on the ongoing construction of port facilities at the Port of Buenaventura. The Company's share for 2015 to complete phase one of the project in SPIA is approximately US$140 million. Given the under spending trend recorded in the first three quarters of 2015, the Company has reduced its capital expenditure budget and its investment budget in SPIA for the full year 2015 to US$350 million and US$97 million, respectively. The under spending on capital expenditures was mainly from longer payment schedules on civil works and equipment contracts in most of the Company's greenfield projects, foreign exchange related savings brought about by the stronger USD dollar, and a number of postponed capital expenditures on volume-related expansions given the weak global trade outlook.

Net cash provided by financing activities for the nine months ended September 30, 2015 amounted to US$303.4 million which consist mainly of the US$495.4 million net proceeds from the issuances and exchanges of debt and equity instruments in January and August 2015 and US$100.0 million drawdown from the revolving credit facility in April and June 2015. The increase was reduced by interest payments on borrowings and concession rights payable totaling US$79.0 million, scheduled repayments of certain subsidiaries' short and long-term loans aggregating US$146.9 million, payment of dividends of US$47.4 million; purchase of treasury shares of US$6.6 million; and distributions to holders of perpetual capital securities amounting to US$14.8 million. Meanwhile, the net cash used in financing activities for the same period in 2014 include mainly interest payments on borrowings and concession rights payable; scheduled repayments of certain subsidiaries' loans; payment of dividends; distribution to holders of perpetual capital securities; and acquisition of the remaining non-controlling interest in Tecplata which were slightly tapered by the proceeds from the issuance of additional US$75.0 million medium-term notes under ICTSI Treasury's MTN Programme, proceeds from BCT's new loan, and CGSA's short-term loan.

2.7.2 Capital Resources

The table below illustrates the Group's capital sources as of December 31, 2014 and September 30, 2015:

Table 2.9 Capital Sources

(In thousands, except % change data)	December 31, 2014	**September 30, 2015**	% Change
Loans payable	US$24,479	**US$3,530**	(85.6)
Current portion of long-term debt	47,774	**47,497**	(0.6)
Long-term debt, net of current portion	998,194	**1,002,244**	0.4
Total short and long-term debt	1,070,447	**1,053,271**	(1.6)
Equity	1,473,564	**1,924,130**	30.6
	US$2,544,011	**US$2,977,401**	17.0

The Group's total debt and equity capital increased by 17.0 percent as of September 30, 2015 primarily due to strong net income and increase in equity and debt financing activities to fund expansion projects and capital expenditures, repayment of maturing loans, and other general corporate requirements.

2.7.2.1 Debt Financing

The table below provides the breakdown of the Group's outstanding loans as of September 30, 2015:

Table 2.10 Outstanding Loans

(In thousands)	Company	Final Maturity	Interest Rate	Amount
Short-Term Debt				
Unsecured US Dollar Term Loan	CGSA	2016	Fixed	US$3,530
Long-Term Debt				
Unsecured US Dollar Bond	ITBV	2023 - 2025	Fixed	744,822
Unsecured US Dollar Bond	Parent	2020	Fixed	179,216
Secured RMB Term Loam	YICT	2016	Floating	31,502
Secured US Dollar Term Loan	BCT	2021	Floating	29,695
Unsecured US Dollar Term Loan	Parent	2015	Floating	19,984
Unsecured US Dollar Securities	CGSA	2016	Fixed/Floating	17,052
Secured Pakistani Rupee Term Loan	PICT	2017	Floating	11,440
Secured Euro Term Loan	AGCT	2023 – 2024	Floating	9,688
Unsecured US Dollar Term Loan	CGSA	2016 - 2017	Fixed	6,342
				1,049,741
Total Debt				1,053,271
Less current portion and short-term				51,027
Long-term debt, net of current portion				**US$1,002,244**

As of September 30, 2015, 89.6 percent of the Group's total debt capital is held by the Parent Company and ICTSI Treasury, out of which, the US$179.2 million senior notes issued in 2010 and due in 2020 and US$744.8 million MTN issued in 2013 to 2015 and due in 2023 to 2025 formed 87.7 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 September 30, 2015:

Table 2.11 Outstanding Debt Maturities

(In thousands)	Amount
2015	US$29,514
2016	52,427
2017	6,918
2018	3,510
2019 and onwards	957,372
Total	US$1,049,741

Long-term loans entered into for the last two years are summarized below:

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

As of September 30, 2015, outstanding notes under the MTN Programme amounted to US$744.8 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.

Perpetual Capital Securities

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

On August 18, 2015, RCBV issued US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities ("New Securities") unconditionally and irrevocably guaranteed by ICTSI. The cash proceeds received by RCBV amounted to US$436.3 million, net of debt issue cost, will be used for refinancing, funding capital expenditures and general corporate purposes.

Revolving Credit Facility Programme

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

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

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

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 13 months.

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 September 30, 2015, the aggregate outstanding balance under the term loan facility, net of related debt issuance cost, amounted to US$29.7 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$6.3 million as of September 30, 2015.

YICT. The Company acquired, through the consolidation of YICT, the short and long term loans of DP World Yantai with outstanding balances of US$4.6 million (RMB 28.0 million) and US$39.0 million (RMB 222.2 million) as of June 30, 2014, respectively. The short-term loan bears an interest rate of 6.15 percent per annum and will mature on April 30, 2015. On the other hand, the long-term loan with Agricultural Bank of China, which was availed principally to finance the development project related to the construction of the container terminal, bears an interest rate of 6.15 percent per annum and will mature on December 7, 2014. On December 8, 2014, YICT signed a two-year loan agreement to refinance the long-term loan bearing a lower interest rate of 6.0 percent per annum. The short-term loan has been fully repaid in March 2015. As of September 30, 2015, the outstanding balances of the long-term loan of YICT amounted to US$31.5 million (RMB 200.2 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 September 30, 2015, outstanding principal balance of the loan amounted to US$11.4 million (Rs.1.2 billion).

2.7.2.2 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 September 30, 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 September 30, 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 September 30, 2015, except as discussed above.

2.8 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.

2.8.1 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, MXN and EUR that may adversely affect its results of operations and financial position. The Group attempts to match its revenues and expenses whenever possible and, from time to time, engages in hedging activities. Changes in exchange rates affect the US dollar value of the Group's revenues and costs that are denominated in foreign currencies.

The Group's non-US dollar currency-linked revenues were 52.8 percent and 49.0 percent of gross revenues for the periods ended September 30, 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 nine months ended September 30, 2015:

Table 2.12 Revenue Currency Profile

Subsidiary	USD/EUR Composition	Local Currency
ICTSI	35 % USD	65 % PhP
DIPSSCOR		100 % PhP
SCIPSI		100 % PhP
MICTSI		100 % PhP
SBITC/ISI	100 % USD	
BIPI		100 % PhP
HIPS		100 % PhP
YICT		100 % RMB
PICT	76 % USD	24 % PKR
OJA	74 % USD	26 % 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	67 % USD/2 % EUR	31 % PLN
BICT	100 % USD	
BGT	100 % USD	
AGCT	80 % EUR	20% 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$1.8 million for the six months ended June 30, 2014 was presented as part of "Port authorities' share in gross revenues" account in the consolidated statements of income. As of September 30, 2015, there were no Philippine peso-denominated financial instruments 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 September 30, 2015, there were no outstanding Argentine peso-denominated cash and cash equivalents designated as cash flow hedge.

2.8.2 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 of September 30, 2015, the market valuation loss on the outstanding interest rate swap amounted to US$0.5 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 September 30, 2015, the market valuation loss on the outstanding interest rate swap amounted to EUR0.4 million (US$0.5 million).

2.8.3 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 at September 30, 2015
(Unaudited, in Thousands)

	Trade	Advances	Total
Under six months	US$64,299	US$7,586	US$71,885
Six months to one year	–	364	364
Over one year	–	15	15
	US$64,299	US$7,965	US$72,264

ANNEX 2

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

**FINANCIAL SOUNDNESS INDICATORS
As at and for the Nine Months Ended September 30**

	2014	**2015**
Liquidity ratios		
Current ratio[(a)]	1.42	**2.21**
Interest rate coverage ratio[(b)]	7.46	**8.13**
Solvency ratios		
Debt to equity ratio[(c)]	0.73	**0.55**
Asset to equity ratio[(d)]	2.27	**2.01**
Profitability ratio		
EBITDA margin[(e)]	41.9%	**42.9%**

[(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*
September 30, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at January 1, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: Borrowing Costs			✓
	Amendments to PFRS 1: Meaning of Effective PFRS			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✓		
	Amendments to PFRS 2: Definition of Vesting Conditions	✓		
PFRS 3 (Revised)	Business Combinations	✓		
	Amendments to PFRS 3: Accounting for Contingent Consideration in a Business Combination	✓		
	Amendments to PFRS 3: Scope Exceptions for Joint Arrangements	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at 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 at 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 at 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 at 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			✓

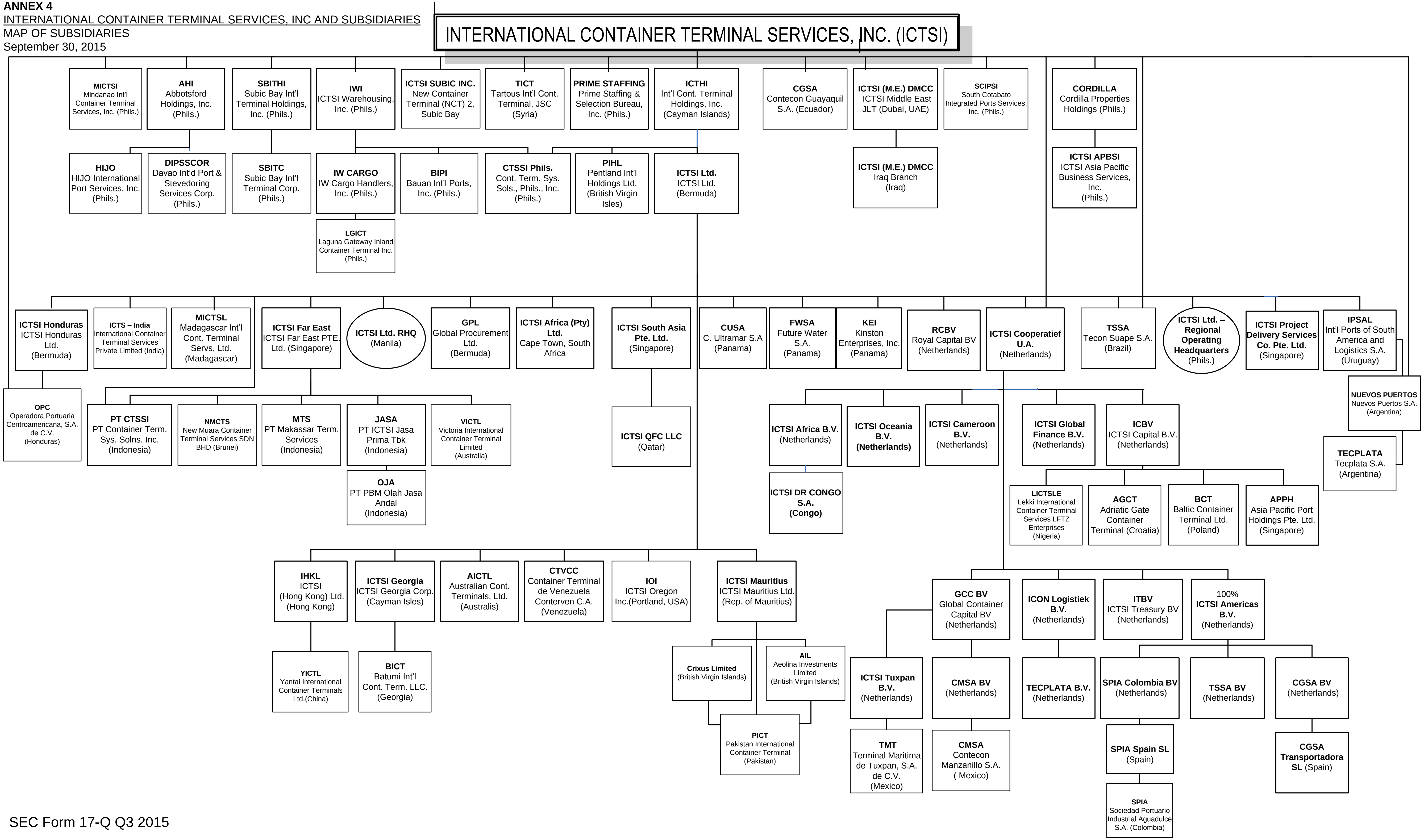
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at January 1, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum 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

September 30, 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]

Rafael D. Consing, Jr.
Senior Vice President and
Chief Financial Officer

November 3, 2015

[redacted]

Jose Joel M. Sebastian
Senior Vice President, Finance

November 3, 2015