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
   Jun 30, 2021
2. SEC Identification Number
   147212
3. BIR Tax Identification No.
   323228
4. Exact name of issuer as specified in its charter
   INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.
5. Province, country or other jurisdiction of incorporation or organization
   Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   ICTSI Administration Building, Manila International Container Terminal, South Access Road, Manila
   Postal Code
   1012
8. Issuer's telephone number, including area code
   (632) 8245-4101
9. Former name or former address, and former fiscal year, if changed since last report
   Not applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	2,044,434,698

11. Are any or all of registrant's securities listed on a Stock Exchange?
    - (●) Yes
    - ( ) No

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange - Common Shares
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC 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 twelve (12) months (or for such shorter period that the registrant was required to file such reports)

- (●) Yes ( ) No

(b) has been subject to such filing requirements for the past ninety (90) days

- (●) Yes ( ) No

International Container Terminal Services, Inc.

International Container Terminal Services, Inc.

ICT

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Jun 30, 2021
Currency (indicate units, if applicable)	US Dollar in Thousands

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2021	Dec 31, 2020
Current Assets	811,747	969,218
Total Assets	6,219,076	6,195,325
Current Liabilities	535,054	490,527
Total Liabilities	4,506,399	4,333,705
Retained Earnings/(Deficit)	269,207	216,934
Stockholders' Equity	1,712,677	1,861,620
Stockholders' Equity - Parent	1,536,401	1,680,616
Book Value per Share	0.84	0.91

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	447,037	348,485	882,624	724,261
Gross Expense	239,783	199,547	469,441	418,901
Non-Operating Income	14,969	8,122	26,233	18,132
Non-Operating Expense	75,270	75,491	155,372	157,374

Income/(Loss) Before Tax	146,953	81,569	284,044	166,118
Income Tax Expense	28,704	19,097	63,487	34,808
Net Income/(Loss) After Tax	118,249	62,472	220,557	131,310
Net Income Attributable to Parent Equity Holder	106,592	53,782	196,662	113,379
Earnings/(Loss) Per Share (Basic)	0.04	0.02	0.08	0.04
Earnings/(Loss) Per Share (Diluted)	0.04	0.02	0.08	0.04

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.06	0.02
Earnings/(Loss) Per Share (Diluted)	0.06	0.02

Other Relevant Information
Please see the attached complete SEC 17Q Q2 2021 and Consolidated Financial Statements.

Filed on behalf by:

Name	Arthur Tabuena
Designation	Treasury Director and Head of Investor Relations

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, MANILA INTERNATIONAL CONTAINER TERMINAL, SOUTH ACCESS ROAD, MANILA

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

Sandy A. Alipio

(Contact Person)

8247-8225

(Company Telephone Number)

1 2 **3 1**

Month *Day*

(Fiscal Year)

S E C 17 Q

(Form Type)

0 4 **Every 3rd Thursday**

Month *Day*

(Annual Meeting)

N/A

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

Total Amount of Borrowings

1,362
as at June 30, 2021

Total No. of Stockholders

US$424.2M

Domestic

US$1,445.7M

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

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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 **June 30, 2021**

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, Manila International Container Terminal, South Access Road, Manila** Postal Code: **1012**

8. Registrant's telephone number, including area code: **(632) 8245-4101**

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 June 30, 2021
Common	**2,044,434,698** 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 [ ]

TABLE OF CONTENTS

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

The audited consolidated balance sheet as at December 31, 2020, and the unaudited interim condensed consolidated financial statements as at June 30, 2021 and for the three and six months ended June 30, 2020 and 2021 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 40.

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 June 30, 2021
(with Comparative Figures as at December 31, 2020)
and for the Three and Six Months Ended June 30, 2020 and 2021

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

As at June 30, 2021

(With Comparative Figures as at December 31, 2020)

(In Thousands)

	December 31, 2020 *(Audited)*	**June 30, 2021** *(Unaudited)*
ASSETS		
Noncurrent Assets		
Intangibles (Note 5)	US$2,043,267	**US$2,086,590**
Property and equipment (Notes 1 and 6)	1,414,071	**1,552,082**
Right-of-use assets (Note 7)	612,138	**587,931**
Investment properties	7,005	**6,746**
Investments in and advances to joint ventures and an associate (Notes 9 and 18)	444,597	**449,080**
Deferred tax assets	342,762	**342,082**
Other noncurrent assets (Notes 1, 8 and 21)	362,267	**382,818**
Total Noncurrent Assets	5,226,107	**5,407,329**
Current Assets		
Cash and cash equivalents (Notes 1 and 10)	734,832	**579,400**
Receivables (Notes 1 and 11)	129,332	**137,982**
Spare parts and supplies (Note 1)	38,258	**41,308**
Prepaid expenses and other current assets (Notes 1 and 12)	66,796	**53,057**
Total Current Assets	969,218	**811,747**
	US$6,195,325	**US$6,219,076**
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 16)	570,439	**569,689**
Cost of common shares held by subsidiaries (Note 16)	(83,675)	**(83,675)**
Treasury shares (Note 16)	(4,431)	**(1,368)**
Excess of consideration over the carrying value of non-controlling interests acquired or disposed (Note 16)	(147,925)	**(159,978)**
Retained earnings (Note 16)	216,934	**269,207**
Perpetual capital securities (Note 16)	1,246,777	**1,052,520**
Other comprehensive loss - net (Notes 16 and 21)	(185,069)	**(177,560)**
Total equity attributable to equity holders of the parent	1,680,616	**1,536,401**
Equity Attributable to Non-controlling Interests (Notes 1 and 16)	181,004	**176,276**
Total Equity	1,861,620	**1,712,677**
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 1, 13 and 21)	1,714,671	**1,824,096**
Concession rights payable - net of current portion (Notes 5 and 21)	692,627	**696,066**
Lease liabilities - net of current portion (Notes 7 and 21)	1,214,204	**1,197,914**
Deferred tax liabilities (Note 1)	159,014	**195,431**
Other noncurrent liabilities (Notes 1 and 14)	62,662	**57,838**
Total Noncurrent Liabilities	3,843,178	**3,971,345**
Current Liabilities		
Loans payable (Note 13)	2,828	**2,849**
Accounts payable and other current liabilities (Notes 1, 15 and 18)	353,628	**396,992**
Current portion of long-term debt (Notes 13 and 21)	49,808	**43,025**
Current portion of concession rights payable (Notes 5 and 21)	10,701	**10,628**
Current portion of lease liabilities (Notes 7 and 21)	20,573	**22,364**
Income tax payable (Note 1)	43,290	**49,815**
Current portion of derivative liabilities (Note 21)	9,699	**9,381**
Total Current Liabilities	490,527	**535,054**
Total Liabilities	4,333,705	**4,506,399**
	US$6,195,325	**US$6,219,076**

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, Except Per Share Data)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	**2021**	2020	**2021**
INCOME				
Gross revenues from port operations	US$348,485	**US$447,037**	US$724,261	**US$882,624**
Foreign exchange gain (Note 3)	307	**446**	2,459	**4,434**
Interest income (Notes 10 and 18)	4,710	**5,148**	9,447	**10,221**
Other income (Note 14)	3,105	**9,375**	6,226	**11,578**
	356,607	**462,006**	742,393	**908,857**
EXPENSES				
Port authorities' share in gross revenues (Notes 5, 7 and 18)	40,474	**53,622**	85,057	**101,986**
Manpower costs (Notes 16 and 18)	57,747	**64,075**	119,215	**127,319**
Equipment and facilities-related expenses (Note 18)	21,684	**31,509**	49,769	**60,654**
Depreciation and amortization (Note 7)	55,280	**60,431**	111,010	**119,280**
Administrative and other operating expenses (Note 18)	24,362	**30,146**	53,850	**60,202**
Interest expense and financing charges on borrowings (Notes 5, 6 and 13)	25,460	**28,533**	51,971	**57,036**
Interest expense on concession rights payable (Note 5)	12,844	**14,732**	25,927	**29,045**
Interest expense on lease liabilities (Note 7)	22,510	**26,558**	47,181	**53,002**
Equity in net loss (gain) of joint ventures and an associate (Note 9)	4,165	**(700)**	9,680	**(742)**
Foreign exchange loss (Note 3)	1,476	**144**	6,909	**5,506**
Other expenses	9,036	**6,003**	15,706	**11,525**
	275,038	**315,053**	576,275	**624,813**
CONSTRUCTION REVENUE (EXPENSE)				
Construction revenue	9,781	**15,472**	46,039	**26,208**
Construction expense	(9,781)	**(15,472)**	(46,039)	**(26,208)**
	–	**–**	–	**–**
INCOME BEFORE INCOME TAX	81,569	**146,953**	166,118	**284,044**
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	17,578	**32,018**	31,766	**61,222**
Deferred	1,519	**(3,314)**	3,042	**2,265**
	19,097	**28,704**	34,808	**63,487**
NET INCOME	US$62,472	**US$118,249**	US$131,310	**US$220,557**
Attributable To				
Equity holders of the parent	US$53,782	**US$106,592**	US$113,379	**US$196,662**
Non-controlling interests	8,690	**11,657**	17,931	**23,895**
	US$62,472	**US$118,249**	US$131,310	**US$220,557**
Earnings Per Share (Note 19)				
Basic	US$0.020	**US$0.045**	US$0.043	**US$0.081**
Diluted	0.020	**0.045**	0.043	**0.081**

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	**2021**	2020	**2021**
NET INCOME FOR THE PERIOD	US$62,472	**US$118,249**	US$131,310	**US$220,557**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items to be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign operations' financial statements (Notes 3 and 16)	8,156	**24,719**	(80,320)	**(477)**
Net change in unrealized mark-to-market values of derivatives (Notes 16 and 21)	(3,821)	**(177)**	(25,004)	**13,281**
Share in other comprehensive gain (loss) of joint ventures (Note 16)	2,331	**(884)**	2,093	**(2,468)**
Income tax relating to components of other comprehensive income (Notes 16 and 21)	(7,211)	**(287)**	(2,290)	**(1,624)**
	(545)	**23,371**	(105,521)	**8,712**
Items not to be reclassified to profit or loss in subsequent periods				
Share in other comprehensive loss of joint ventures (Note 16)	(350)	**(36)**	(350)	**(36)**
Actuarial losses on defined benefit plans - net of tax (Note 16)	(26)	**(250)**	(358)	**(330)**
	(921)	**22,962**	(106,229)	**8,346**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	US$61,551	**US$141,211**	US$25,081	**US$228,903**
Attributable To				
Equity holders of the parent	US$51,991	**US$127,953**	US$10,295	**US$204,171**
Non-controlling interests	9,560	**13,258**	14,786	**24,732**
	US$61,551	**US$141,211**	US$25,081	**US$228,903**

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2020 and 2021

(In Thousands)

	Attributable to Equity Holders of the Parent												
	Preferred Stock	**Common Stock**	**Additional Paid-in Capital** (Note 16)	**Preferred Shares Held by a Subsidiary** (Note 16)	**Common Shares Held by a Subsidiary** (Note 16)	**Treasury Shares** (Note 16)	**Excess of Consideration over the Carrying Value of Non-controlling Interests acquired or disposed** (Note 16)	**Retained Earnings** (Note 16)	**Perpetual Capital Securities** (Note 16)	**Other Compre-hensive Loss - net** (Notes 16 and 21)	**Total**	**Non-controlling Interests** (Notes 1 and 16)	**Total Equity**
Balance at December 31, 2019	US$236	US$67,330	US$549,380	(US$72,493)	(US$1,769)	(US$83,013)	(US$146,648)	US$300,952	US$1,018,514	(US$162,581)	US$1,469,908	US$164,618	US$1,634,526
Total comprehensive income for the period	–	–	–	–	–	–	–	113,379	–	(103,084)	10,295	14,786	25,081
Share-based payments (Note 16)	–	–	1,989	–	–	–	–	–	–	–	1,989	–	1,989
Issuance of treasury shares	–	–	(3,381)	–	–	3,381	–	–	–	–	–	–	–
Cash dividends (Note 16)	–	–	–	–	–	–	–	(130,040)	–	–	(130,040)	(19,717)	(149,757)
Transfer of shares to NCI in SPICTL (Note 16)	–	–	–	–	–	–	(1,277)	–	–	–	(1,277)	7,541	6,264
Acquisition of ICTSI shares by a subsidiary (Note 16)	–	–	–	–	(5,583)	–	–	–	–	–	(5,583)	–	(5,583)
Distributions on perpetual capital securities (Note 16)	–	–	–	–	–	–	–	(28,174)	–	–	(28,174)	–	(28,174)
Balance at June 30, 2020	US$236	US$67,330	US$547,988	(US$72,493)	(US$7,352)	(US$79,632)	(US$147,925)	US$256,117	US$1,018,514	(US$265,665)	US$1,317,118	US$167,228	US$1,484,346
Balance at December 31, 2020	**US$236**	**US$67,330**	**US$570,439**	**(US$72,493)**	**(US$11,182)**	**(US$4,431)**	**(US$147,925)**	**US$216,934**	**US$1,246,777**	**(US$185,069)**	**US$1,680,616**	**US$181,004**	**US$1,861,620**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**196,662**	**–**	**7,509**	**204,171**	**24,732**	**228,903**
Share-based payments (Note 16)	**–**	**–**	**2,313**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,313**	**–**	**2,313**
Issuance of treasury shares	**–**	**–**	**(3,063)**	**–**	**–**	**3,063**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Cash dividends (Note 16)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(99,807)**	**–**	**–**	**(99,807)**	**(21,513)**	**(121,320)**
Acquisition of NCI in IDRC (Note 16)	**–**	**–**	**–**	**–**	**–**	**–**	**(12,053)**	**–**	**–**	**–**	**(12,053)**	**(7,947)**	**(20,000)**
Redemption and repurchase of perpetual capital securities (Note 16)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(11,730)**	**(194,257)**	**–**	**(205,987)**	**–**	**(205,987)**
Distributions on perpetual capital securities (Note 16)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(32,852)**	**–**	**–**	**(32,852)**	**–**	**(32,852)**
Balance at June 30, 2021	**US$236**	**US$67,330**	**US$569,689**	**(US$72,493)**	**(US$11,182)**	**(US$1,368)**	**(US$159,978)**	**US$269,207**	**US$1,052,520**	**(US$177,560)**	**US$1,536,401**	**US$176,276**	**US$1,712,677**

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

	For the Six Months Ended June 30	
	2020	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	US$166,118	**US$284,044**
Adjustments for:		
Depreciation and amortization	111,010	**119,280**
Interest expense on:		
Borrowings (Notes 5, 6 and 13)	51,971	**57,036**
Lease liabilities (Note 7)	47,181	**53,002**
Concession rights payable (Note 5)	25,927	**29,045**
Interest income (Notes 10 and 18)	(9,447)	**(10,221)**
Share-based payments (Note 16)	1,976	**2,136**
Unrealized foreign exchange loss	2,154	**1,421**
Equity in net loss (gain) of joint ventures and an associate (Note 9)	9,680	**(742)**
Gain on sale of property and equipment	(13)	**(130)**
Operating income before changes in working capital	406,557	**534,871**
Decrease (increase) in:		
Receivables	897	**(8,701)**
Spare parts and supplies	(2,324)	**(2,739)**
Prepaid expenses and other current assets	(3,662)	**207**
Increase (decrease) in:		
Accounts payable and other current liabilities	(364)	**2,884**
Pension liabilities	(1,155)	**(1,113)**
Cash generated from operations	399,949	**525,409**
Income taxes paid	(27,542)	**(48,321)**
Net cash provided by operating activities	372,407	**477,088**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 6)	(35,429)	**(39,085)**
Intangible assets (Notes 1 and 5)	(54,353)	**(29,861)**
Subsidiary, net of cash acquired	–	**(10,328)**
Payments of concession rights (Note 5)	(5,437)	**(6,807)**
Decrease in advances to joint ventures (Notes 9 and 18)	1,273	**3,697**
Interest received	3,069	**5,712**
Net proceeds from sale of property and equipment	269	**794**
Decrease (increase) in other noncurrent assets	(21,989)	**971**
Net cash used in investing activities	(112,597)	**(74,907)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from:		
Long-term borrowings (Note 13)	US$540,539	**US$2,000**
Short-term borrowings (Note 13)	290,000	–
Payments of:		
Dividends (Note 16)	(148,639)	**(121,097)**
Interest on lease liabilities and concession rights payable (Notes 5 and 7)	(63,547)	**(78,543)**
Interest on borrowings (Note 13)	(52,004)	**(52,623)**
Long-term borrowings (Note 13)	(432,508)	**(38,311)**
Lease liabilities	(5,107)	**(6,935)**
Short-term borrowings (Note 13)	(290,000)	–
Redemption and repurchase of perpetual capital securities (Note 16)	–	**(205,987)**
Distributions on perpetual capital securities (Note 16)	(28,174)	**(32,852)**
Acquisition of non-controlling interest (Note 16)	–	**(20,000)**
Increase in other noncurrent liabilities	(206)	**(605)**
Acquisition of ICTSI shares by a subsidiary (Note 16)	(5,583)	–
Net cash used in financing activities	(195,229)	**(554,953)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(2,645)	**(2,660)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	61,936	**(155,432)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	234,834	**734,832**
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 10)	US$296,770	**US$579,400**

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

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 Parent Company is ICTSI Administration Building, MICT South Access Road, Manila. ICTSI's common shares were listed with the Philippine Stock Exchange on March 23, 1992 at an offer price of ₱6.70. ICTSI has 2,044,434,698 common shares outstanding held by 1,362 shareholders on record as at June 30, 2021.

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 August 3, 2021, the Group is involved in 35 terminal operations, including concessions and port development projects, in 20 countries worldwide. There are 11 terminal operations in the Philippines (including an inland container terminal, a barge terminal, and combined terminal operations in Subic) three in Brazil (including an intermodal rail ramp terminal), two each in Indonesia and Papua New Guinea (PNG), one each in China, Ecuador, Poland, Georgia, Madagascar, Croatia, Pakistan, Mexico, Honduras, Iraq, Argentina, Colombia, Democratic Republic (DR) of Congo, Australia, Cameroon, and Nigeria; and a development project in Tuxpan, Mexico.

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

Floriano Intermodal Terminal, Barra Mansa, Brazil. In May 2021, ICTSI, through its wholly-owned subsidiary ICTSI Americas B.V., established a new company, IRB Logistica. IRB Logistica entered into a long-term lease agreement with MMR Administração, Participações E Empreendimentos S.A. until February 2048 covering the intermodal rail ramp terminal facilities, and took over the operations of the terminal starting July 1, 2021. IRB Logistica offers sustainable cargo handling, transport, and storage services to the economic, industrial, and production centers in Rio de Janeiro, Minas Gerais, and São Paulo.

Manila Harbour Center, Port of Manila, Philippines. On June 1, 2021, ICTSI signed a Share Purchase Agreement with Prime Strategic Holdings, Inc. to acquire 100% of the shares of Manila Harbour Center Port Services, Inc. (MHCPSI), operating a 10-hectare international breakbulk and bulk private port facility located at the northern side of the Manila Harbour Center, Port of Manila. On June 4, 2021, the facilities were transferred to ICTSI management after all conditions precedent have been satisfied and required regulatory approvals have been obtained.

Port of Onne, Rivers State, Nigeria. ICTSI, through its Nigerian subsidiary, International Container Terminal Services Nigeria Ltd. (ICTSNL), signed a Lease Agreement with the Nigerian Port Authority in 2020, for the development and operation of a multipurpose terminal in the Port of Onne in Rivers State, Nigeria. ICTSNL started commercial operations in May 2021.

ICTSNL will further develop and equip Berths 9, 10 and 11 of the Federal Ocean Terminal, Onne Port Complex in Rivers State, Nigeria. The multipurpose terminal is designed to handle containers as well as general cargo, including project, heavy lift and roll-on/roll-off cargoes.

Located in the Gulf of Guinea in East Nigeria, the Port of Onne has earned its reputation as a modern and efficient gateway at the center of Africa's largest oil production region.

Port of Kribi, Cameroon. On June 14, 2019, ICTSI was declared as the preferred bidder for the concession of Multi-Purpose Terminal of the Port of Kribi, Cameroon by the port authority, Port Autoneme de Kribi (PAK).

On July 27, 2020, the 25-year concession contract was officially signed by Kribi Multipurpose Terminal (KMT), a Cameroonian subsidiary of ICTSI, and PAK. ICTSI, through its subsidiary ICTSI Middle East DMCC, owns 75% of KMT's shares of stock while PAK owns 25%.

Under the concession contract, KMT was given the exclusive right to develop, operate, and maintain the multipurpose facility at Kribi, a newly built deep-water port located 150 kilometers South of Douala. Kribi port is surrounded by the Kribi Industrial Area, a 262 square-kilometer zone intended to accommodate new industrial and logistical developments that support the growing economy of Cameroon and the Cameroon-Chad-CAR (Central African Republic) transit Corridor.

The concession covers Phase 1 of the construction of the Kribi Deep-Sea Port, consisting of 615 meters of berth and corresponding facilities, 33 hectares of yard and 1,355 meters of breakwater. Phase 1 is divided into two sub-phases. Sub-phase 1 consists of a 265-meter berth (Quay 1.1), 10 hectares of yard and port equipment and facilities that was turned over to KMT upon effectivity of the concession. Sub-phase 2 consists of a 350-meter berth (Quay 1.2, an extension of Quay 1.1), and 23 hectares of yard (including facilities to be provided by PAK) that are currently and temporarily utilized by the container terminal operator and will be turned over to KMT upon completion of the Phase 2 of the Kribi Deep-Sea Port where the container terminal operator will transfer to.

KMT has started commercial operations on October 1, 2020.

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%-owned by ICTSI Cooperatief, will build a new terminal along the river bank of the Congo River in Matadi and manage, develop and operate the same as a container terminal, as well as provide exclusive container handling services and general cargo services therein. On May 19, 2015, ICTSI, through its subsidiary, ICTSI Cooperatief, and its joint venture partner, SIMOBILE, transferred their respective 8% and 2% ownership interest in IDRC to Societe Commerciale Des Transports Et Des Ports S.A. (SCTP SA). SIMOBILE transferred to its subsidiary, La Societe d'Investissement et de Placement (SIP) Sprl, its 10% ownership in IDRC. Thereafter, IDRC is owned 52% by ICTSI, 28% by SIMOBILE, 10% by SIP Sprl and 10% by SCTP SA. On May 25, 2021, ICTSI, through its wholly-owned subsidiary IABV, concluded the acquisition of an additional 10% stake in IDRC from SIP Sprl, increasing ICTSI's effective ownership in IDRC from 52% to 62%.

Phase 1 of the facility consists of two berths that can handle 175,000 twenty-foot equivalent units (TEUs) and 350,000 metric tons. Phase 1 was completed in the fourth quarter of 2016. Initial operations started in the third quarter of 2016 while commercial operations started in January 2017.

Development of Phase 2 of the facility started in the first quarter of 2020 and is expected to be completed in the first quarter of 2023. The expansion project covers both yard and berth, including acquisition of port equipment. Upon completion of Phase 2, berth length will increase from 350 meters to 500 meters and capacity will increase to 400,000 TEUs and 800,000 metric tons. The empty container yard expansion was completed in the last quarter of 2020. As of August 3, 2021, the development of the full container yard is ongoing and is expected to be completed in the first quarter of 2022. The development of the quay will commence in the first quarter of 2022 and is expected to be completed in the first quarter of 2023.

Port of Rio de Janeiro City, Brazil. On July 19, 2019, ICTSI, through its wholly-owned subsidiary ICTSI Americas B.V, signed a Share Purchase Agreement with Boreal Empreendimentos e Participações S.A. (Boreal) to acquire 100% of the shares of Libra Terminal Rio S.A. (ICTSI Rio), which holds the concession rights to operate, manage and develop the container terminal Terminal de Contêineres 1 (T1Rio) in the port of Rio de Janeiro City, Federative Republic of Brazil. The concession of T1Rio commenced in 1998 and was extended in 2011 until 2048. On December 12, 2019, the Share Purchase Agreement was completed after all conditions precedent and required regulatory approvals were obtained, and at the same time, the facilities were turned over to ICTSI.

Port of Port Sudan, Sudan. On January 3, 2019, ICTSI, through its wholly-owned subsidiary ICTSI Middle East DMCC, signed a Concession Agreement (‘the Agreement’) with Sea Ports Corporation (SPC) of Sudan to operate, manage, and develop the South Port Container Terminal (SPCT) at the Port of Sudan, Republic of the Sudan for 20 years. The Port of Sudan is the only major modern port in the country and serves as the international gateway for more than 95% of the country’s cargo flows.

Pursuant to the Agreement, ICTSI is required to pay: (a) an upfront fee of EUR530.0 million in installments of EUR410.0 million (US$467.2 million) and five other installments each in the amount of EUR24.0 (US$27.3 million) from the third to the seventh operation year; (b) fixed monthly fee; and (c) royalty fee during the concession period. The Agreement is secured by a sovereign guarantee by the Republic of the Sudan. On January 13, 2019, ICTSI paid the initial installment of an upfront fee of EUR410.0 million (US$470.2 million, the “Upfront Fee”). In February 2019, ICTSI established Africa Gateway Terminal (AGT), a Sudanese entity, to operate the container terminal.

On January 8, 2019, the Ministry of Finance and Economic Planning of the Republic of Sudan (the “Ministry”) issued a bond (the “Refund Bond”), which was subsequently amended, wherein it agreed to refund the Upfront Fee in case ICTSI is unable to take over operations by April 7, 2019.

On August 7, 2019, due to the ongoing political instability in the Republic of the Sudan and the failure of the Sudanese government to turn over SPCT on or before April 7, 2019, the Ministry sent ICTSI a letter confirming: (1) the remittance of EUR195.2 million (US$219.1 million) as partial repayment of the Upfront Fee under the terms of the Refund Bond and (2) that the balance will be repaid as soon as possible. On December 13, 2019, ICTSI, through ICTSI Middle East DMCC, received from the Sudanese Government a second partial repayment of the Upfront Fee in the amount of AED110.2 million (EUR26.8 million or US$29.8 million). ICTSI continues productive discussions with the Ministry on the remaining balance of the Upfront Fee under the terms of the Refund Bond which the Ministry has expressly committed its obligations in its letter of June 25, 2020 (which was reconfirmed in a letter dated February 16, 2021). ICTSI reserves and continues to reserve its rights under the Concession Agreement following a letter from SPC regarding its cancellation which ICTSI disputes, and to pursue remedies available under the Refund Bond. ICTSI has an excellent track record of managing and making significant investments in its container terminal infrastructure and is committed to making the Port of Sudan a leading port and strategic gateway to Africa, benefitting all of its stakeholders.

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 10, 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 10 years, (b) build in three phases, 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. On March 1, 2016, an addendum to the Contract ("First Addendum") was signed by the parties granting ICTSI, through ICTSI Dubai, the right to manage and operate an additional existing Quay No. 19 for a total of 13 years, with the first three years for the completion of rehabilitation works. Also, the First Addendum extended the original term for the management and operation of Quay No. 20 from 10 to 13 years. On March 26, 2017, a second addendum to the Contract ("Second Addendum") was signed by the parties granting ICTSI, through ICTSI Dubai, the right to manage and operate Quay No. 21 co-terminus with the Contract and the First Addendum. The Second Addendum extended the term for the management and operation of Quay No. 19 and 20 from 13 to 21 years.

ICTSI commenced trial operations at Berth 20 in September 2014 and full-fledged commercial operations in November 2014. ICTSI commenced commercial operations of Berth 19 in June 2016. Berth 21 started operations in the third quarter of 2018 while the rehabilitation works are expected to be completed in the fourth quarter of 2021.

Phase 1 of the expansion project (Berth 27) under the BOT scheme has 250 meters of berth with an estimated capacity of 300,000 TEUs. The facility has 600 meters of quay with an estimated capacity of 900,000 TEUs. Berth 27 was completed and fully operational in the first quarter of 2017.

On October 22, 2017, ICTSI signed an agreement with GCPI for the Phase 2 of the expansion development of the Port. The Phase 2 expansion project was substantially completed and fully operational in the fourth quarter of 2019 and involved the development of two new berths, Berths 25 and 26, including a 10.2-hectare yard area and installation of three new quay cranes. An additional yard area of 0.9 hectares was further completed in January 2020. This expansion increased the Port's container handling capacity to 1,200,000 TEUs or by an additional 600,000 TEUs, and its capability to handle large container vessels of up to 10,000 TEUs.

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% of the capital stock of Terminal Maritima de Tuxpan, S.A de C.V (TMT) for US$54.5 million. TMT is a company duly incorporated in accordance with the laws of Mexico with a concession to construct and operate a maritime container terminal in the Port of Tuxpan, Mexico, and is the owner of the real estate where the maritime container terminal will be constructed. The concession agreement is valid until May 25, 2021, subject to extension for another 20 years. The concession covers an area of 29,109.68 square meters, which is adjacent to the 43 hectares of land owned by TMT. As of August 3, 2021, management is currently negotiating its options on the concession including evaluating the long-term plans for the land.

Motukea and Lae, Papua New Guinea. In September 2017, ICTSI received a notification from PNG Ports Corporation Limited (PNGPCL), a PNG state-owned enterprise, of the confirmation by the Independent Consumer and Competition Commission in PNG with respect to the two 25-year agreements signed by ICTSI's PNG subsidiaries, Motukea International Terminal Limited (MITL), and South Pacific International Container Terminal Limited (SPICTL), with PNGPCL for the operation, management and development of the two international ports in Motukea and Lae in PNG. SPICTL and MITL were allowed by PNGPCL to take over the port facilities and begin operations at the Port of Lae in February 2018 and at the Port of Motukea in May 2018, respectively. The terminal operating agreements (TOAs) and other related contracts took effect on June 1, 2018 after all the parties have complied with the agreed conditions precedent.

ICTSI, through its subsidiaries, International South Pacific, Ltd. (ISPL), MITL and SPICTL entered into Subscription and Shareholders Agreements (SSA) with the impacted communities (IC) for the management and governance of and the further transfers and/or issues of shares of MITL and SPICTL. The SSAs became effective upon the effectivity of the TOAs.

On August 8, 2019, ISPL entered into agreements with the local Tatana and Baruni communities, represented by Noho-Mage Holdings Limited (Noho-Mage), for the latter to acquire a 30% stake in MITL. In accordance with the agreements, the shares, representing a 30% stake in MITL, together with all the benefits and rights attached to those shares, will be transferred to Noho-Mage, following the entry of its name in the share register of MITL. On December 20, 2019, 30% of the shares held by ISPL were transferred to Noho-Mage after these shares were entered in MITL's share register under the name of Noho-Mage. The share transfer increased non-controlling interests by US$3.8 million (PGK12.8 million), while ISPL retained a 70% ownership stake in MITL.

On February 15, 2020, ISPL entered into share acquisition agreements with the local communities, Ahi Terminal Services Limited (Ahi) and Labu Investment Limited (Labu), for the transfer of SPICTL shares from ISPL to Ahi and Labu with each local community acquiring a 15% stake in SPICTL. The transfer of 30% of SPICTL shares from ISPL to the local communities became effective upon the signing of the said agreements. The share transfer increased non-controlling interests by US$7.5 million (PGK25.6 million), while ISPL retained a 70% ownership stake in SPICTL.

Port of Guayaquil, Ecuador. On December 3, 2019, Contecon Guayaquil, S.A. (CGSA) and Autoridad Portuaria de Guayaquil signed the addendum to the concession agreement extending the term of the concession until December 2046, from the original term until July 2027. The addendum sets out the revised investment commitments of CGSA and modified the manner of determining the variable fee.

Davao, Philippines. On April 21, 2006, the Philippine Ports Authority (PPA) granted Davao Integrated Port and Stevedoring Services Corporation (DIPSSCOR) a ten-year contract for cargo handling services at Sasa Wharf, Port of Davao in the Philippines that expired on April 20, 2016. Thereafter, the PPA granted DIPSSCOR a series of hold-over authority (HOA) on a temporary basis over the cargo handling services at Sasa Wharf, Port of Davao. Pursuant to the PPA Memorandum Circular No. 37-2020, "Further Extension of Validity of PPA Approvals/Permits During the Enhanced Community Quarantine (ECQ), Modified ECQ (MECQ), and General CQ (GCQ) Due to COVID-19 Pandemic," dated September 29, 2020, and in view of the restrictions affecting processing of HOAs, among others, all HOAs to operate cargo handling services that expired/are expiring during the ECQ/MECQ/GCQ periods are deemed extended until December 31, 2020. DIPPSCOR continued to operate and has submitted the letter of intent for the issuance of the HOA pursuant to the requirements of PPA Administrative Order No. 01-2021, "Issuance of Holdover Authority for the Continuous Provision of Cargo Handling (CH), Passenger Terminal Building (PTB) and Roll-on/Roll-off (RoRo) Services at Ports under the Jurisdiction of the Philippine Ports Authority (PPA)," dated February 9, 2021. On May 24, 2021, the HOA was issued by the PPA with the validity of twelve months from January 1, 2021 up to December 31, 2021 or until the award of a new contract by the PPA, whichever is earlier, unless cancelled or revoked for reason by the PPA during the validity of the HOA.

South Cotabato, Philippines. On February 20, 2006, the PPA granted South Cotabato Integrated Port Services, Inc. (SCIPSI) a ten-year contract for the exclusive management and operation of arrastre, stevedoring, and other cargo handling services, except porterage, at Makar Wharf, Port of General Santos, General Santos City in the Philippines that expired on February 19, 2016.

Thereafter, the PPA granted SCIPSI a series of HOA on a temporary basis over the cargo handling services at Makar Wharf, Port of General Santos. Pursuant to the PPA Memorandum Circular No. 37-2020, “Further Extension of Validity of PPA Approvals/Permits During the Enhanced Community Quarantine (ECQ), Modified ECQ (MECQ), and General CQ (GCQ) Due to COVID-19 Pandemic,” dated September 29, 2020, and in view of the restrictions affecting processing of HOAs, among others, all HOAs to operate cargo handling services that expired/are expiring during the ECQ/MECQ/GCQ periods are deemed extended until December 31, 2020. SCIPSI continued to operate and has submitted the letter of intent for the issuance of the HOA pursuant to the requirements of PPA Administrative Order No. 01-2021, “Issuance of Holdover Authority for the Continuous Provision of Cargo Handling (CH), Passenger Terminal Building (PTB) and Roll-on/Roll-off (RoRo) Services at Ports under the Jurisdiction of the Philippine Ports Authority (PPA),” dated February 9, 2021. On April 13, 2021, the HOA was issued by the PPA with the validity of twelve months from January 1, 2021 up to December 31, 2021 or until the award of a new contract by the PPA, whichever is earlier, unless cancelled or revoked for reason by the PPA during the validity of the HOA.

1.3 Subsidiaries, Joint Ventures, and Associates

				Percentage of Ownership			
	Place of Incorporation	Nature of Business	Functional Currency	December 31, 2020 Direct	December 31, 2020 Indirect	**June 30, 2021 Direct**	**June 30, 2021 Indirect**
Subsidiaries:							
Asia							
International Container Terminal Holdings, Inc. (ICTHI) and Subsidiaries	Cayman Islands	Holding Company	US Dollar	100.00	–	**100.00**	**–**
ICTSI Ltd.	Bermuda	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Mauritius Ltd.	Mauritius	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Aeolina Investments Limited	British Virgin Islands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Pakistan International Container Terminal (PICT)	Pakistan	Port Management	Pakistani Rupee	–	64.53	**–**	**64.53**
IFEL	Singapore	Holding Company	US Dollar	–	100.00	**–**	**100.00**
New Muara Container Terminal Services Sdn Bhd (NMCTS)	Brunei	Port Management	Brunei Dollar	–	100.00	**–**	**100.00**
PT ICTSI Jasa Prima Tbk (IJP) 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**
PT Makassar Terminal Services, Inc. (MTS)	Indonesia	Port Management	Indonesian Rupiah	–	95.00	**–**	**95.00**
PT Container Terminal Systems Solutions Indonesia	Indonesia	Software Developer	US Dollar	–	100.00	**–**	**100.00**
ICTSI (Hong Kong) Limited (IHKL)	Hong Kong	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Yantai International Container Terminals, Limited (YICT)	China	Port Management	Renminbi	–	51.00	**–**	**51.00**
Pentland International Holdings, Ltd.	British Virgin Islands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Georgia Corp. (IGC)	Cayman Islands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Global Procurement Ltd.	Bermuda	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Honduras Ltd.	Bermuda	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Ltd. Regional Headquarters	Philippines	Regional Headquarters	Philippine Peso	–	100.00	**–**	**100.00**
International Container Terminal Services (India) Private Limited [j]	India	Port Management	Indian Rupee	–	100.00	**–**	**–**
Container Terminal de Venezuela Conterven CA (CTVCC)	Venezuela	Holding Company	US Dollar	–	95.00	**–**	**95.00**
Australian International Container Terminals Limited (AICTL)	Australia	Port Management	Australian Dollar	–	70.00	**–**	**70.00**
Mindanao International Container Terminal Services, Inc. (MICTSI)	Philippines	Port Management	Philippine Peso	100.00	–	**100.00**	**–**
Abbotsford Holdings, Inc.	Philippines	Holding Company	Philippine Peso	100.00	–	**100.00**	**–**
Hijo International Port Services, Inc. (HIPS)	Philippines	Port Management	Philippine Peso	–	65.00	**–**	**65.00**
DIPSSCOR	Philippines	Port Management	Philippine Peso	–	96.95	**–**	**96.95**
IWI Container Terminal Holdings, Inc. (IWI CTHI)	Philippines	Warehousing	Philippine Peso	100.00	–	**100.00**	**–**
IW Cargo Handlers, Inc.	Philippines	Port Equipment Rental	US Dollar	–	100.00	**–**	**100.00**
Container Terminal Systems Solutions Philippines, Inc.	Philippines	Software Developer	US Dollar	–	100.00	**–**	**100.00**
Bauan International Port, Inc. (BIPI)	Philippines	Port Management	Philippine Peso	–	80.00	**–**	**80.00**
Prime Staffers and Selection Bureau, Inc.	Philippines	Manpower Recruitment	Philippine Peso	100.00	–	**100.00**	**–**
ICTSI Subic, Inc. (ICTSI Subic)	Philippines	Port Management	US Dollar	–	90.50	**–**	**90.50**
Subic Bay International Terminal Holdings, Inc. (SBITHI)	Philippines	Holding Company	US Dollar	90.50	–	**90.50**	**–**
Subic Bay International Terminal Corporation (SBITC)	Philippines	Port Management	US Dollar	–	90.50	**–**	**90.50**
Cordilla Properties Holdings, Inc.	Philippines	Holding Company	Philippine Peso	100.00	–	**100.00**	**–**
SCIPSI	Philippines	Port Management	Philippine Peso	35.82	14.41	**35.82**	**14.41**
MHCPSI [g]	Philippines	Port Management	Philippine Peso	–	–	**100.00**	–

(Forward)

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership December 31, 2020 Direct	Indirect	**June 30, 2021 Direct**	**Indirect**
Asia							
ICTSI Dubai	United Arab Emirates	BDO	US Dollar	100.00	−	**100.00**	**−**
ICTSI Capital B.V. (ICBV)	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Icon Logistiek B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Royal Capital B.V. (RCBV)	The Netherlands	Holding Company	US Dollar	–	75.00	**–**	**75.00**
ICTSI Cooperatief	The Netherlands	Holding Company	US Dollar	1.00	99.00	**1.00**	**99.00**
Global Container Capital, B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Treasury B.V. (ITBV)	The Netherlands	Holding Company	US Dollar	–	75.00	**–**	**75.00**
ICTSI Americas B.V. (IABV)	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 Sudan B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
CMSA B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Tecplata B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
SPIA Colombia 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**
CGSA B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
SPIA Spain S.L.	Spain	Holding Company	US Dollar	–	100.00	**–**	**100.00**
CGSA Transportadora S.L.	Spain	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Crixus Limited	British Virgin Islands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
VICT	Australia	Port Management	Australian Dollar	–	100.00	**–**	**100.00**
Asia Pacific Port Holdings Private Ltd. (APPH)	Singapore	Holding Company	US Dollar	–	–	**–**	**–**
ICTSI Global Finance B.V. (IGFBV)	The Netherlands	Holding Company	US Dollar	–	75.00	**–**	**75.00**
IOBV	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Tuxpan B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Asia Pacific Business Services, Inc. (APBS)	Philippines	Business Process Outsourcing	US Dollar	–	100.00	**–**	**100.00**
ICTSI Ltd. Regional Operating Headquarters (ROHQ)	Philippines	Regional Operating Headquarters	US Dollar	–	100.00	**–**	**100.00**
ICTSI Project Delivery Services Co. Pte. Ltd.	Singapore	Port Equipment Sale and Rental	US Dollar	–	100.00	**–**	**100.00**
ICTSI QFC LLC	Qatar	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI South Asia Pte. Ltd.	Singapore	Holding Company	US Dollar	–	100.00	**–**	**100.00**
Laguna Gateway Inland Container Terminal, Inc. (LGICT)	Philippines	Port Management	Philippine Peso	–	60.00	**–**	**60.00**
ICTSI Middle East DMCC	United Arab Emirates	Holding Company	US Dollar	–	100.00	**–**	**100.00**
ICTSI Global Cooperatief U.A.	The Netherlands	Holding Company	US Dollar	99.00	1.00	**99.00**	**1.00**
Consultports S.A. de C.V.	Mexico	BDO	Mexican Peso	–	100.00	**–**	**100.00**
Asiastar Consultants Limited	Hong Kong	Management Services	US Dollar	–	100.00	**–**	**100.00**
CGT	Philippines	Port Management	Philippine Peso	–	100.00	**–**	**100.00**
Intermodal Terminal Holdings, Inc.	Philippines	Holding Company	Philippine Peso	100.00	–	**100.00**	**–**
ICTSI Americas B.V. (Multinational Headquarters)	Panama	BDO	US Dollar	–	100.00	**–**	**100.00**
ICTSI South Pacific Limited (ISPL)	Papua New Guinea	Holding Company	Papua New Guinean Kina	–	100.00	**–**	**100.00**
MITL	Papua New Guinea	Port Management	Papua New Guinean Kina	–	70.00	**–**	**70.00**
SPICTL	Papua New Guinea	Port Management	Papua New Guinean Kina	–	70.00	**–**	**70.00**
Tungsten RE Ltd.	Bermuda	Insurance Company	US Dollar	–	100.00	**–**	**100.00**
Europe, Middle East and Africa (EMEA)							
Tartous International Container Terminal, Inc. (TICT)	Syria	Port Management	US Dollar	100.00	–	**100.00**	**–**
Madagascar International Container Terminal Services, Ltd. (MICTSL)	Madagascar	Port Management	Euro	–	100.00	**–**	**100.00**
Baltic Container Terminal Ltd. (BCT)	Poland	Port Management	US Dollar	–	100.00	**–**	**100.00**
Adriatic Gate Container Terminal (AGCT)	Croatia	Port Management	Euro	–	51.00	**–**	**51.00**
Batumi International Container Terminal LLC (BICTL)	Georgia	Port Management	US Dollar	–	100.00	**–**	**100.00**
Lekki International Container Terminal Services LFTZ Enterprise [f]	Nigeria	Port Management	US Dollar	–	100.00	**–**	**–**
IDRC [h]	DR Congo	Port Management	US Dollar	–	52.00	**–**	**62.00**
ICTSI (M.E.) DMCC Iraq Branch (ICTSI Iraq)	Iraq	Port Management	US Dollar	–	100.00	**–**	**100.00**
Africa Gateway Terminal (AGT) [b]	Sudan	Port Management	Euro	–	100.00	**–**	**100.00**
KMT[e]	Cameroon	Port Management	XAF	–	75.00	**–**	**75.00**
ICTSNL[d]	Nigeria	Port Management	US Dollar	–	85.00	**–**	**85.00**
Americas							
CGSA	Ecuador	Port Management	US Dollar	51.00	49.00	**51.00**	**49.00**
Contecon Manzanillo S.A. (CMSA) [a]	Mexico	Port Management	Mexican Peso	1.00	99.00	**1.00**	**99.00**
Tecon Suape, S.A. (TSSA)	Brazil	Port Management	Brazilian Real	–	100.00	**–**	**100.00**
ICTSI Oregon	U.S.A.	Port Management	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, Inc.	Panama	Holding Company	US Dollar	–	100.00	**–**	**100.00**
International Ports of South America and Logistics SA	Uruguay	Holding Company	US Dollar	−	100.00	**−**	**100.00**
Tecplata S.A. (Tecplata)	Argentina	Port Management	US Dollar	−	100.00	**−**	**100.00**
Nuevos Puertos S. A. (NPSA)	Argentina	Holding Company	US Dollar	4.00	96.00	**4.00**	**96.00**

(Forward)

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership December 31, 2020 Direct	Indirect	**June 30, 2021** **Direct**	**Indirect**
Americas							
Operadora Portuaria Centroamericana, S.A. (OPC)	Honduras	Port Management	US Dollar	30.00	70.00	**30.00**	**70.00**
TMT	Mexico	Port Management	Mexican Peso	–	100.00	**–**	**100.00**
CMSA Servicios Portuarios SA De CV	Mexico	Manpower Services	Mexican Peso	–	100.00	**–**	**100.00**
CMSA Servicios Profesionales Y De Especialistas SA De CV	Mexico	Manpower Services	Mexican Peso	–	100.00	**–**	**100.00**
Logipuerto S.A.	Ecuador	Logistics Solutions Provider	US Dollar	–	100.00	**–**	**100.00**
ICTSI Rio [c]	Brazil	Port Management	Brazilian Real	–	100.00	**–**	**100.00**
IRB Logistica [i]	Brazil	Rail Ramp Terminal Management	BRL	–	–	–	**100.00**
Joint Ventures:							
Sociedad Puerto Industrial Aguadulce SA (SPIA)	Colombia	Port Management	US Dollar	–	49.79	**–**	**49.79**
Falconer Aircraft Management, Inc. (FAMI)	Philippines	Aircraft Management	Philippine Peso	–	49.00	**–**	**49.00**
Aviation Concepts Technical Services, Inc.	Philippines	Aircraft Management	Philippine Peso	–	49.00	**–**	**49.00**
MNHPI	Philippines	Port Management	Philippine Peso	50.00	–	**50.00**	**–**
Associate:							
Asiaview Realty and Development Corporation (ARDC)	Philippines	Realty	Philippine Peso	–	49.00	**–**	**49.00**

[a] Changed its functional currency from US Dollar to Mexican Peso on August 31, 2019
[b] Established in February 2019 and has not yet started commercial operations as at August 3, 2021
[c] Acquired on December 12, 2019
[d] Established in June 2020 and started commercial operations in May 2021
[e] Established in July 2020 and started commercial operations on October 1, 2020
[f] On March 29, 2021, request for winding up and deregistration has been approved by Nigeria Export Processing Zones Authority
[g] Acquired on June 4, 2021
[h] Acquired additional 10% stake on May 25, 2021
[i] Established in May 2021 and started commercial operations on July 1, 2021
[j] Dissolved effective March 19, 2021

1.4 Purchase Price Allocation

On June 1, 2021, ICTSI signed a Share Purchase Agreement (SPA) with Prime Strategic Holdings, Inc. to acquire 100% of the shares of MHCPSI, a 10-hectare international breakbulk and bulk private port facility located at the northern side of the Manila Harbour Center, Port of Manila in the Philippines. On June 4, 2021, the facilities were transferred to ICTSI management after all conditions precedent have been satisfied and required regulatory approvals have been obtained.

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

Assets	
Property and equipment	US$158,511
Other noncurrent assets	32,141
Cash and cash equivalents	40,912
Receivables	1,436
Spare parts and supplies	192
Prepaid expenses and other current assets	493
	US$233,685
Liabilities	
Long-term debt	US$144,424
Deferred tax liabilities	32,645
Other noncurrent liabilities	10,623
Accounts payable and other current liabilities	6,721
Income tax payable	774
	US$195,187

(Forward)

Total identifiable net assets at fair value	US$38,498
Goodwill arising on acquisition	54,617
Purchase consideration satisfied in cash and additional contingent consideration	US$93,115
Cash paid at acquisition date	US$51,240
Less cash and cash equivalents of MHCPSI	40,912
Net cash outflow	US$10,328

From the date of acquisition until June 30, 2021, MHCPSI contributed US$2.4 million (Php114.9 million) of gross revenues and US$0.7 million (Php34.2 million) net income attributable to equity holders of the Group. If the combination had taken place at the beginning of 2021, the Group's gross revenues from operations would have increased by US$13.1 million and the net income attributable to equity holders would have increased by US$3.7 million.

2. Basis of Preparation and Statement of Compliance

2.1 Basis of Preparation

The audited consolidated balance sheet as at December 31, 2020 and the unaudited interim condensed consolidated financial statements as at June 30, 2021 and for the three and six months ended June 30, 2020 and 2021 have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and derivative financial instruments which have been measured at fair value. The unaudited interim condensed consolidated financial statements are presented in United States dollar (US dollar, USD or US$), the Parent Company's functional and presentation currency. All values are rounded to the nearest thousand US dollar unit, except when otherwise indicated. Any discrepancies in the tables between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

2.2 Statement of Compliance

The unaudited interim condensed consolidated financial statements for the six months ended June 30, 2021 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the audited annual 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, 2020.

3. Summary of Significant Accounting Policies

3.1 Basis of Consolidation

The unaudited interim 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, and
- The Group's voting rights and potential voting rights.

The Group reassesses 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, ICTSI Subic, BIPI, DIPSSCOR, YICT, SCIPSI, RCBV, AGCT, IJP, OJA, ITBV, HIPS, IGFBV, IDRC, LGICT, MITL, SPICTL, KMT and ICTSNL not held by the Group and are presented separately in the unaudited interim condensed consolidated statement of income and the unaudited interim condensed consolidated statement of comprehensive income, and unaudited 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 consideration over the carrying value of non-controlling interests acquired or disposed" account within the equity section of the unaudited interim condensed 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 unaudited interim condensed consolidated statement of income; and (iii) reclassifies the Parent Company's share of components previously recognized in other comprehensive income (OCI) to the unaudited interim condensed 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 Group's unaudited interim 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 (see Note 1.3) whose functional currency is not US dollar are translated into the presentation currency of ICTSI using the Bloomberg closing rate at balance sheet date and, their unaudited interim 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 unaudited interim condensed consolidated statement of comprehensive income. Upon disposal of the foreign entity, the deferred cumulative translation amount recognized in the unaudited interim condensed consolidated statement of comprehensive income relating to that particular foreign operation is recognized in the unaudited interim consolidated statement of income.

The following rates of exchange have been adopted by the Group in translating foreign currency income statement and balance sheet items as at and for the six months ended June 30:

	2020		**2021**	
	Closing	Average	**Closing**	**Average**
Foreign currency to 1 unit of US dollar:				
Argentine peso (AR$)	70.46	64.59	**95.72**	**91.38**
Australian dollar (AUD)	1.45	1.52	**1.33**	**1.30**
Brazilian real (BRL or R$)	5.47	4.93	**4.97**	**5.39**
Central African franc (XAF)	–	–	**553.14**	**544.43**
Chinese renminbi (RMB)	7.07	7.04	**6.46**	**6.47**
Colombian peso (COP)	3,758.06	3,697.33	**3,755.08**	**3,629.16**
Croatian kuna (HRK)	6.74	6.84	**6.32**	**6.27**
Euro (EUR or €)	0.89	0.91	**0.84**	**0.83**
Georgian lari (GEL)	3.06	3.04	**3.16**	**3.32**
Honduran lempira (HNL)	24.75	24.75	**23.92**	**24.10**
Hong Kong dollar (HKD)	7.75	7.76	**7.77**	**7.76**
Indian rupee (INR)	75.51	74.12	**74.33**	**73.35**
Indonesian rupiah (IDR or Rp)	14,265.00	14,548.00	**14,500.00**	**14,277.00**
Iraqi dinar (IQD)	1,182.87	1,182.87	**1,460.00**	**1,460.00**
Malagasy ariary (MGA)	3,840.09	3,742.26	**3,942.31**	**3,776.29**
Mexican peso (MXN)	22.99	21.66	**19.94**	**20.18**
Nigerian naira (NGN)	–	–	**410.46**	**402.29**
Pakistani rupee (PKR or Rs)	167.89	159.78	**157.68**	**156.45**
Papua New Guinean kina (PGK)	3.45	3.42	**3.51**	**3.52**
Philippine peso (PHP or ₱)	49.83	50.64	**48.80**	**48.24**
Polish zloty (PLN)	3.96	4.01	**3.81**	**3.77**
Singaporean dollar (SGD)	1.39	1.40	**1.35**	**1.33**
United Arab Emirates dirham (AED)	3.67	3.67	**3.67**	**3.67**

3.2 Changes in Accounting Policies

3.2.1 New standards, interpretations, and amendments adopted by the Group

The accounting policies adopted in the preparation of the unaudited interim 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, 2020, except for the adoption of new standards effective as at January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have significant impact on the unaudited interim condensed consolidated financial statements of the Group.

- *Interest Rate Benchmark Reform – Phase 2: Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16*

  The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships

- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The amendments apply to the Group's interest rate swaps designated as cash flow hedges relating to the Group’s variable rate loans as at June 30, 2021 (see Note 20.3). To mitigate the risk, the Group has started to discuss with lender banks, and simultaneously with swap counterparties, with a goal to mirror any changes in the loan to the swap arrangements to ensure hedge effectiveness.

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods. The Group continues to monitor the developments on the transition to alternative benchmark rates and will adopt the practical expedients as and when these become applicable and are necessary.

- *Amendments to PFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021*

In March 2021, the Board amended the conditions of the practical expedient in PFRS 16 that provides relief to lessees from applying the PFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under PFRS 16, if the change were not a lease modification. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided the other conditions for applying the practical expedient are met.

The amendments are effective for annual reporting periods beginning on or after Apil 1, 2021. These amendments do not have any impact on the consolidated financial statements of the Group as the Group does not have COVID-19-related rent concessions.

4. Segment Information

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

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

- Asia - includes Manila International Container Terminal (MICT), BIPI, DIPSSCOR, SCIPSI, SBITC, ICTSI Subic, HIPS, MICTSI, LGICT, CGT, MNHPI, and MHCPSI in the Philippines; YICT in China; OJA, IJP, and MTS in Indonesia; VICT in Australia; MITL and SPICTL in PNG; and AICTL, 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, PICT* in Pakistan, ICTSNL in Nigeria, IDRC in DR Congo, ICTSI Iraq in Iraq and AGT in Sudan; and KMT in Cameroon; and

- Americas - includes TSSA, ICTSI Rio, and IRB Logistica in Brazil, CGSA in Ecuador, SPIA in Colombia, Tecplata in Argentina, CMSA, and TMT in Mexico, OPC in Honduras and ICTSI Oregon in Oregon, U.S.A.

** - previously part of Asia Segment, comparative numbers were restated*

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 condensed consolidated statements of income.

Financing is managed on a group basis and centralized at the Parent Company level or at the entities created solely for the purpose of obtaining funds for the Group. Funding requirements that are secured through debt are recognized as liabilities of the Parent Company or of the entity issuing the debt instrument, classified under the geographical region of Asia, and are not allocated to other geographical segments where funds are eventually transferred and used.

The table below presents financial information on geographical segments as of December 31, 2020 (audited) and as of June 30, 2021 (unaudited) and for the three and six months ended June 30, 2020 (unaudited) and 2021 (unaudited):

	For the Three Months Ended June 30, 2020				For the Six Months Ended June 30, 2020			
	Asia	EMEA	Americas	Consolidated	Asia	EMEA	Americas	Consolidated
Volume [a]	1,038,623	540,554	711,602	2,290,779	2,145,727	1,154,489	1,499,549	4,799,765
Gross revenues	US$162,477	US$84,918	US$101,090	US$348,485	US$328,621	US$174,104	US$221,536	US$724,261
Capital expenditures [b]	16,841	5,829	8,870	31,540	54,496	19,327	17,416	91,239

	As at December 31, 2020				As at December 31, 2020			
	Asia	EMEA	Americas	Consolidated	Asia	EMEA	Americas	Consolidated
Other information:								
Segment assets [c]	3,433,842	887,695	1,531,026	5,852,563	3,433,842	887,695	1,531,026	5,852,563
Segment liabilities [d]	3,105,121	208,457	817,823	4,131,401	3,105,121	208,457	817,823	4,131,401

	For the Three Months Ended June 30, 2021				**For the Six Months Ended June 30, 2021**			
	Asia	**EMEA**	**Americas**	**Consolidated**	**Asia**	**EMEA**	**Americas**	**Consolidated**
Volume [a]	**1,287,309**	**649,249**	**815,173**	**2,751,731**	**2,472,327**	**1,299,261**	**1,687,935**	**5,459,523**
Gross revenues	**US$206,250**	**US$102,789**	**US$137,998**	**US$447,037**	**US$392,776**	**US$203,744**	**US$286,104**	**US$882,624**
Capital expenditures [b]	**23,363**	**9,827**	**4,959**	**38,149**	**37,631**	**29,277**	**7,776**	**74,684**

	As at June 30, 2021				**As at June 30, 2021**			
	Asia	**EMEA**	**Americas**	**Consolidated**	**Asia**	**EMEA**	**Americas**	**Consolidated**
Other information:								
Segment assets [c]	**3,423,347**	**907,297**	**1,546,350**	**5,876,994**	**3,423,347**	**907,297**	**1,546,350**	**5,876,994**
Segment liabilities [d]	**3,226,386**	**201,650**	**833,117**	**4,261,153**	**3,226,386**	**201,650**	**833,117**	**4,261,153**

[a] *Measured in TEUs.*

[b] *Capital expenditures include amount disbursed for the acquisition of port facilities and equipment classified as intangibles under IFRIC 12 amounting to US$54.4 million and US$29.9 million in 2020 and 2021, respectively, property and equipment amounting to US$35.4 million and US$39.1 million in 2020 and 2021, respectively, as shown in the consolidated statements of cash flows, and current and noncurrent advances to suppliers and contractors amounting to US$1.4 million and US$5.7 million in 2020, and 2021, respectively.*

[c] *Segment assets do not include deferred tax assets amounting to US$342.8 million and US$342.1 million as at December 31, 2020 (audited) and June 30, 2021 (unaudited), respectively.*

[d] *Segment liabilities do not include income tax payable amounting to US$43.3 million and US$49.8 million and deferred tax liabilities amounting to US$159.0 million and US$195.4 million as at December 31, 2020 (audited) and June 30, 2021 (unaudited), respectively.*

Moreover, management monitors the Group's earnings before interest, taxes, depreciation, and amortization (EBITDA) on a consolidated basis for decision-making purposes.

The following table shows the computation of EBITDA as derived from the unaudited interim consolidated net income attributable to equity holders of the parent for the three and six months ended June 30:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	**2021**	2020	**2021**
Net income attributable to equity holders of the parent	US$53,782	**US$106,592**	US$113,379	**US$196,662**
Non-controlling interests	8,690	**11,657**	17,931	**23,895**
Provision for income tax	19,097	**28,704**	34,808	**63,487**
Income before income tax	81,569	**146,953**	166,118	**284,044**
Add (deduct):				
Depreciation and amortization	55,280	**60,431**	111,010	**119,280**
Interest and other expenses [a]	75,491	**75,270**	157,374	**155,372**
Interest and other income [b]	(8,122)	**(14,969)**	(18,132)	**(26,233)**
EBITDA [c]	US$204,218	**US$267,685**	US$416,370	**US$532,463**

[a] *Interest and other expenses include the following as shown in the unaudited interim condensed consolidated statements of income: foreign exchange loss; interest expense on concession rights payable and lease liabilities; interest expense and financing charges on borrowings; equity in net loss of joint ventures and an associate; and other expenses.*

[b] *Interest and other income include the following as shown in the unaudited interim condensed consolidated statements of income: 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 these may be 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 fixed (and in-substance fixed) port fees and lease payments that are capitalized as concession assets under IFRIC 12 and right-of-use assets under PFRS 16;*
- *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 32.9% of the unaudited consolidated gross revenues from port operations for the three months ended June 30, 2020 and 2021, and 32.9% and 31.8% of the unaudited consolidated gross revenues from port operations for the six months ended June 30, 2020 and 2021, respectively. Gross revenues from port operations outside the Republic of the Philippines comprised 67.1% of the unaudited consolidated gross revenues from port operations for the three months ended June 30, 2020 and 2021, and 67.1% and 68.2% of the unaudited consolidated gross revenues from port operations for the six months ended June 30, 2020 and 2021, respectively.

5. **Rights and Concession Rights Payable**

5.1 Concession Rights

Concession rights are presented as part of intangibles in the interim condensed consolidated balance sheet. Concession rights include upfront fee payments recognized on the concession contracts, cost of port infrastructure constructed and port equipment purchased, and the 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 the construction of various civil works and acquisitions of port facilities and equipment in ICTSI and ICTSI Iraq for the six months ended June 30, 2021.

There were no borrowing costs capitalized for the six months ended June 30, 2020 and 2021. (see Note 13.3).

5.2 Concession Rights Payable

Upon recognition of the fair value of fixed fee on concession contracts, the Group also recognized the corresponding concession rights payable. The undiscounted minimum payments pertaining to concession rights payable as at June 30, 2021 are as follows (amount in thousands):

	Amount
2021 (i)	US$16,794
2022	43,285
2023	42,682
2024	42,110
2025 onwards	1,357,991
Total	US$1,502,862

(i) *July 1, 2021 through December 31, 2021.*

Total fixed fees paid by the Group for the three and six months ended June 30, 2020 and 2021 amounted to US$16.3 million and US$18.0 million and US$32.8 million and US$35.5 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$12.8 million and US$14.7 million, and US$25.9 million and US$29.0 million for the three and six months ended June 30, 2020 and 2021, respectively. The annualized weighted average interest rate was 8.20 percent and 8.22 percent as at June 30, 2020 and 2021, respectively.

Reduction to concession rights payable, shown as payments to concession rights in the unaudited interim condensed consolidated statement of cash flows for the six months ended June 30, 2020 and 2021 amounted to US$5.4 million and US$6.8 million, respectively.

Concession fees that were not included in the measurement of concession rights payable were charged to profit or loss under Port Authorities’ share in gross revenues amounting to US$36.3 million and US$46.9 million, and US$76.8 million and US$89.0 million for the three and six months ended June 30, 2020 and 2021, respectively.

6. **Property and Equipment**

Additions to property and equipment pertained to the construction of various civil works and acquisitions of terminal equipment in various ports, mainly in ICTSNL, IDRC and ICTSI as at June 30, 2021. There were no major disposals or write-downs of property and equipment for the six months ended June 30, 2020 and 2021.

Borrowing costs capitalized amounted to nil and US$0.3 million for the six months ended June 30, 2020 and 2021, respectively.

7. **Right-of-use Assets and Lease Liabilities**

The concession agreements of CMSA, TSSA, VICT, BCT, BICTL, MICTSI, ICTSNL, TMT and agreement for the lease of a portion of land for use in the operations of Tecplata were accounted for by the Group in accordance with PFRS 16, *Leases.* The Group recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are amortized over the term of the concession agreements.

7.1 Right-of-use Assets

For the six months ended June 30, 2021, there are no material additions to right-of-use assets.

7.2 Lease Liabilities

Upon recognition of the fair value of fixed (including in-substance fixed) fee on concession contracts accounted for in accordance with PFRS 16, the Group also recognized the corresponding lease liabilities. The undiscounted minimum payments pertaining to lease liabilities as at June 30, 2021 are as follows (amount in thousands):

	Amount
2021 (i)	US$59,240
2022	122,297
2023	123,722
2024	126,624
2025 onwards	2,083,221
Total	US$2,515,104

(i) *July 1, 2021 through December 31, 2021.*

Total fixed fees paid by the Group for the three months ended June 30, 2020 and 2021 amounted to US$20.3 million and US$16.2 million, respectively, and US$42.7 million and US$56.4 million, respectively, for the six months ended June 30, 2020 and 2021. These fees are allocated to payments of interest and reduction to or payments of lease liabilities in the unaudited interim condensed consolidated statements of cash flows.

Summarized below are the amounts recognized in profit or loss (amounts in thousands):

	For the three months ended June 30		For the six months ended June 30	
	2020	**2021**	2020	**2021**
Depreciation of right-of-use assets	US$7,090	**US$9,381**	US$14,526	**US$18,394**
Interest expense on lease liabilities	22,510	**26,558**	47,181	**53,002**
Lease expense not included in the measurement of lease liabilities (under Port Authorities' share in gross revenues)	3,639	**6,201**	6,905	**11,967**

8. Other Noncurrent Assets

This account includes upfront fee, the noncurrent portion of input tax, advances to suppliers and contractors, restricted cash, deposits for the acquisition of investments, and financial assets at FVOCI, among others.

9. Investments in and Advances to Joint Ventures and an Associate

This account mainly pertains to ICTSI's investment in and advances to SPIA and investments in MNHPI and FAMI.

10. Cash and Cash Equivalents

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

	2020 *(Unaudited)*	**2021** *(Unaudited)*
Cash on hand and in banks	US$177,862	**US$247,820**
Cash equivalents	118,908	**331,580**
	US$296,770	**US$579,400**

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.

11. Receivables

This account consists of:

	December 31, 2020 *(Audited)*	**June 30, 2021** *(Unaudited)*
Trade	US$108,900	**US$115,378**
Advances and nontrade	30,030	**31,226**
	138,930	**146,604**
Less allowance for doubtful accounts	9,598	**8,622**
	US$129,332	**US$137,982**

Trade receivables are noninterest-bearing and are generally on 30-60 days' credit terms.

Advances and nontrade receivables mainly include noninterest-bearing advances and nontrade-related receivables collectible within 12 months.

12. Prepaid Expenses and Other Current Assets

This account includes input tax, tax credits, creditable withholding taxes, receivable from port authorities, and prepaid port fees, insurance, bonds, and other expenses. This account decreased in 2021 mainly due to lower receivable for the Group's share in fees collected by the port authority and decrease in input taxes.

13. Long-term Debt and Loans Payable

13.1 Outstanding Balances and Maturities of Long-term Debt

A summary of outstanding balance of long-term debt (net of debt issuance costs) is presented below:

	December 31, 2020 *(Audited)*	**June 30, 2021** *(Unaudited)*
US dollar-denominated medium-term notes	US$767,583	**US$770,226**
US dollar-denominated notes	392,207	**392,516**
US dollar-denominated term loans	309,731	**300,010**
Foreign currency-denominated loans	248,565	**354,208**
Loan facility	46,393	**45,107**
	1,764,479	**1,862,067**
Effect of business combination[(a)]	–	**5,054**
Carrying value of debt	1,764,479	**1,867,121**
Less current portion[(a)]	49,808	**43,025**
	US$1,714,671	**US$1,824,096**

[(a)] *Includes the difference between the fair value and the book value of the debt of MHCPSI's acquired through business combination*

Maturities of long-term debt, gross of unamortized debt issuance costs, premium and discount of US$39.3 million, as at June 30, 2021 are as follows (amount in thousands):

	Amount
2021 [(i)]	US$14,061
2022	88,863
2023	631,704
2024	28,748
2025 onwards	1,138,039
Total	US$1,901,415

[(i)] *July 1, 2021 through December 31, 2021*

13.2 Details and Description of Long-term Debt

13.2.1 US Dollar-denominated Medium Term Note Programme (the "MTN Programme")

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

Pursuant to the MTN Programme, on January 9, 2013, ITBV 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 ITBV's US$400.0 million MTN at US$5.7 million.

On September 17, 2013, ITBV exchanged newly issued US$207.5 million 5.875 percent Notes due 2025 for ICTSI's US$178.9 million 7.375 percent Notes due 2020. The Notes due 2020 were then reduced from US$450.0 million to US$271.1 million. The Notes due 2025 were issued by ITBV under its US$1.0 billion Medium Term Note Programme (the "MTN Programme") and are unconditionally and irrevocably guaranteed by ICTSI. Moreover, on April 30, 2014, an additional US$75.0 million notes were issued to form a single series with the 2025 Notes.

On January 29, 2015, a total of US$117.5 million 5.875 percent 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 Notes due 2020. The cash proceeds received by ITBV amounted to US$11.6 million, net of debt issuance cost. These new Notes were consolidated and formed a single series with the US$282.5 million 5.875 percent guaranteed Notes due 2025 issued on September 17, 2013 and April 30, 2014.

As at June 30, 2021, carrying value of notes under the MTN Programme amounted to US$770.2 million.

13.2.2 US Dollar-denominated Notes

ICTSI. On March 10, 2010, ICTSI signed a Subscription Agreement with The Hong Kong and Shanghai Banking Corporation Ltd. (HSBC) and JP Morgan Securities, Ltd. for the issuance of 10-year senior notes (the "Original Notes"). The Original Notes were issued on March 17, 2010 with an aggregate principal amount of US$250.0 million, maturing on March 17, 2020. The Original Notes bear interest at a fixed rate of 7.375 percent, net of applicable taxes, payable semi-annually in arrears.

On April 29, 2010, ICTSI tapped a further US$200.0 million (the "Further Notes") of the Original Notes discussed in the preceding paragraph, increasing the size to US$450.0 million. The Further Notes were issued on May 6, 2010. The Original and Further Notes are collectively referred to as the "Notes". The Further Notes bear interest at the fixed rate of 7.375 percent, net of applicable taxes, and was set at a price of 102.627 for an effective yield of 7.0 percent. The net proceeds of the Notes amounting to US$448.1 million were used to fund investments in existing and new terminal construction activities, refinance some of its existing debt and for other general corporate purposes.

The Notes were not registered with the Philippine SEC. The Notes were offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered or sold within the United States. The Notes are traded and listed in the Singapore Stock Exchange.

In 2013 and 2015, ICTSI redeemed an aggregate of US$270.7 million of the 2020 Notes in exchange for the 2025 Notes under the MTN Programme. ICTSI fully redeemed the outstanding balance of the 2020 Notes on March 17, 2020.

On June 10, 2020, ICTSI signed a Subscription Agreement with Citigroup Global Markets Limited, Credit Suisse (Hong Kong) Limited and J.P. Morgan Securities Plc for the issuance of ten-year senior notes (the “Senior Notes”). The Senior Notes were issued on June 17, 2020 with an aggregate principal amount of US$400.0 million, maturing on June 17, 2030, at a fixed interest rate of 4.75 percent per annum, payable semi-annually in arrears and at a price of 99.607.

The proceeds of the Senior Notes amounting to US$391.9 million, net of debt issuance costs of US$8.1 million, were used to refinance and extend the maturity of the Group’s liabilities and for general corporate purposes. As at June 30, 2021, the carrying value of the Senior Notes amounted to US$392.5 million, net of debt issuance costs.

The Senior Notes were not registered with the Philippine SEC. The Senior Notes were offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Senior Notes are traded and listed in the Singapore Stock Exchange.

13.2.3 US Dollar-denominated Term Loans

CGSA. On March 29, 2016, CGSA (as “Borrower”), Metropolitan Bank and Trust Company (as “Lender” or “MBTC”) and ICTSI (as “Surety”) signed a loan agreement which consists of two tranches of US$32.5 million (Tranche I) and US$7.5 million (Tranche II) with interest based on three-month London Inter-bank Offered Rate (LIBOR) plus an agreed margin. Tranche I has a final maturity in March 2021 and Tranche II in May 2017. In 2016, CGSA availed of loans with a total amount of US$40.0 million. A portion of the proceeds of these loans was used to refinance the unsecured term loans of CGSA amounting to US$9.2 million in April 2016. In 2017, CGSA fully paid the loan under Tranche II. In March 2021, CGSA has fully paid the remaining balance of US$1.9 million of the loan under Tranche I.

On September 10, 2020, CGSA (as “Borrower”), Philippine National Bank (as “Lender”) and ICTSI (as “Surety”) signed a loan facility amounting to US$15.5 million at a fixed interest rate and with a tenor of 7 years. On November 27, 2020 and January 28, 2021, CGSA availed of US$2.5 million and US$2.0 million loans from the facility, respectively. In 2021, CGSA has paid US$0.3 million of the loans. The outstanding balance of the loans amounted to US$4.2 million as at June 30, 2021.

IDRC. On October 9, 2018, IDRC availed of a four-year term loan with Rawbank DRC amounting to US$25.0 million at a fixed interest rate. In 2021, IDRC has paid US$3.1 million of the loan. As at June 30, 2021, the outstanding balance of the loan amounted to US$8.3 million.

On May 6, 2019, IDRC availed of another four-year term loan with Rawbank DRC amounting to US$3.0 million at a fixed interest rate. In 2021, IDRC has paid US$0.3 million of the loan. As at June 30, 2021, the outstanding balance of the loan amounted to US$1.3 million.

On July 22, 2020, IDRC availed of a three-year term loan with Rawbank DRC amounting to US$10.0 million at a fixed interest rate. In 2021, IDRC has paid US$1.7 million of the loan. As at June 30, 2021, the outstanding balance of the loan amounted to US$7.2 million.

IGFBV. On March 21, 2019, IGFBV, as borrower, MBTC, as lender, and ICTSI, as surety, signed a term loan facility amounting to US$300.0 million with interest based on three-month LIBOR plus an agreed margin and a tenor of 7 years. On April 29, 2019, IGFBV has fully availed of the term loan facility. In 2021, IGFBV has paid US$4.6 million of the loan. As at June 30, 2021, the outstanding balance of the term loan amounted to US$279.0 million, net of debt issuance costs.

On November 26, 2019, December 5, 2019 and January 6, 2020, IGFBV availed of an 18-month loan from MUFG Bank Ltd. (MUFG) with interest based on three-month LIBOR plus an agreed margin, amounting to US$45.0 million, US$45.0 million and US$20.0 million, respectively. IGFBV fully paid the loans on June 18, 2020.

ICTSI. On March 24, 2020, ICTSI availed of an 18-month loan from MBTC amounting to US$100.0 million with interest based on prevailing market rate. ICTSI fully prepaid the loan on June 18, 2020.

13.2.4 Foreign Currency-denominated Loans

VICT. On July 15, 2016, VICT signed the syndicated project finance facilities with various international and regional banks for a principal amount of US$300.0 million (AUD398.0 million), comprising of term facilities totaling US$284.9 million (AUD378.0 million) with interest rates based on Australian Bank Bill Swap Reference Rate (bid) (BBSY) plus an average margin of 3.1 percent per annum and maturities until 2023, 2026 and 2031 and working capital facility of US$15.1 million (AUD20.0 million). In 2021, VICT has paid US$23.3 million (AUD30.2 million) of the loan from the term facilities. As at June 30, 2021, the outstanding balance of the loans amounted to US$197.1 million (AUD262.9 million), net of debt issuance costs.

YICT. On April 26, 2017, YICT obtained a US$21.8 million (RMB150.0 million) loan from Agricultural Bank of China (ABC) payable in installments with a final maturity on November 21, 2023. The loan was used to refinance YICT's maturing loan with Yantai Port Holdings. Interest is based on the interest rate published by People's Bank of China minus an agreed margin. The rate is subject to adjustment every 12 months. In 2020, YICT fully paid the remaining balance of US$4.3 million (RMB30.0 million) of the loan.

SPICTL and MITL. On November 27, 2019, SPICTL and MITL, as borrowers, and Australia and New Zealand (ANZ) Banking Group (PNG) Limited, as lender, signed a loan agreement which consists of a PGK five-year term loan facility of US$31.6 million (PGK106.9 million) and a PGK revolving loan facility of US$5.9 million (PGK20.0 million), with interest based on ANZ's published Indicator Lending Rate minus an agreed margin. In 2019, SPICTL and MITL has availed of US$17.8 million (PGK60.2 million) and US$13.8 million (PGK46.7 million), respectively, from the term loan facility. In 2021, SPICTL and MITL paid US$1.7 million (PGK6.0 million) and US$1.3 million (PGK4.7 million) of the loans, respectively. As at June 30, 2021, the outstanding balance of the term loans of SPICTL and MITL amounted to US$11.8 million (PGK41.6 million) and US$9.2 million (PGK32.3 million), net of debt issuance costs, respectively.

MHCPSI. In December 2016, MHCPSI entered into a 7-year loan agreement with a local bank amounting to PhP7.0 billion (US$140.8 million) for capital expenditures and business expansion. The principal is payable in six annual amortizations of one percent (1%) of the total drawn principal amount commencing on March 14, 2017 and every anniversary thereafter. The balance of the loan, equivalent to 94% of the total drawn principal amount, shall be fully paid together with the accrued interest, on the last repayment date which shall coincide with the maturity date on March 14, 2023. The loan originally bears a fixed interest rate, payable quarterly.

The loan agreement was amended and effective July 9, 2021, interest is based on the higher of the prevailing 3-month BVAL plus agreed spread, and the prevailing Central Bank of the Philippines Overnight Reverse Repurchase Rate plus agreed spread. The security was also amended to be solely secured by the continuing suretyship of ICTSI. Except for the amendments on interest rate and security, the other terms and conditions of the loan agreement remained effective.

The loan was acquired through business combination. As at June 30, 2021, the carrying value of the loan was US$141.1 million (Php6.9 billion).

13.2.5 Loan Facility Programme

On January 9, 2019, ICTSI Middle East DMCC, as the borrower, and ICTSI, as guarantor, signed a term loan facility agreement with Citigroup Global Markets Asia Limited and Standard Chartered Bank, the originally mandated lead arrangers and bookrunners, for the principal amount of EUR260.0 million (US$297.6 million) with interest rate based on Euro Interbank Offer Rate (EURIBOR) plus an agreed margin and maturity on December 20, 2022. The term facility agreement was entered into pursuant to the Loan Facility Programme Agreement dated July 24, 2014 between IGFBV as the borrower, ICTSI as the guarantor, and The Bank of New York Mellon, Singapore Branch as the trustee (“Loan Programme”). ICTSI Middle East DMCC acceded to the Loan Programme as an additional borrower and an additional obligor thereunder.

On January 10, 2019, ICTSI Middle East DMCC has fully availed of US$297.6 million (EUR260.0 million) from the facility.

On June 12, 2019, ICTSI Middle East DMCC, as borrower, and ICTSI, as guarantor, signed an amendment and syndication agreement with various international and local banks for the term loan facility.

On July 15, 2019 and December 17, 2019, ICTSI Middle East DMCC prepaid US$219.1 million (EUR195.0 million) and US$30.0 million (EUR26.8 million) of the loan, respectively.

As at June 30, 2021, the outstanding balance of the loans amounted to US$45.1 million (EUR38.0 million), net of debt issuance costs.

13.3 <u>Details of Short-term Loans</u>

ICTSI. On March 13, 2020, ICTSI availed of short-term loans from Citibank N.A., Philippine National Bank (PNB), and Standard Chartered Bank (SCB) totaling to US$200.0 million at prevailing market rates with maturity dates of June 11, 2020 and September 9, 2020. ICTSI fully paid the loans with Citibank, PNB, and SCB on June 11, 2020, June 15, 2020 and June 18, 2020, respectively.

On March 20, 2020, ICTSI availed of additional short-term loans from MUFG and HSBC totaling to US$90.0 million at prevailing market rates with maturity dates of September 18, 2020 and March 22, 2021. ICTSI fully prepaid the loans on June 18, 2020.
MITL. On September 17, 2020, MITL availed of US$2.8 million (PGK10.0 million) from the revolving loan facility with a maturity date of March 16, 2021. The loan was renewed on March 16, 2021 and will mature on August 31, 2021.

13.4 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 comply with a specified financial ratio relating to its debt to EBITDA up to 4 times when incurring additional debt.

There was no material change in the covenants related to the Group's long-term debt. As at June 30, 2021, ICTSI and subsidiaries were in compliance with their loan covenants.

Interest expense on borrowings, net of any amount capitalized as intangible assets and property and equipment, amounted to US$25.5 million and US$28.5 million, and US$52.0 million and US$57.0 million for the three and six months ended June 30, 2020 and 2021, respectively (see Notes 5 and 6). Interest expense includes amortization of debt issuance costs amounting to US$2.0 million and US$2.1 million, and US$3.8 million and US$4.2 million for the three and six months ended June 30, 2020 and 2021, respectively.

There were no other significant transactions pertaining to the Group's long-term debt as at June 30, 2021, except as discussed above.

14. **Other Noncurrent Liabilities**

This account consists of:

	December 31, 2020 *(Audited)*	**June 30, 2021** ***(Unaudited)***
Derivative liabilities - net of current portion (Note 20)	US$33,685	**US$20,721**
Pension liabilities	14,875	**13,262**
Government grant	5,909	**4,689**
Accrued taxes and others	6,361	**6,756**
Others	1,832	**12,410**
	US$62,662	**US$57,838**

Government Grant

On March 29, 2012, BCT and Centrum Unijnych Projektow Transportowych (CUPT), a Polish grant authority, signed a grant agreement (the "EU Grant") whereby CUPT would grant BCT a subsidy amounting to US$17.3 million (PLN53.9 million) and on October 21, 2013, BCT and CUPT signed a second EU Grant whereby CUPT would grant BCT a subsidy amounting to US$4.8 million (PLN14.6 million). The confirmation of the availability of the EU Grant is a condition precedent to any borrowing under the facility agreement of BCT.

As at June 30, 2021, BCT has availed a total of US$19.6 million of the EU Grant. The EU 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$5.9 million and US$4.7 million as at December 31, 2020 and June 30, 2021, respectively. Amortization of deferred income included under "Other income" account of the unaudited interim condensed consolidated statements of income amounted to US$1.2 million both for the six months ended June 30, 2020 and 2021.

15. **Accounts Payable and Other Current Liabilities**

This account includes trade payables, output and other taxes payables, accruals for interest, salaries and benefits and other expenses, customers' deposits, provisions for claims and losses and other current liabilities. The balance of this account as of June 30, 2021 includes the contingent consideration of US$41.9 million (Php2.0 billion) recognized in relation to the acquisition of MHCPSI, which represents the Company's best estimate of the possible outcome of the contingent matter.

16. **Equity**

16.1 Stock Incentive Plan (SIP)

Certain officers and employees of the Group receive remuneration through share-based payment transactions, whereby officers and employees are given awards, in the form of ICTSI common shares, in lieu of cash incentives and bonuses under the SIP ("equity-settled transactions"). The SIP was approved by the stockholders of ICTSI on March 7, 2007, effective for a period of ten years unless extended by the Board. On March 7, 2016, the Board approved for the extension of the SIP for a further 10 years until March 2027 and the amendment of the vesting period of the SIP. The vesting period of the SIP was amended from two years where 50% is to vest on the first anniversary date of the award and the other 50% to vest on the second anniversary date of the award, to three years where 25% is to vest on the first anniversary date of the award, 25% to vest on the second anniversary date of the award, and 50% to vest on the third anniversary date of the award. Unless the Stock Incentive Committee determines otherwise, when dividends are declared by the Company, the number of shares subject to an award shall be increased by the number equal in value to the dividends the awardee would have received in respect of an award had the shares awarded to the awardee vested at the time of the dividend declaration. This is designated as the Dividend Re-investment Plan (DRIP).

The shares covered by the SIP are held under the treasury until they are awarded and issued to the officers and employees as determined by the Stock Incentive Committee.

Stock awards, including DRIP shares, granted by the Stock Incentive Committee to officers and employees of ICTSI and ICTSI Ltd. for the past two years are shown below:

Grant Date	Number of Shares Granted	Fair Value per Share at Grant Date
March 10, 2020	2,122,621	US$1.82 (₱92.00)
April 16, 2020	181,883	US$1.48 (₱75.20)
March 1, 2021	1,976,171	US$2.48 (₱120.50)
April 12, 2021	82,037	US$2.57 (₱124.80)

The fair value per share was determined based on the quoted market price of stock at the date of grant.

As at June 30, 2021, there were 49,564,177 ICTSI common shares granted in aggregate under the SIP since it became effective in 2007. Also, as at June 30, 2021, 742,973 ICTSI common shares were held under the treasury, which is allotted for the SIP.

Total compensation expense recognized on the vesting of the fair value of stock awards amounted to US$1.1 million and US$1.1 million, and US$2.0 million and US$2.1 million for the three and six months ended June 30, 2020 and 2021, respectively.

16.2 Dividends Declared

On March 15, 2021, the Board of ICTSI declared a cash dividend of US$0.05 (₱2.37) per share for a total of US$99.8 million to stockholders of record as of March 30, 2021 with a payment date of April 12, 2021. Of this amount, US$0.3 million was recognized as dividend income by IWI CTHI for its shareholdings of ICTSI common shares.

16.3 Cost of Shares Held by Subsidiaries

In March and July 2020, IWI CTHI acquired a total of 3,271,190 ICTSI common shares for US$5.6 million and 1,964,830 ICTSI common shares for US$3.8 million, respectively.

As at December 31, 2020 and June 30, 2021, ICTHI held 3,800,000 of ICTSI's preferred A shares while IWI CTHI held 5,970,990 common shares of ICTSI.

16.4 Treasury Shares

On November 25, 2020, the Board of ICTSI approved the offer and sale of 40,000,000 treasury shares. The sale is in response to the recommendation of management to raise funds for general corporate purposes, including funding of committed capital expenditures.

On November 26, 2020, ICTSI's 40,000,000 shares were sold at Php117.00 (US$2.43) per share with net proceeds amounting to Php4.6 billion (US$95.4 million). The transaction resulted in the increase of Php783.3 million (US$21.0 million) in additional paid-in capital and the reduction in treasury shares of Php3.8 billion (US$74.5 million).

16.5 Other Comprehensive Loss

This account consists of:

	Cumulative Translation Adjustments	Mark-to-Market Loss on Derivatives	Revaluation Increment	Unrealized Mark-to-Market Gain Financial Assets at FVOCI	Share in Other Compre-hensive Income of Joint Ventures	Actuarial Gains (Losses) on Defined Benefit Plans	Total Compre-hensive Income (Loss)
Balance at January 1, 2020	(US$151,767)	(US$15,422)	US$610	US$1,310	US$3,837	(US$1,149)	(US$162,581)
Translation differences arising from translation of foreign operations' financial statements	(77,175)	–	–	–	–	–	(77,175)
Net change in actuarial loss on defined benefit plans	–	–	–	–	(350)	(358)	(708)
Net change in unrealized mark-to-market values of derivatives	–	(25,004)	–	–	–	–	(25,004)
Share in other comprehensive gain of joint ventures	–	–	–	–	2,093	–	2,093
Income tax relating to components of other comprehensive income	–	(2,290)	–	–	–	–	(2,290)
Balance at June 30, 2020	(US$228,942)	(US$42,716)	US$610	US$1,310	US$5,580	(US$1,507)	(US$265,665)

	Cumulative Translation Adjustments	Mark-to-Market Loss on Derivatives	Revaluation Increment	Unrealized Mark-to-Market Gain Financial Assets at FVOCI	Share in Other Compre-hensive Income of Joint Ventures	Actuarial Gains (Losses) on Defined Benefit Plans	Total Compre-hensive Income (Loss)
Balance at January 1, 2021	**(US$156,852)**	**(US$38,521)**	**US$610**	**US$1,051**	**US$11,164**	**(US$2,521)**	**(US$185,069)**
Translation differences arising from translation of foreign operations' financial statements	**(1,314)**	**–**	**–**	**–**	**–**	**–**	**(1,314)**
Net change in actuarial loss on defined benefit plans	**–**	**–**	**–**	**–**	**(36)**	**(330)**	**(366)**
Net change in unrealized mark-to-market values of derivatives	**–**	**13,281**	**–**	**–**	**–**	**–**	**13,281**
Share in other comprehensive gain of joint ventures	**–**	**–**	**–**	**–**	**(2,468)**	**–**	**(2,468)**
Income tax relating to components of other comprehensive income	**–**	**(1,624)**	**–**	**–**	**–**	**–**	**(1,624)**
Balance at June 30, 2021	**(US$158,166)**	**(US$26,864)**	**US$610**	**US$1,051**	**US$8,660**	**(US$2,851)**	**(US$177,560)**

16.6 Perpetual Capital Securities

On July 6, 2020, RCBV launched a cash tender offer for its US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities (of which US$264.9 million was outstanding) at a tender price of 100.75 percent. On July 16, 2020 and July 31, 2020, RCBV redeemed a total of US$66.5 million and paid the related premium and accrued distributions of US$1.2 million. On July 16, 2020, RCBV issued US$300.0 million 5.00 percent Senior Unsecured Perpetual Capital Securities unconditionally and irrevocably guaranteed by ICTSI at a price of 98.979 percent. The new issue was used to finance the redemption and payment of accrued distributions of the tendered securities. The proceeds from the new issue, net of debt issuance costs and face value of the redeemed securities, amounting to US$228.3 million was recognized as additional perpetual capital securities.

On March 8, 2021, RCBV (the "Issuer") and ICTSI (the "Guarantor") sent a notice to The Hong Kong and Shanghai Banking Corporation Limited (HSBC, as "Trustee" and "Agent") for the redemption of the remaining US$198.3 million of the US$450 million Senior Guaranteed Perpetual Capital Securities and payment of accrued distributions on May 5, 2021. The proceeds from the issuance of Securities were initially recognized as part of equity in the consolidated balance sheet. The difference amounting to US$11.5 million between redemption price of US$203.8 million and the carrying amount of the Securities of US$192.3 million recorded under equity was treated as a direct reduction in retained earnings.

On April 5, 2021, RCBV repurchased and surrendered for cancellation US$2.0 million of the US$300.0 million Senior Unsecured Perpetual Capital Securities at US$2.2 million, including accrued distributions. The difference amounting to US$0.2 million between the purchase price of US$2.2 million and the carrying amount of the Securities of US$2.0 million recorded under equity, was treated as a direct reduction in retained earnings.

RCBV paid distributions amounting to US$28.2 million and US$38.4 million for the six months ended June 30, 2020 and 2021, respectively. Interest expense on Perpetual Capital Securities, which represents cumulative distributions to holders of Perpetual Capital Securities, amounted to US$28.2 million and US$32.2 million for the six months ended June 30, 2020 and 2021, respectively. However, the interest expense has not been recognized in the unaudited interim condensed consolidated statements of income but instead directly charged against retained earnings since the Perpetual Capital Securities are presented as part of equity attributable to equity holders of the parent. For purposes of computing for earnings per share, the cumulative distributions to holders of Perpetual Capital Securities are deducted from net income attributable to equity holders of the parent

16.7 Non-controlling Interests

On February 15, 2020, ISPL entered into share acquisition agreements with the local communities, Ahi Terminal Services Limited (Ahi) and Labu Investment Limited (Labu), for the transfer of SPICTL shares from ISPL to Ahi and Labu with each local community acquiring a 15% stake in SPICTL. The transfer of 30% of SPICTL shares from ISPL to the local communities became effective upon the signing of the said agreements. The share transfer increased non-controlling interests by US$7.5 million (PGK25.6 million), while, ISPL retained a 70% ownership stake in SPICTL.

On May 25, 2021, ICTSI, through its wholly-owned subsidiary IABV, concluded the acquisition of an additional 10% stake in IDRC from SIP Sprl for US$20.0 million, increasing ICTSI's effective ownership in IDRC from 52% to 62%. This transaction reduced non-controlling interest by US$7.9 million. The difference between the purchase price and carrying value of the non-controlling interest of US$12.1 million was recognized in equity as "Excess of consideration over the carrying value of non-controlling interests acquired or disposed" in the 2021 unaudited interim condensed consolidated balance sheet.

The dividends distributed to non-controlling shareholders for the six months ended June 30, 2021 are as follows (in thousands):

	2020	**2021**
IDRC	US$14,400	**US$16,800**
YICT	2,418	**2,772**
PICT	2,081	**1,732**
SBITHI	523	**209**
BIPI	295	**–**
	US$19,717	**US$21,513**

17. **Income Taxes**

<u>Enactment of CREATE in the Philippines</u>

On March 26, 2021, the President of the Philippines signed into law the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. The Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. The bill was published in a newspaper of general circulation on March 27, 2021, and became effective on April 11, 2021, which is 15 days after its publication.

The key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group is that effective July 1, 2020, the regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020, even though some of the provisions have retroactive effect to July 1, 2020, thus considered as a non-adjusting subsequent event on the December 31, 2020 consolidated balances. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of and for the year then ended (i.e., 30% RCIT / 2% minimum corporate income tax (MCIT)) for financial reporting purposes.

The approval of the CREATE Act into law on March 26, 2021 is considered a substantive enactment of the Act into law that requires adjustments for financial reporting purposes. Applying the provisions of the CREATE Act to the Philippine-based entities, the applicable new income tax rates (i.e., 25% RCIT / 1% MCIT) were used to calculate for the current and deferred income taxes as at and for the period ended June 30, 2021. Likewise, the impact on the December 31, 2020 consolidated balances had the CREATE Act been substantively enacted as of then, that were adjusted in March 2021, are as follows:

<u>Consolidated Balance Sheet</u>

(Amounts in millions)	Increase (Decrease)
Deferred tax asset - net	(US$10.4)
Income tax payable	(1.8)
Investments in joint ventures	4.0

Consolidated Income Statement

(Amounts in millions)	Increase (Decrease)
Provision for current income tax	(US$1.8)
Benefit from deferred income tax	(10.4)
Equity in net gain of joint ventures and an associate - net	4.0
Net income attributable to equity holders of the parent	(4.7)
Net income attributable to non-controlling interests	0.1

18. **Related Party Transactions**

18.1 Transactions with the Shareholders and Affiliates

			2020			**2021**		
Related Party	Relationship	Nature of Transaction	Transaction Amount for the Three Months Ended June 30	Transaction Amount for the Six Months Ended June 30	Outstanding Receivable (Payable) Balance Amount as at Dec 31	**Transaction Amount for the Three Months Ended June 30**	**Transaction Amount for the Six Months Ended June 30**	**Outstanding Receivable (Payable) Balance Amount as at June 30**
					(In Million)			
SPIA Spain S.L.								
SPIA	Joint venture	Interest-bearing loans (see Note 9) [(i)]	(US$2.43)	(US$2.43)	US$160.54	**(US$4.50)**	**(US$4.50)**	**US$156.04**
		Interest income (converted into interest-bearing loan) (see Note 9) [(i)]	0.90	2.70	55.42	**1.58**	**3.50**	**58.91**
		Interest receivable [(i)]	3.26	6.48	6.68	**3.32**	**6.58**	**7.72**
YICT								
Yantai Port Group	Common shareholder	Port fees [(ii)]	–	–	1.00	**0.86**	**1.66**	**1.00**
		Trade transactions [(iii)]	0.30	0.53	(0.01)	**(0.52)**	**(1.00)**	**–**
Yantai Port Holdings	Non-controlling shareholder	Port fees [(ii)]	0.01	0.01	–	**–**	**–**	**–**
		Trade transactions [(iii)]	0.17	0.35	(0.03)	**(0.24)**	**(0.44)**	**(0.05)**
YPHT		Outsourced services	–	–	1.17	**1.25**	**2.33**	**1.25**
SCIPSI								
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.04	0.08	(0.04)	**0.04**	**0.09**	**(0.01)**
AGCT								
Luka Rijeka D.D. (Luka Rijeka)	Non-controlling shareholder	Provision of services [(iv)]	0.09	0.19	–	**0.15**	**0.28**	**(0.05)**
PICT								
Premier Mercantile Services (Private) Limited	Common Shareholder	Stevedoring and storage charges [(v)]	0.58	1.11	(0.19)	**1.11**	**2.04**	**(0.13)**
		Container handling revenue [(v)]	0.03	0.05	0.02	**0.01**	**0.02**	**–**
Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited	Common shareholder	Container handling revenue [(vi)]	0.02	0.04	–	**0.03**	**0.05**	**0.01**
LGICT								
NCT Transnational Corp.	Non-controlling shareholder	Management fees	0.09	0.23	(0.22)	**0.13**	**0.25**	**(0.19)**
		Maintenance and repairs	0.03	0.06	(0.04)	**0.03**	**0.06**	**(0.06)**
		Trade transaction	–	–	(0.01)	**0.04**	**0.08**	**(0.07)**
IDRC								
Ledya SARL	Non-controlling shareholder	Management fees	0.72	1.06	(0.61)	**0.76**	**1.59**	**0.76**

(Forward)

Related Party	Relationship	Nature of Transaction	2020 Transaction Amount for the Three Months Ended June 30	2020 Transaction Amount for the Six Months Ended June 30	2020 Outstanding Receivable (Payable) Balance Amount as at Dec 31	**2021 Transaction Amount for the Three Months Ended June 30**	**2021 Transaction Amount for the Six Months Ended June 30**	**2021 Outstanding Receivable (Payable) Balance Amount as at June 30**
					(In Million)			
Parent Company								
Prime Metro BMD Corporation	Common shareholder	Construction services (vii)	US$1.65	US$11.84	(US$1.99)	**US$3.22**	**US$11.77**	**(US$1.24)**
		Dredging service	–	1.00	–	**1.62**	**1.62**	**–**
		Sublease (viii)	–	0.06	0.08	**0.16**	**0.26**	**0.24**
Prime Metro Power Holdings Corporation	Common shareholder	Reimbursement of operating expenses	0.03	0.04	0.04	**0.02**	**0.05**	**0.07**
		Sublease (viii)	0.01	0.02	–	**(0.01)**	**0.01**	**(0.02)**
Prime Metro Infrastructure Holdings Corporation	Common Shareholder	Sublease(viii)	0.01	0.04	(0.01)	**0.23**	**0.33**	**0.22**
FAMI	Joint Venture	Reimbursement of operating expenses	0.14	0.16	(0.01)	**0.01**	**0.06**	**0.39**
		Management fees	0.07	0.23	0.19	**(0.30)**	**(0.85)**	**(0.30)**
CGT								
MNHPI	Common shareholder	Rent expense	0.04	0.08	–	**0.04**	**0.08**	**–**

(i) On October 1, 2018, ICBV assigned to SPIA Spain S.L. all its outstanding interest-bearing loans, including interest converted into an interest-bearing loan, and interest receivable from SPIA as of the same date, amounting to US$321.1 million and US$9.6 million, respectively.

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

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

(iv) 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 statements of income as part of Manpower costs, Equipment and facilities-related expenses, and Administrative and other operating expenses.

(v) 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.

(vi) Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited are customers of PICT.

(vii) ICTSI has entered into contracts with Prime Metro BMD Corporation for the construction of port facilities.

(viii) ICTSI has entered into contracts with Prime Metro BMD Corporation, Prime Metro Power Holdings Corporation, and Prime Metroline Infrastructure Holdings Corporation for the sublease of office space.

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

18.2 Compensation of Key Management Personnel

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

	2020	**2021**
Short-term employee benefits	US$714	**US$762**
Share-based payments	1,094	**1,294**
Post-employment pension	11	**21**
Total compensation to key management personnel	US$1,819	**US$2,077**

19. Earnings Per Share Computation

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020 *(Unaudited)*	**2021** *(Unaudited)*	2020 *(Unaudited)*	**2021** *(Unaudited)*
Net income attributable to equity holders of the parent, as presented in the unaudited interim condensed consolidated statements of income	US$53,782	**US$106,592**	US$113,379	**US$196,662**
Adjustment for the effect of cumulative distribution on subordinated perpetual capital securities (see Note 16.6)	(14,087)	**(15,232)**	(28,174)	**(32,155)**
Net income attributable to equity holders of the parent, as adjusted (a)	US$39,695	**US$91,360**	US$85,205	**US$164,507**
Common shares outstanding at beginning of year	2,045,177,671	**2,045,177,671**	2,045,177,671	**2,045,177,671**
Weighted treasury shares	(43,234,245)	**(1,169,251)**	(43,234,245)	**(1,169,251)**
Weighted shares held by subsidiaries	(3,188,363)	**(5,970,990)**	(3,188,363)	**(5,970,990)**
Weighted average shares outstanding (b)	1,998,755,063	**2,038,037,430**	1,998,755,063	**2,038,037,430**
Effect of dilutive stock awards	4,273,099	**4,282,291**	4,273,099	**4,282,291**
Weighted average shares outstanding adjusted for potential common shares (c)	2,003,028,162	**2,042,319,721**	2,003,028,162	**2,042,319,721**
Basic earnings per share (a/b)	US$0.020	**US$0.045**	US$0.043	**US$0.081**
Diluted earnings per share (a/c)	US$0.020	**US$0.045**	US$0.043	**US$0.081**

20. 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 interim condensed consolidated financial position and results of operations.

21. Financial Instruments

21.1 Fair Values

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

	December 31, 2020		**June 30, 2021**	
	Carrying Amount	Fair Value	**Carrying Amount**	**Fair Value**
Financial Liabilities				
Other financial liabilities:				
Long-term debt	US$1,764,479	US$1,913,247	**US$1,867,121**	**US$2,076,591**
Lease liabilities	1,234,777	1,493,843	**1,220,278**	**1,233,755**
Concession rights payable	703,328	881,522	**706,694**	**831,079**
	US$3,702,584	US$4,288,612	**US$3,794,093**	**US$4,141,425**

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 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, lease liabilities 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 0.32 percent to 11.87 percent as at December 31, 2020 and 0.68 percent to 13.11 percent as at June 30, 2021.

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

As at August 3, 2021, the Group has not determined any significant credit losses with respect to its cash and cash equivalents and receivables. The Group continues to assess for expected credit losses on its financial assets in light of the impact of COVID-19.

21.2 Fair Value Hierarchy

The following tables below present the fair value hierarchy of the Group's financial instruments (amount in thousands):

	December 31, 2020			
	Amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets and Liabilities Measured at Fair Value:				
Derivative liabilities	US$43,384	US$−	US$43,384	US$−
Financial assets at FVOCI	2,224	2,224	−	−
Liabilities for which Fair Values are Disclosed:				
Other financial liabilities:				
Long-term debt	US$1,913,247	US$1,307,283	US$−	US$605,964
Lease liabilities	1,493,843	−	−	1,493,843
Concession rights payable	881,522	−	−	881,522

	June 30, 2021			
	Amount	**Quoted prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets and Liabilities Measured at Fair Value:				
Derivative liabilities	**US$30,102**	**US$−**	**US$30,102**	**US$−**
Financial assets at FVOCI	**2,224**	**2,224**	**−**	**−**
Liabilities for which Fair Values are Disclosed:				
Other financial liabilities:				
Long-term debt	**US$2,076,591**	**US$1,335,827**	**US$−**	**US$740,764**
Lease liabilities	**1,233,755**	**−**	**−**	**1,233,755**
Concession rights payable	**831,079**	**−**	**−**	**831,079**

In 2020 and 2021, there were no transfers between *Level 1* and *Level 2* fair value measurements and no transfers into and out of *Level 3* fair value measurements.

21.3 Derivative Instruments

Interest Rate Swaps. In August 2016, VICT entered into interest rate swap transactions to hedge the interest rate exposures on its floating rate AUD-denominated loans maturing in 2023, 2026, and 2031. A total notional amount of AUD320.4 million floating-rate loan was swapped to a fixed rate. Under the interest rate swap arrangements, VICT pays annual fixed interest of a range of 2.10 to 2.5875 percent and receives a floating rate of six-month Bank Bill Swap Bid Rate (BBSY) basis points on the notional amount. In March 2017, VICT entered into additional interest rate swap transactions to hedge an additional AUD5.5 million and AUD12.4 million of its AUD-denominated loans maturing in 2026 and 2031, respectively. As at June 30, 2021, the market valuation loss on the outstanding interest rate swaps amounted to AUD13.8 million (US$10.4 million). The effective portion of the favorable change in the fair value of the interest rate swap amounting to AUD4.1 million (US$3.4 million), net of AUD1.8 million (US$1.4 million) deferred tax, for the six months ended June 30, 2021, was taken to equity under other comprehensive loss.

In November 2016, ICTSI entered into an interest rate swap transaction to hedge the interest rate exposures of the CGSA's floating rate US$-denominated floating-rate loan maturing in 2021. A total notional amount of US$32.5 million floating-rate loan was swapped to a fixed rate. Under the interest rate swap arrangements, ICTSI pays an annual fixed interest of 3.045 percent and receives a floating rate of six-month LIBOR plus 160 basis points on the notional amount. On March 30, 2021, the interest rate swap matured and the amount deferred in equity representing the effective portion of the change in fair value of the swap amounting to US$17.5 thousand at the time of payment was transferred to profit and loss and recognized under "Interest expense" account in the unaudited interim condensed consolidated statement of income for the six months ended June 30, 2021.

In April 2019, the Group entered into an interest rate swap transaction to hedge the interest rate exposures of the ICTSI Global Finance B.V.'s floating rate US$-denominated floating rate loan maturing in 2026. A total notional amount of US$300.0 million floating rate loan was swapped to a fixed rate. Under the interest rate swap arrangements, annual fixed interest of 3.6981 percent is being paid and floating interest of three-month LIBOR plus 130 basis points on the notional amount is being received. As at June 30, 2021, the market valuation loss on the outstanding interest rate swaps amounted to US$19.7 million. The effective portion of the favorable change in the fair value of the interest rate swap amounting to US$8.5 million for the six months ended June 30, 2021, was taken to equity under other comprehensive loss.

Net Investment Hedging. In March 2017, ICTSI entered into a cross-currency swap with a swap rate of 5.05 percent maturing on March 17, 2020 to mitigate the foreign currency risk arising from the translation of the Group's Euro net investment in MICTSL. The EUR15.0 million cross-currency swap was designated as a net investment hedge to partially offset the gains/losses arising from the translation of its net investment in MICTSL into US dollar. On March 17, 2020, the cross-currency swap matured and the net settlement of US$0.3 million, net of US$0.1 million deferred tax, was taken to equity attributable to MICTSL's investment carrying value.

Foreign Currency Forwards. In March 2020, ICTSI entered into a sell-US$ buy-PHP non-deliverable forward with an aggregate notional amount of US$20.0 million. The forward contracts were used to economically hedge the variability of cash flows arising from the Philippine peso-denominated payments and were settled on April 14, 2020 resulting to a total derivative gain of US$0.5 million.

22. **Trends, Events, or Uncertainties Affecting Recurring Revenues and Profit**

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, Australian dollars and the Euro, may adversely affect the Group's reported levels of revenues and profits.

Continuing COVID-19 pandemic

On March 11, 2020, the World Health Organization has declared the novel coronavirus (COVID-19) outbreak a global pandemic.

In the Philippines, in a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until May 15, 2020. Thereafter, several extensions of community quarantines at different levels were implemented in Metro Manila and different areas in the Philippines. On July 30, 2021, community quarantine restrictions of varying levels were extended in Metro Manila and other parts of the country until August 20, 2021, in order to manage the spread of the virus.

Likewise, government authorities in other countries where the Group operates, adopted measures, including lockdowns, to control the spread of the virus and mitigate the impact of the outbreak.

These measures have caused disruptions to businesses, global supply chain, and economic activities, and its impact continues to evolve.

The scale and duration of these developments remain uncertain as of the report date. The Group observed declines in general business, including container throughput and revenues. It is not possible to estimate the overall impact of the outbreak's near-term and longer effects, however, the Group has already incurred and will continue to incur costs as the Group continues to mitigate the adverse impact of the outbreak on its operations. The outbreak could have a material impact on the Group's financial results for the rest of 2021 and even periods thereafter. Considering the evolving nature of the pandemic, the Group will continue to monitor the situation.

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 condensed consolidated financial statements and related notes as ot and for the quarter ended June 30, 2021. 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 throughput ranging from 50,000 to 3,350,000 TEUs. It also handles general cargoes 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 35 terminal concessions and port development projects in 20 countries worldwide. There are 11 terminal operations in the Philippines (including an inland container terminal, a barge terminal and combined terminal operations in Subic), three in Brazil (including an intermodal rail ramp terminal), two each in Indonesia, Papua New Guinea (PNG); and one each in China, Ecuador, Poland, Georgia, Madagascar, Croatia, Pakistan, Honduras, Mexico, Iraq, Argentina, Democratic Republic (DR) Congo, Colombia, Australia, Cameroon and Nigeria; and a development project in Tuxpan, Mexico.

ICTSI was established in 1987 in connection with the privatization of Manila International Container Terminal (MICT) in the Port of Manila, and has built upon the experience gained in rehabilitating, developing and operating MICT to establish an extensive international network concentrated in emerging market economies. International acquisitions principally in Asia, Europe, Middle East and Africa (EMEA), and Americas substantially contributed to the growth in volume, revenues, EBITDA, 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)
  - Cavite - Cavite Gateway Terminal, Tanza, Cavite, Philippines (CGT)
  - 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)
  - Manila - Manila North Harbour Port, Inc., North Harbor, Manila, Philippines (MNHPI)
  - Manila - Manila Harbour Center Port Services, Inc, Manila, Philippines (MHCPSI)
  - Indonesia - Makassar Port Container Terminal, Makassar, South Sulawesi, Indonesia (MTS) and Port of Tanjung Priok, Jakarta, Indonesia (OJA)
  - China - Yantai International Container Terminal, Port of Yantai, Shandong Province, China (YICT)
  - Australia - Webb Dock Container Terminal and ECP at Webb Dock East, Port of Melbourne, Australia (VICT)
  - Papua New Guinea - Port of Motukea, Papua New Guinea (MITL) and Port of Lae, Papua New Guinea (SPICTL)

- EMEA
  - Poland - Baltic Container Terminal, Gdynia, Poland (BCT)
  - Georgia - Port of Batumi, Batumi, Georgia (BICTL)
  - Croatia - Brajdica Container Terminal, Rijeka, Croatia (AGCT)
  - Madagascar - Port of Toamasina, Toamasina, Madagascar (MICTSL)
  - Pakistan - Port of Karachi, Karachi, Pakistan (PICT*)
  - DR Congo - Matadi Gateway Terminal, Mbengu, Matadi, Democratic Republic of Congo (IDRC)
  - Iraq - Basra Gateway Terminal at Port of Umm Qasr, Iraq (ICTSI Iraq)
  - Cameroon - Kribi Multipurpose Terminal, Kribi, Cameroon (KMT)
  - Nigeria - Port of Onne, Rivers State, Nigeria (ICTSNL)

- Americas
  - Brazil - Suape Container Terminal, Suape, Brazil (TSSA), Terminal de Contêineres, Port of Rio de Janeiro City, Brazil (ICTSI Rio), and Floriano Intermodal Terminal, Barra Mansa, Rio de Janeiro State, Brazil (IRB Logistica)
  - Ecuador - Port of Guayaquil, Guayaquil, Ecuador (CGSA)
  - Argentina - Port of La Plata, Buenos Aires Province, Argentina (Tecplata)
  - 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)

** - previously part of Asia Segment, comparative numbers were restated and related discussions were re-aligned, accordingly.*

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

Floriano Intermodal Terminal, Barra Mansa, Brazil. In May 2021, ICTSI, through its wholly-owned subsidiary ICTSI Americas B.V., established a new company, IRB Logistica IRB Logistica entered into a long-term lease agreement with MMR Administração, Participações E Empreendimentos S.A. until February 2048 covering the intermodal rail ramp terminal facilities, and took over the operations of the terminal starting July 1, 2021. IRB Logistica offers sustainable cargo handling, transport, and storage services to the economic, industrial, and production centers in Rio de Janeiro, Minas Gerais, and São Paulo.

Manila Harbour Center, Port of Manila, Philippines. On June 1, 2021, ICTSI signed a Share Purchase Agreement with Prime Strategic Holdings, Inc. to acquire 100% of the shares of MHCPSI, operating a 10-hectare international breakbulk and bulk private port facility located at the northern side of the Manila Harbour Center, Port of Manila. On June 4, 2021, the facilities were transferred to ICTSI management after all conditions precedent have been satisfied and required regulatory approvals have been obtained.

Port of Onne, Rivers State, Nigeria. ICTSI, through its Nigerian subsidiary, International Container Terminal Services Nigeria Ltd. (ICTSNL), signed a Lease Agreement with the Nigerian Port Authority in 2020, for the development and operation of a multipurpose terminal in the Port of Onne in Rivers State, Nigeria. ICTSNL started commercial operations in May 2021.

ICTSNL will further develop and equip Berths 9, 10 and 11 of the Federal Ocean Terminal, Onne Port Complex in Rivers State, Nigeria. The multipurpose terminal is designed to handle containers as well as general cargo, including project, heavy lift and roll-on/roll-off cargoes.

Located in the Gulf of Guinea in East Nigeria, the Port of Onne has earned its reputation as a modern and efficient gateway at the center of Africa's largest oil production region.

Port of Kribi, Cameroon. On June 14, 2019, ICTSI was declared as the preferred bidder for the concession of Multi-Purpose Terminal of the Port of Kribi, Cameroon by the port authority, Port Autoneme de Kribi (PAK).

On July 27, 2020, the 25-year concession contract was officially signed by Kribi Multipurpose Terminal (KMT), a Cameroonian subsidiary of ICTSI, and PAK. ICTSI, through its subsidiary ICTSI Middle East DMCC, owns 75% of KMT's shares of stock while PAK owns 25%.

Under the concession contract, KMT was given the exclusive right to develop, operate, and maintain the multipurpose facility at Kribi, a newly built deep-water port located 150 kilometers South of Douala. Kribi port is surrounded by the Kribi Industrial Area, a 262 square-kilometer zone intended to accommodate new industrial and logistical developments that support the growing economy of Cameroon and the Cameroon-Chad-CAR (Central African Republic) transit Corridor.

The concession covers Phase 1 of the construction of the Kribi Deep-Sea Port, consisting of 615 meters of berth and corresponding facilities, 33 hectares of yard and 1,355 meters of breakwater. Phase 1 is divided into two sub-phases. Sub-phase 1 consists of a 265-meter berth (Quay 1.1), 10 hectares of yard and port equipment and facilities that was turned over to KMT upon effectivity of the concession. Sub-phase 2 consists of a 350-meter berth (Quay 1.2, an extension of Quay 1.1), and 23 hectares of yard (including facilities to be provided by PAK) that are currently and temporarily utilized by the container terminal operator and will be turned over to KMT upon completion of the Phase 2 of the Kribi Deep-Sea Port where the container terminal operator will transfer to.

KMT has started commercial operations on October 1, 2020.

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%-owned by ICTSI Cooperatief, will build a new terminal along the river bank of the Congo River in Matadi and manage, develop and operate the same as a container terminal, as well as provide exclusive container handling services and general cargo services therein. On May 19, 2015, ICTSI, through its subsidiary, ICTSI Cooperatief, and its joint venture partner, SIMOBILE, transferred their respective 8% and 2% ownership interest in IDRC to Societe Commerciale Des Transports Et Des Ports S.A. (SCTP SA). SIMOBILE transferred to its subsidiary, La Societe d'Investissement et de Placement (SIP) Sprl, its 10% ownership in IDRC. Thereafter, IDRC is owned 52% by ICTSI, 28% by SIMOBILE, 10% by SIP Sprl and 10% by SCTP SA. On May 25, 2021, ICTSI, through its wholly-owned subsidiary IABV, concluded the acquisition of an additional 10% stake in IDRC from SIP Sprl, increasing ICTSI's effective ownership in IDRC from 52% to 62%.

Phase 1 of the facility consists of two berths that can handle 175,000 twenty-foot equivalent units (TEUs) and 350,000 metric tons. Phase 1 was completed in the fourth quarter of 2016. Initial operations started in the third quarter of 2016 while commercial operations started in January 2017.

Development of Phase 2 of the facility started in the first quarter of 2020 and is expected to be completed in the first quarter of 2023. The expansion project covers both yard and berth, including acquisition of port equipment. Upon completion of Phase 2, berth length will increase from 350 meters to 500 meters and capacity will increase to 400,000 TEUs and 800,000 metric tons. The empty container yard expansion was completed in the last quarter of 2020. As of August 3, 2021, the development of the full container yard is ongoing and is expected to be completed in the first quarter of 2022. The development of the quay will commence in the first quarter of 2022 and is expected to be completed in the first quarter of 2023.

Port of Rio de Janeiro City, Brazil. On July 19, 2019, ICTSI, through its wholly-owned subsidiary ICTSI Americas B.V, signed a Share Purchase Agreement with Boreal Empreendimentos e Participações S.A. (Boreal) to acquire 100% of the shares of Libra Terminal Rio S.A. (ICTSI Rio), which holds the concession rights to operate, manage and develop the container terminal Terminal de Contêineres 1 (T1Rio) in the port of Rio de Janeiro City, Federative Republic of Brazil. The concession of T1Rio commenced in 1998 and was extended in 2011 until 2048. On December 12, 2019, the Share Purchase Agreement was completed after all conditions precedent and required regulatory approvals were obtained, and at the same time, the facilities were turned over to ICTSI.

Port of Port Sudan, Sudan. On January 3, 2019, ICTSI, through its wholly-owned subsidiary ICTSI Middle East DMCC, signed a Concession Agreement ('the Agreement') with Sea Ports Corporation (SPC) of Sudan to operate, manage, and develop the South Port Container Terminal (SPCT) at the Port of Sudan, Republic of the Sudan for 20 years. The Port of Sudan is the only major modern port in the country and serves as the international gateway for more than 95% of the country's cargo flows.

Pursuant to the Agreement, ICTSI is required to pay: (a) an upfront fee of EUR530.0 million in installments of EUR410.0 million (US$467.2 million) and five other installments each in the amount of EUR24.0 (US$27.3 million) from the third to the seventh operation year; (b) fixed monthly fee; and (c) royalty fee during the concession period. The Agreement is secured by a sovereign guarantee by the Republic of the Sudan. On January 13, 2019, ICTSI paid the initial installment of an upfront fee of EUR410.0 million (US$470.2 million, the "Upfront Fee"). In February 2019, ICTSI established Africa Gateway Terminal (AGT), a Sudanese entity, to operate the container terminal.

On January 8, 2019, the Ministry of Finance and Economic Planning of the Republic of Sudan (the "Ministry") issued a bond (the "Refund Bond"), which was subsequently amended, wherein it agreed to refund the Upfront Fee in case ICTSI is unable to take over operations by April 7, 2019.

On August 7, 2019, due to the ongoing political instability in the Republic of the Sudan and the failure of the Sudanese government to turn over SPCT on or before April 7, 2019, the Ministry sent ICTSI a letter confirming: (1) the remittance of EUR195.2 million (US$219.1 million) as partial repayment of the Upfront Fee under the terms of the Refund Bond and (2) that the balance will be repaid as soon as possible. On December 13, 2019, ICTSI, through ICTSI Middle East DMCC, received from the Sudanese Government a second partial repayment of the Upfront Fee in the amount of AED110.2 million (EUR26.8 million or US$29.8 million). ICTSI continues productive discussions with the Ministry on the remaining balance of the Upfront Fee under the terms of the Refund Bond which the Ministry has expressly committed its obligations in its letter of June 25, 2020 (which was reconfirmed in a letter dated February 16, 2021). ICTSI reserves and continues to reserve its rights under the Concession Agreement following a letter from SPC regarding its cancellation which ICTSI disputes, and to pursue remedies available under the Refund Bond. ICTSI has an excellent track record of managing and making significant investments in its container terminal infrastructure and is committed to making the Port of Sudan a leading port and strategic gateway to Africa, benefitting all of its stakeholders.

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 10, 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 10 years, (b) build in three phases, 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. On March 1, 2016, an addendum to the Contract ("First Addendum") was signed by the parties granting ICTSI, through ICTSI Dubai, the right to manage and operate an additional existing Quay No. 19 for a total of 13 years, with the first three years for the completion of rehabilitation works. Also, the First Addendum extended the original term for the management and operation of Quay No. 20 from 10 to 13 years. On March 26, 2017, a second addendum to the Contract ("Second Addendum") was signed by the parties granting ICTSI, through ICTSI Dubai, the right to manage and operate Quay No. 21 co-terminus with the Contract and the First Addendum. The Second Addendum extended the term for the management and operation of Quay No. 19 and 20 from 13 to 21 years.

ICTSI commenced trial operations at Berth 20 in September 2014 and full-fledged commercial operations in November 2014. ICTSI commenced commercial operations of Berth 19 in June 2016. Berth 21 started operations in the third quarter of 2018 while the rehabilitation works are expected to be completed in the fourth quarter of 2021.

Phase 1 of the expansion project (Berth 27) under the BOT scheme has 250 meters of berth with an estimated capacity of 300,000 TEUs. The facility has 600 meters of quay with an estimated capacity of 900,000 TEUs. Berth 27 was completed and fully operational in the first quarter of 2017.

On October 22, 2017, ICTSI signed an agreement with GCPI for the Phase 2 of the expansion development of the Port. The Phase 2 expansion project was substantially completed and fully operational in the fourth quarter of 2019 and involved the development of two new berths, Berths 25 and 26, including a 10.2-hectare yard area and installation of three new quay cranes. An additional yard area of 0.9 hectares was further completed in January 2020. This expansion increased the Port's container handling capacity to 1,200,000 TEUs or by an additional 600,000 TEUs, and its capability to handle large container vessels of up to 10,000 TEUs.

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% of the capital stock of Terminal Maritima de Tuxpan, S.A de C.V (TMT) for US$54.5 million. TMT is a company duly incorporated in accordance with the laws of Mexico with a concession to construct and operate a maritime container terminal in the Port of Tuxpan, Mexico, and is the owner of the real estate where the maritime container terminal will be constructed. The concession agreement is valid until May 25, 2021, subject to extension for another 20 years. The concession covers an area of 29,109.68 square meters, which is adjacent to the 43 hectares of land owned by TMT. As of August 3, 2021, management is currently negotiating its options on the concession including evaluating the long-term plans for the land.

Motukea and Lae, Papua New Guinea. In September 2017, ICTSI received a notification from PNG Ports Corporation Limited (PNGPCL), a PNG state-owned enterprise, of the confirmation by the Independent Consumer and Competition Commission in PNG with respect to the two 25-year agreements signed by ICTSI's PNG subsidiaries, Motukea International Terminal Limited (MITL), and South Pacific International Container Terminal Limited (SPICTL), with PNGPCL for the operation, management and development of the two international ports in Motukea and Lae in PNG. SPICTL and MITL were allowed by PNGPCL to take over the port facilities and begin operations at the Port of Lae in February 2018 and at the Port of Motukea in May 2018, respectively. The terminal operating agreements (TOAs) and other related contracts took effect on June 1, 2018 after all the parties have complied with the agreed conditions precedent.

ICTSI, through its subsidiaries, International South Pacific, Ltd. (ISPL), MITL and SPICTL entered into Subscription and Shareholders Agreements (SSA) with the impacted communities (IC) for the management and governance of and the further transfers and/or issues of shares of MITL and SPICTL. The SSAs became effective upon the effectivity of the TOAs.

On August 8, 2019, ISPL entered into agreements with the local Tatana and Baruni communities, represented by Noho-Mage Holdings Limited (Noho-Mage), for the latter to acquire a 30% stake in MITL. In accordance with the agreements, the shares, representing a 30% stake in MITL, together with all the benefits and rights attached to those shares, will be transferred to Noho-Mage, following the entry of its name in the share register of MITL. On December 20, 2019, 30% of the shares held by ISPL were transferred to Noho-Mage after these shares were entered in MITL's share register under the name of Noho-Mage. The share transfer increased non-controlling interests by US$3.8 million (PGK12.8 million), while ISPL retained a 70% ownership stake in MITL.

On February 15, 2020, ISPL entered into share acquisition agreements with the local communities, Ahi Terminal Services Limited (Ahi) and Labu Investment Limited (Labu), for the transfer of SPICTL shares from ISPL to Ahi and Labu with each local community acquiring a 15% stake in SPICTL. The transfer of 30% of SPICTL shares from ISPL to the local communities became effective upon the signing of the said agreements. The share transfer increased non-controlling interests by US$7.5 million (PGK25.6 million), while ISPL retained a 70% ownership stake in SPICTL.

Extension of Contracts
Port of Guayaquil, Ecuador. On December 3, 2019, Contecon Guayaquil, S.A. (CGSA) and Autoridad Portuaria de Guayaquil signed the addendum to the concession agreement extending the term of the concession until December 2046, from the original term until July 2027. The addendum sets out the revised investment commitments of CGSA and modified the manner of determining the variable fee.

Davao, Philippines. On April 21, 2006, the Philippine Ports Authority (PPA) granted Davao Integrated Port and Stevedoring Services Corporation (DIPSSCOR) a ten-year contract for cargo handling services at Sasa Wharf, Port of Davao in the Philippines that expired on April 20, 2016. Thereafter, the PPA granted DIPSSCOR a series of hold-over authority (HOA) on a temporary basis over the cargo handling services at Sasa Wharf, Port of Davao. Pursuant to the PPA Memorandum Circular No. 37-2020, "Further Extension of Validity of PPA Approvals/Permits During the Enhanced Community Quarantine (ECQ), Modified ECQ (MECQ), and General CQ (GCQ) Due to COVID-19 Pandemic," dated September 29, 2020, and in view of the restrictions affecting processing of HOAs, among others, all HOAs to operate cargo handling services that expired/are expiring during the ECQ/MECQ/GCQ periods are deemed extended until December 31, 2020. DIPPSCOR continued to operate and has submitted the letter of intent for the issuance of the HOA pursuant to the requirements of PPA Administrative Order No. 01-2021, "Issuance of Holdover Authority for the Continuous Provision of Cargo Handling (CH), Passenger Terminal Building (PTB) and Roll-on/Roll-off (RoRo) Services at Ports under the Jurisdiction of the Philippine Ports Authority (PPA)," dated February 9, 2021. On May 24, 2021, the HOA was issued by the PPA with the validity of twelve months from January 1, 2021 up to December 31, 2021 or until the award of a new contract by the PPA, whichever is earlier, unless cancelled or revoked for reason by the PPA during the validity of the HOA.

South Cotabato, Philippines. On February 20, 2006, the PPA granted South Cotabato Integrated Port Services, Inc. (SCIPSI) a ten-year contract for the exclusive management and operation of arrastre, stevedoring, and other cargo handling services, except porterage, at Makar Wharf, Port of General Santos, General Santos City in the Philippines that expired on February 19, 2016. Thereafter, the PPA granted SCIPSI a series of HOA on a temporary basis over the cargo handling services at Makar Wharf, Port of General Santos. Pursuant to the PPA Memorandum Circular No. 37-2020, "Further Extension of Validity of PPA Approvals/Permits During the Enhanced Community Quarantine (ECQ), Modified ECQ (MECQ), and General CQ (GCQ) Due to COVID-19 Pandemic," dated September 29, 2020, and in view of the restrictions affecting processing of HOAs, among others, all HOAs to operate cargo handling services that expired/are expiring during the ECQ/MECQ/GCQ periods are deemed extended until December 31, 2020. SCIPSI continued to operate and has submitted the letter of intent for the issuance of the HOA pursuant to the requirements of PPA Administrative Order No. 01-2021, "Issuance of Holdover Authority for the Continuous Provision of Cargo Handling (CH), Passenger Terminal Building (PTB) and Roll-on/Roll-off (RoRo) Services at Ports under the Jurisdiction of the Philippine Ports Authority (PPA)," dated February 9, 2021. On April 13, 2021, the HOA was issued by the PPA with the validity of twelve months from January 1, 2021 up to December 31, 2021 or until the award of a new contract by the PPA, whichever is earlier, unless cancelled or revoked for reason by the PPA during the validity of the HOA.

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 second quarter and six months ended June 30, 2021 as compared with the same period in 2020 as derived from the accompanying unaudited interim condensed consolidated financial statements.

Table 2.1 Unaudited Consolidated Statements of Income

	For the Three Months Ended June 30			For the Six Months Ended June 30		
(In thousands, except % change data)	2020	**2021**	% Change	2020	**2021**	% Change
Gross revenues from port operations	US$348,485	**US$447,037**	28.3	US$724,261	**US$882,624**	21.9
Revenues from port operations, net of port authorities' share	308,011	**393,415**	27.7	639,204	**780,638**	22.1
Total income (net revenues, interest and other income)	316,133	**408,384**	29.2	657,336	**806,871**	22.7
Total expenses (operating, financing and other expenses)	234,564	**261,431**	11.5	491,218	**522,827**	6.4
EBITDA[1]	204,218	**267,685**	31.1	416,370	**532,463**	27.9
EBIT[2]	148,938	**207,254**	39.2	305,360	**413,183**	35.3
Net income attributable to equity holders of the parent	53,782	**106,592**	98.2	113,379	**196,662**	73.5
Earnings per share						
Basic	US$0.020	**US$0.045**	124.1	US$0.043	**US$0.081**	87.7
Diluted	0.020	**0.045**	123.7	0.043	**0.081**	87.3

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[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 fixed (and in-substance fixed) port fees and leases that are accounted as concession assets under IFRIC 12, Service Concession Agreement and right-of-use assets under PFRS 16, Leases;
- 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 condensed consolidated statements of income for the second quarter and six months ended June 30, 2021 as compared with the same period in 2020:

Table 2.2 EBITDA Computation

	For the Three Months Ended June 30			For the Six Months Ended June 30		
(In thousands, except % change data)	2020	**2021**	% Change	2020	**2021**	% Change
Net income attributable to equity holders of the parent	US$53,782	**US$106,592**	98.2	US$113,379	**US$196,662**	73.5
Non-controlling interests	8,690	**11,657**	34.1	17,931	**23,895**	33.3
Provision for income tax	19,097	**28,704**	50.3	34,808	**63,487**	82.4
Income before income tax	81,569	**146,953**	80.2	166,118	**284,044**	71.0
Add (deduct):						
Depreciation and amortization	55,280	**60,431**	9.3	111,010	**119,280**	7.4
Interest and other expenses	75,491	**75,270**	(0.3)	157,374	**155,372**	(1.3)
Interest and other income	(8,122)	**(14,969)**	84.3	(18,132)	**(26,233)**	44.7
EBITDA	US$204,218	**US$267,685**	31.1	US$416,370	**US$532,463**	27.9

2.2.2 Key Performance Indicators

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

2021 Compared with 2020

Gross moves per hour per crane ranged to 15.2 to 36.1 moves per hour in 2021 from 15.1 to 30.8 moves per hour in 2020. Crane availability ranged to 77.2 percent to 98.7 percent in 2021 from 78.5 percent to 97.7 percent in 2020. Berth utilization was at 18.2 percent to 70.9 percent in 2021 and 16.0 percent to 74.7 percent in 2020.

2020 Compared with 2019

Gross moves per hour per crane ranged to 15.1 to 30.8 moves per hour in 2020 from 14.7 to 29.1 moves per hour in 2019. Crane availability ranged to 78.5 percent to 97.7 percent in 2020 from 75.2 percent to 98.4 percent in 2019. Berth utilization was at 16.0 percent to 74.7 percent in 2020 and 19.8 percent to 80.8 percent in 2019.

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

2.3 Comparison of Operating Results for the Second Quarters Ended June 30, 2020 and 2021

2.3.1 TEU Volume

The below table presents the volume (in TEU) handled by the Group for the second quarters ended June 30, 2020 and 2021:

Table 2.3 Volume

	For the Three Months Ended June 30		
	2020	**2021**	% Change
Asia	1,038,623	**1,287,309**	23.9
Americas	711,602	**815,173**	14.6
EMEA	540,554	**649,249**	20.1
	2,290,779	**2,751,731**	20.1

The Group's consolidated volume increased by 20.1 percent to 2,751,731 TEUs for the second quarter of 2021 from 2,290,779 TEUs for the same period in 2020 primarily due to volume growth and improvement in trade activities as economies recover from the impact of the COVID-19 pandemic and lockdown restrictions; and new shipping lines and services at certain terminals.

Volume from the Asia operations, consisting of terminals in the Philippines, China, Indonesia, Australia, and Papua New Guinea increased by 23.9 percent to 1,287,309 TEUs for the second quarter of 2021 from 1,038,623 TEUs for the same period in 2020 mainly due to volume growth and recovery at MICT and VICT; increased trade activities at YICT; and recovery at certain Philippine terminals; slightly tapered by reduced vessel calls at OJA and DIPSSCOR. The Asia operations accounted for 45.3 percent and 46.8 percent of the consolidated volume for the quarters ended June 30, 2020 and 2021, respectively.

Volume from the Americas segment, consisting of terminals in Brazil, Ecuador, Honduras, Mexico and Argentina, increased by 14.6 percent to 815,173 TEUs for the second quarter of 2021 from 711,602 TEUs for the same period in 2020 mainly due to new shipping lines and services at CMSA; increased trade activities in OPC; and higher trade volumes and activities at TSSA; partially tapered by lower trade volume at CGSA and reduced vessel calls at ICTSI Rio. The Americas operations accounted for 31.1 percent and 29.6 percent of the consolidated volume for the quarters ended June 30, 2020 and 2021, respectively.

Volume from the EMEA segment, consisting of terminals in Iraq, DR Congo, Poland, Pakistan (previously part of Asia segment), Georgia, Madagascar and Croatia, reported a 20.1 percent increase to 649,249 TEUs for the second quarter of 2021 from 540,554 TEUs for the same period in 2020 mainly due to new services at PICT; higher trade volumes at BCT; increased vessel calls and trade activities at IDRC; and contribution of new business at ICTSNL; partially tapered by decrease in vessel calls and lower trade volumes at ICTSI Iraq and AGCT, combined with the impact of pandemic-related restrictions at MICTSL. Excluding the contribution of ICTSNL, volume from the EMEA segment would have increased by 17.8 percent in the second quarter of 2021. The EMEA operations accounted for 23.6 percent of the Group's consolidated volume for the quarters ended June 30, 2020 and 2021, 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 second quarters ended June 30, 2020 and 2021:

Table 2.4 Total Income

	For the Three Months Ended June 30		
(In thousands, except % change data)	2020	**2021**	% Change
Gross revenues from port operations	US$348,485	**US$447,037**	28.3
Port authorities' share in gross revenues	40,474	**53,622**	32.5
Net revenues	308,011	**393,415**	27.7
Interest income	4,710	**5,148**	9.3
Foreign exchange gain	307	**446**	45.3
Other income	3,105	**9,375**	201.9
Total income	US$316,133	**US$408,384**	29.2

For the second quarter of 2021, net revenues stood at 96.3 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.2 percent, 0.1 percent and 2.4 percent, respectively. For the same period in 2020, net revenues stood at 97.4 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.5 percent, 0.1 percent, and 1.0 percent, 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.

Table 2.5 Gross Revenues from Port Operations

	For the Three Months Ended June 30		
(In thousands, except % change data)	2020	**2021**	% Change
Asia	US$162,477	**US$206,250**	26.9
Americas	101,090	**137,998**	36.5
EMEA	84,918	**102,789**	21.0
	US$348,485	**US$447,037**	28.3

The Group's consolidated gross revenues from port operations increased by 28.3 percent to US$447.0 million for the second quarter of 2021 from US$348.5 million for the same period in 2020 mainly due to volume growth; favorable container mix; tariff adjustments at certain terminals; new contracts with shipping lines and services; higher revenues from ancillary services; contribution of new businesses at ICTSNL, MHCPSI and KMT; and net favorable impact of foreign exchange at certain terminals; partially tapered by decline in trade activities at certain terminals primarily due to the impact of COVID-19 pandemic. Excluding contribution of new businesses ICTSNL, MHCPSI, and KMT, consolidated gross revenues would have increased by 26.1 percent in 2021.

Gross revenues from the Asia segment increased by 26.9 percent to US$206.3 million for the second quarter of 2021 from US$162.5 million for the same period in 2020 mainly due to volume growth; improvement in trade activities; tariff adjustments at certain terminals; favorable translation impact mainly of the appreciation of Philippine Peso (PHP)-based revenues at Philippine terminals, and Australian Dollars (AUD)-based revenues at VICT; and contribution of new business MHCPSI; partially tapered by lower revenues from ancillary services. Excluding contribution of MHCPSI, gross revenues of Asia segment would have increased by 25.5 percent. The Asia operations captured 46.6 percent and 46.1 percent of the consolidated gross revenues for the second quarters ended June 30, 2020 and 2021, respectively.

Gross revenues from the Americas segment increased by 36.5 percent to US$138.0 million for the second quarter of 2021 from US$101.1 million for the same period in 2020 mainly due to volume growth; new service and contracts with shipping lines mainly at CMSA, increase in revenues from ancillary services, and favorable translation impact of the appreciation of Mexican Pesos (MXN)-based revenues at CMSA and Brazilian Reais (BRL)-based revenues at TSSA and ICTSI Rio. The Americas operations accounted for 29.0 percent and 30.9 percent of the consolidated gross revenues for the second quarters ended June 30, 2020 and 2021.

Gross revenues from the EMEA operations increased by 21.0 percent to US$102.8 million for the second quarter of 2021 from US$84.9 million for the same period in 2020 primarily due to volume growth; favorable container mix; increase in revenues from ancillary services; new services and tariff adjustments at certain terminals; favorable translation impact of the appreciation of Euro (EUR)-based revenues at MICTSL and contribution of new businesses ICTSNL and KMT; partially tapered by lower volume combined with unfavorable translation impact of the depreciation of Iraqi Dinar (IQD)-based revenues at ICTSI Iraq. Excluding the contribution of ICTSNL and KMT, gross revenues of EMEA segment would have increased by 14.8 percent in 2021. The EMEA operations stood at 24.4 percent and 23.0 percent of the consolidated gross revenues for the second quarters ended June 30, 2020 and 2021, 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 at certain terminals, increased by 32.5 percent to US$53.6 million for the second quarter of 2021 from US$40.5 million for the same period in 2020 as a result of higher revenues at these terminals including the port authority tariff increase imposed at ICTSI Iraq.

2.3.2.3 Interest Income, Foreign Exchange Gain and Other Income

Consolidated interest income increased by 9.3 percent to US$5.1 million for the second quarter of 2021 from US$4.7 million for the same period in 2020 mainly due to interest earned from short-term deposits at certain terminals.

Foreign exchange gain increased to US$0.4 million for the second quarter of 2021 from US$0.3 million for the same period in 2020 mainly due to the favorable translation impact of certain currencies against US dollar. Foreign exchange gain mainly arises from the settlement and translation or restatement adjustments of foreign currency-denominated monetary assets and liabilities.

Other income increased to US$9.4 million for the second quarter of 2021 from US$3.1 million for the same period in 2020 mainly due to the non-recurring gain from insurance proceeds in 2021. Other income includes the Group's rental, dividend income, and other sundry income accounts.

2.3.3 Total Expenses

The table below shows the breakdown of total expenses for the second quarters ended June 30, 2020 and 2021.

Table 2.6 Total Expenses

	For the Three Months Ended June 30		
(In thousands, except % change data)	2020	**2021**	% Change
Manpower costs	US$57,747	**US$64,075**	11.0
Equipment and facilities-related expenses	21,684	**31,509**	45.3
Administrative and other operating expenses	24,362	**30,146**	23.7
Total cash operating expenses	103,793	**125,730**	21.1
Depreciation and amortization	55,280	**60,431**	9.3
Interest expense and financing charges on borrowings	25,460	**28,533**	12.1
Interest expense on lease liabilities	22,510	**26,558**	18.0
Interest expense on concession rights payable	12,844	**14,732**	14.7
Equity in net loss (gain) of joint ventures and an associate	4,165	**(700)**	(116.8)
Foreign exchange loss and others	10,512	**6,147**	(41.5)
Total expenses	US$234,564	**US$261,431**	11.5

Total cash operating expenses of the Group increased by 21.1 percent to US$125.7 million for the second quarter ended June 30, 2021 from US$103.8 million for the same period in 2020 mainly due to the increase in equipment and facilities-related expenses and contracted services in relation to volume; contribution of new businesses (ICTSNL, MHCPSI and KMT); and unfavorable foreign exchange effect of MXN-based expenses at CMSA, AUD-based expenses at VICT, and PHP-based expenses at Philippine terminals; partially tapered by continuous cost optimization measures; and favorable foreign exchange effect of IQD-based expenses at ICTSI Iraq, and ARS-based expenses at Tecplata. Excluding contribution of new businesses, consolidated cash operating expenses would have increased by 18.6 percent.

2.3.3.1 Manpower Costs

Manpower costs increased by 11.0 percent to US$64.1 million for the second quarter of 2021 from US$57.7 million for the same period in 2020 primarily due to higher contracted services as a result of volume increase at certain terminals; and government-mandated and contracted salary rate adjustments at certain terminals, partially tapered by continuous cost optimization measures. Excluding contribution of new businesses, consolidated manpower costs would have increased by 7.9 percent.

Manpower costs accounted for 55.6 percent and 51.0 percent of consolidated cash operating expenses for the second quarters ended June 30, 2020 and 2021, 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, power and light, tools expenses, equipment rentals, and fuel, oil and lubricants.

Equipment and facilities-related expenses increased by 45.3 percent to US$31.5 million for the second quarter of 2021 from US$21.7 million for the same period in 2020 mainly due to higher consumption of fuel, including fuel price increase, and power and light, and increase in repairs and maintenance and equipment rental driven by the increase in volume. Excluding contribution of new businesses, consolidated equipment and facilities-related expenses would have increased by 43.5 percent.

Equipment and facilities-related expenses represented 20.9 percent and 25.1 percent of consolidated cash operating expenses for the second quarters ended June 30, 2020 and 2021, respectively.

2.3.3.3 Administrative and Other Operating Expenses

Administrative and other operating expenses increased by 23.7 percent to US$30.1 million for the second quarter of 2021 from US$24.4 million for the same period in 2020 mainly due to increase in professional fees, information technology-related expenses, and transportation and travel costs; and contribution of new businesses, tapered by continuous cost optimization measures implemented. Excluding contribution of new businesses, consolidated administrative and other operating expenses would have increased by 21.9 percent.

Administrative and other operating expenses stood at 23.5 percent and 24.0 percent of consolidated cash operating expenses for the second quarters ended June 30, 2020 and 2021, respectively.

2.3.3.4 Depreciation and Amortization

Depreciation and amortization expense increased by 9.3 percent to US$60.4 million for the second quarter of 2021 from US$55.3 million for the same period in 2020 mainly due to amortization of right-of-use assets recognized at ICTSNL and capitalized fixed fees at KMT, contribution of MHCPSI; increase in right-of-use asset at CMSA in July 2020; unfavorable translation impact of AUD-based and MXN-based depreciation and amortization charges at VICT and at CMSA, respectively; higher depreciation and amortization charges at certain terminals; partially tapered by lower amortization expense on the concession rights assets at Tecplata arising from the reduced carrying value of its concession right assets following the non-recurring impairment charge in December 2020. Excluding contribution of new businesses, depreciation and amortization expense would have increased by 4.8 percent.

2.3.3.5 Interest and Financing Charges on Borrowings

Interest and financing charges on borrowings increased by 12.1 percent to US$28.5 million for the second quarter of 2021 from US$25.5 million for the same period in 2020 primarily due to issuance of senior notes at ICTSI Parent in June 2020 and contribution of a new business, MHCPSI. Excluding contribution of new businesses, interest and financing charges on borrowings would have increased by 10.6 percent.

2.3.3.6 Interest Expense on Lease Liabilities

Interest expense on lease liabilities increased by 18.0 percent to US$26.6 million for the second quarter of 2021 from US$22.5 million for the same period in 2020 mainly due to unfavorable translation impact of AUD-based interest expense at VICT and MXN-based interest expense in CMSA; and increase in lease liability at CMSA in July 2020. Excluding contribution of ICTSNL, interest expense on lease liabilities would have increased by 17.4 percent.

2.3.3.7 Interest Expense on Concession Rights Payable

Interest expense on concession rights payable increased by 14.7 percent to US$14.7 million for the second quarter ended June 30, 2021 from US$12.8 million for the same period in 2020 mainly due to the recognition of concession rights payable at a new terminal, KMT in October 2020. Excluding contribution of KMT, interest expense on concession rights payable would have increased by 1.0 percent.

2.3.3.8 Equity in Net Loss (Gain) of Joint Ventures and An Associate

Equity in net loss (gain) of joint ventures and an associate favorably decreased by 116.8 percent to US$0.7 million equity in net gain in the second quarter of 2021 from US$4.2 million equity in net loss for the same period in 2020 mainly due to the Company’s share in the higher net earnings of MNHPI; and the Company’s share in the lower net loss at SPIA.

2.3.3.9 Foreign Exchange Loss and Others

Foreign exchange loss and others decreased to US$6.1 million in the second quarter of 2021 from US$10.5 million for the same period in 2020 mainly due to the decrease in foreign exchange loss arising from the favorable translation impact of certain currencies against US dollar and lower COVID-19 related and restructuring costs incurred in 2021.

2.3.4 EBITDA and EBIT

Consolidated EBITDA increased by 31.1 percent to US$267.7 million for the second quarter of 2021 from US$204.2 million for the same period in 2020 mainly due to higher revenues, partially tapered by the increase in cash operating expenses. EBITDA margin increased to 59.9 percent in 2021 from 58.6 percent in 2020. Excluding contribution of new businesses, EBITDA would have increased by 28.7 percent.

Meanwhile, consolidated EBIT increased by 39.2 percent to US$207.3 million for the second quarter of 2021 from US$148.9 million for the same period in 2020 mainly due to higher EBITDA, partially tapered by increase in depreciation and amortization charges. EBIT margin increased to 46.4 percent in 2021 from 42.7 percent in 2020. Excluding contribution of new businesses, EBIT would have increased by 37.6 percent.

2.3.5 Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax increased by 80.2 percent to US$147.0 million for the quarter ended June 30, 2021 from US$81.6 million for the same period in 2020 primarily due to higher operating income; decrease in equity in net loss of joint ventures and an associate, partially tapered by increase in interest on loans, concession rights payable, and lease liability and depreciation and amortization. The ratio of consolidated income before income tax to consolidated gross revenues stood at 23.4 percent and 32.9 percent in 2020 and 2021, respectively.

Consolidated provision for current and deferred income taxes increased to US$28.7 million for the second quarter of 2021 from US$19.1 million for the same period in 2020 mainly due to revenue-driven higher taxable income at certain terminals and expiration of Income Tax Holiday (ITH) of ICTSI Parent in July 2020. Effective income tax rate in 2020 and 2021 stood at 23.4 percent and 19.5 percent, respectively.

2.3.6 Net Income

Consolidated net income increased by 89.3 percent to US$118.2 million for the quarter ended June 30, 2021 from US$62.5 million for the same period in 2020. The ratio of consolidated net income to gross revenues stood at 17.9 percent and 26.5 percent in 2020 and 2021, respectively.

Consolidated net income attributable to equity holders increased by 98.2 percent to US$106.6 million for the quarter ended June 30, 2021 from US$53.8 million for the same period in 2020.

Basic and diluted earnings per share amounted to US$0.020 and US$0.045 in 2020 and 2021, respectively.

2.4 Comparison of Operating Results for the Six Months Ended June 30, 2020 and 2021

2.4.1 TEU Volume

The below table presents the volume (in TEU) handled by the Group for the six months ended June 30, 2020 and 2021:

Table 2.7 Volume

	For the Six Months Ended June 30		
	2020	**2021**	% Change
Asia	2,145,727	**2,472,327**	15.2
Americas	1,499,549	**1,687,935**	12.6
EMEA	1,154,489	**1,299,261**	12.5
	4,799,765	**5,459,523**	13.7

Consolidated volume handled by the Group increased by 13.7 percent to 5,459,523 TEUs for the first six months of 2021 from 4,799,765 TEUs for the same period in 2020 primarily due to volume growth and improvement in trade activities as economies recover from the impact of the COVID-19 pandemic and lockdown restrictions; and new shipping lines and services at certain terminals.

Volume from the Asia segment increased by 15.2 percent to 2,472,327 TEUs for the first six months of 2021 from 2,145,727 TEUs for the same period in 2020 mainly due to strong volume growth and recovery at MICT and most Philippine terminals; higher volume at VICT; and increased trade activities at YICT; slightly tapered by reduced vessel calls at DIPSSCOR and Indonesia terminals. The Asia operations accounted for 44.7 percent and 45.3 percent of the consolidated volume for the six months ended June 30, 2020 and 2021.

Volume from the Americas segment increased by 12.6 percent to 1,687,935 TEUs for the first six months of 2021 from 1,499,549 TEUs for the same period in 2020 mainly due to new shipping lines and services at CMSA; increased trade activities at OPC; and higher trade volumes and activities at TSSA; partially tapered by reduced vessel calls at ICTSI Rio and CGSA. The Americas operations accounted for 31.2 percent and 30.9 percent of the consolidated volume for the six months ended June 30, 2020 and 2021, respectively.

Volume from the EMEA segment increased by 12.5 percent to 1,299,261 TEUs for the first six months of 2021 from 1,154,489 TEUs for the same period in 2020 primarily due to new services at PICT; higher trade volumes at BCT; increased vessel calls and trade activities at IDRC; and contribution of new business at ICTSNL; partially tapered by decrease in vessel calls and lower trade volumes at ICTSI Iraq and MICTSL; and lower trade activities at BICT. Excluding the contribution of ICTSNL, volume from the EMEA segment would have increased by 11.5 percent in the first six months of 2021. The EMEA segment stood at 24.1 percent and 23.8 percent of the consolidated volume for the six months ended June 30, 2020 and 2021, respectively.

2.4.2 Total Income

Table 2.8 Total Income

	For the Six Months Ended June 30		
(In thousands, except % change data)	2020	**2021**	% Change
Gross revenues from port operations	US$724,261	**US$882,624**	21.9
Port authorities' share in gross revenues	85,057	**101,986**	19.9
Net revenues	639,204	**780,638**	22.1
Interest income	9,447	**10,221**	8.2
Foreign exchange gain	2,459	**4,434**	80.3
Other income	6,226	**11,578**	86.0
Total income	US$657,336	**US$806,871**	22.7

For the six months ended June 30, 2021, net revenues accounted for 96.7 percent of the total consolidated income while interest income, foreign exchange gain and other income represented 1.3 percent, 0.5 percent and 1.4 percent, respectively. For the same period in 2020, net revenues accounted for 97.2 percent of the total consolidated income while interest income, foreign exchange gain, and other income represented 1.4 percent, 0.4 percent and 1.0 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.

Table 2.9 Gross Revenues from Port Operations

	For the Six Months Ended June 30		
(In thousands, except % change data)	2020	**2021**	% Change
Asia	US$328,621	**US$392,776**	19.5
Americas	221,536	**286,104**	29.1
EMEA	174,104	**203,744**	17.0
	US$724,261	**US$882,624**	21.9

The Group's consolidated gross revenues from port operations increased by 21.9 percent to US$882.6 million for the first six months of 2021 from US$724.3 million for the same period in 2020 mainly due to volume growth; favorable container mix; tariff adjustments at certain terminals; new contracts with shipping lines and services; and higher revenues from ancillary services; contribution of new businesses in ICTSNL, MHCPSI and KMT; and net favorable impact of foreign exchange at certain terminals; partially tapered by decline in trade activities at certain terminals primarily due to the impact of COVID-19 pandemic. Excluding contribution of new businesses ICTSNL, MHCPSI and KMT, consolidated gross revenues would have increased by 20.7 percent.

Gross revenues from the Asia segment increased by 19.5 percent to US$392.8 million for the first six months of 2021 from US$328.6 million for the same period in 2020 mainly due to volume growth; improvement in trade activities and tariff adjustments at certain terminals; favorable translation impact of the appreciation of PHP-based revenues at Philippine terminals, AUD-based revenues at VICT; and partially tapered by lower revenues from ancillary services at certain terminals. Excluding contribution of MHCPSI, gross revenues of Asia segment would have increased by 18.8 percent. The Asia segment accounted for 45.4 percent and 44.5 percent of the consolidated gross revenues for the six months ended June 30, 2020 and 2021, respectively.

Gross revenues from the Americas segment increased by 29.1 percent to US$286.1 million for the first six months of 2021 from US$221.5 million for the same period in 2020 mainly due to volume growth; new services and contracts with shipping lines mainly at CMSA, increase in revenues from ancillary services; favorable translation impact of the appreciation of MXN-based revenues at CMSA, partially tapered by unfavorable translation impact of the depreciation of BRL-based revenues at TSSA and ICTSI Rio. The Americas segment stood at 30.6 percent and 32.4 percent of the consolidated gross revenues for the six months ended June 30, 2020 and 2021, respectively.

Gross revenues from the EMEA segment increased by 17.0 percent to US$203.7 million for the first six months of 2021 from US$174.1 million for the same period in 2020 primarily due to volume growth; favorable container mix; increase in revenues from ancillary services, new services and tariff adjustments at certain terminals; and contribution of new businesses ICTSNL and KMT; combined with favorable translation impact of the appreciation of EUR-based revenues at MICTSL; partially tapered by lower volume combined with unfavorable translation impact of the depreciation of IQD-based revenues at ICTSI Iraq; and decline in trade activities at BICT primarily due to the impact of COVID-19 pandemic. Excluding the contribution of ICTSNL and KMT, gross revenues of EMEA segment would have increased by 13.7 percent. The EMEA operations accounted for 24.0 percent and 23.1 percent of the consolidated gross revenues for the six months ended June 30, 2020 and 2021, 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 by certain terminals, increased by 19.9 percent to US$102.0 million for the first six months of 2021 from US$85.1 million for the same period in 2020 as a result of higher volume and revenues at these terminals.

2.4.2.3 Interest Income, Foreign Exchange Gain, and Other Income

Consolidated interest income increased by 8.2 percent to US$10.2 million for the first six months of 2021 from US$9.4 million for the same period in 2020 mainly due to interest earned from short-term deposits at certain terminals.

Foreign exchange gain increased to US$4.4 million for the first six months of 2021 from US$2.5 million for the same period in 2020 mainly due to the favorable translation impact of certain currencies against US dollar. Foreign exchange gain mainly arises from the settlement and translation or restatement adjustments of foreign currency-denominated monetary assets and liabilities.

Other income increased to US$11.6 million for the first six months of 2021 from US$6.2 million for the same period in 2020 mainly due to the non-recurring gain from insurance proceeds in 2021. Other income includes the Group's rental, dividend income, 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 six months ended June 30, 2020 and 2021:

Table 2.10 Total Expenses

	For the Six Months Ended June 30		
(In thousands, except % change data)	2020	**2021**	% Change
Manpower costs	US$119,215	**US$127,319**	6.8
Equipment and facilities-related expenses	49,769	**60,654**	21.9
Administrative and other expenses	53,850	**60,202**	11.8
Total cash operating expenses	222,834	**248,175**	11.4
Depreciation and amortization	111,010	**119,280**	7.4
Interest expense and financing charges on borrowings	51,971	**57,036**	9.7
Interest expense on lease liabilities	47,181	**53,002**	12.3
Interest expense on concession rights payable	25,927	**29,045**	12.0
Equity in net loss (gain) of joint ventures and an associate	9,680	**(742)**	(107.7)
Foreign exchange loss and others	22,615	**17,031**	(24.7)
Total expenses	US$491,218	**US$522,827**	6.4

The Group's cash operating expenses increased by 11.4 percent to US$248.2 million for the six months ended June 30, 2021 from US$222.8 million for the same period in 2020 mainly due to the increase in equipment and facilities-related expenses and contracted services in relation to volume; contribution of new businesses (ICTSNL, MHCPSI and KMT); and unfavorable foreign exchange effect of MXN-based expenses at CMSA, AUD-based expenses at VICT, and PHP-based expenses at Philippine terminals; partially tapered by continuous cost optimization measures; and favorable foreign exchange effect of IQD-based expenses at ICTSI Iraq, BRL-based expenses at TSSA and ICTSI Rio, and ARS-based expenses at Tecplata. Excluding contribution of new businesses, consolidated cash operating expenses would have increased by 9.3 percent.

2.4.3.1 *Manpower Costs*

Manpower costs increased by 6.8 percent to US$127.3 million for the first six months of 2021 from US$119.2 million for the same period in 2020 primarily due to higher contracted services as a result of the volume increase at certain terminals; government-mandated and contracted salary rate adjustments at certain terminals; and contribution of new businesses, partially tapered by continuous cost optimization measures. Excluding contribution of new businesses, consolidated manpower costs would have increased by 4.9 percent.

Manpower costs accounted for 53.5 percent and 51.3 percent of consolidated cash operating expenses for the six months ended June 30, 2020 and 2021, 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, power and light, tools expenses, equipment rentals, and fuel, oil and lubricants.

Equipment and facilities-related expenses increased by 21.9 percent to US$60.7 million for the first six months of 2021 from US$49.8 million for the same period in 2020 mainly due to higher consumption of fuel, including fuel price increase, and power and light and increase in repairs and maintenance and equipment rental driven by the increase in volume. Excluding contribution of new businesses, consolidated equipment and facilities-related expenses would have increased by 19.6 percent.

Equipment and facilities-related expenses stood at 22.3 percent and 24.4 percent of consolidated cash operating expenses for the six months ended June 30, 2020 and 2021, respectively.

2.4.3.3 *Administrative and Other Operating Expenses*

Administrative and other operating expenses increased by 11.8 percent to US$60.2 million for the first six months of 2021 from US$53.9 million for same period in 2020 mainly due to increase in professional fees; and contribution of new businesses, tapered by continuous cost optimization measures implemented. Excluding contribution of new businesses, consolidated administrative and other operating expenses would have decreased by 9.7 percent.

Administrative and other operating expenses accounted for 24.2 percent and 24.3 percent of consolidated cash operating expenses for the six months ended June 30, 2020 and 2021, respectively.

2.4.3.4 *Depreciation and Amortization*

Depreciation and amortization expense increased by 7.4 percent to US$119.3 million for the first six months of 2021 from US$111.0 million for the same period in 2020 mainly due to amortization of right-of-use assets recognized at ICTSNL and capitalized fixed fees at KMT; increase in right-of-use asset at CMSA in July 2020; unfavorable translation impact of AUD-based and MXN-based depreciation and amortization charges at VICT and CMSA, respectively; and higher depreciation and amortization charges at certain terminals; partially tapered by lower amortization expense on the concession rights assets at Tecplata arising from the reduced carrying value of its concession right assets following the non-recurring impairment charge in December 2020. Excluding contribution of new businesses, depreciation and amortization expense would have increased by 3.6 percent.

2.4.3.5 *Interest and Financing Charges on Borrowings*

Interest and financing charges on borrowings increased marginally by 9.7 percent to US$57.0 million for the first six months of 2021 from US$52.0 million for the same period in 2020 primarily due to issuance of senior notes at ICTSI Parent in June 2020 and contribution of a new business, MHCPSI. Excluding contribution of new businesses, interest and financing charges on borrowings would have increased by 9.0 percent.

2.4.3.6 *Interest Expense on Lease Liabilities*

Interest expense on lease liabilities increased by 12.3 percent to US$53.0 million for the first six months of 2021 from US$47.2 million for the same period in 2020 mainly due to unfavorable translation impact of AUD-based interest expense at VICT and MXN-based interest expense in CMSA; increase in lease liability at CMSA in July 2020; partially offset by favorable translation impact of BRL-based interest expense at TSSA. Excluding contribution of ICTSNL, interest expense on lease liabilities would have increased by 11.7 percent.

2.4.3.7 *Interest Expense on Concession Rights Payable*

Interest on concession rights payable increased by 12.0 percent to US$29.0 million for the six months ended June 30, 2021 from US$25.9 million for the same period in 2020 mainly due to the recognition of concession rights liabilities at a new terminal, KMT in October 2020. Excluding contribution of KMT, interest expense on concession rights payable would have decreased by 1.6 percent.

2.4.3.8 *Equity in Net Loss (Gain) of Joint Ventures and An Associate*

Equity in net loss of joint ventures and an associate decreased by 107.7 percent to US$0.7 million equity in net gain for the first six months of 2021 from US$9.7 million equity in net loss for the same period in 2020 mainly due to the Company's share in the higher net earnings with respect to MNHPI as a result of better operating results and of the enactment of Corporate Recovery and Tax Incentives for Enterprises (CREATE) bill in the Philippines which impacted the deferred tax liabilities associated to the acquisition of MNHPI; and the Company's share in lower net loss at SPIA.

2.4.3.9 *Foreign Exchange Loss and Others*

Foreign exchange loss and others decreased to US$17.0 million for the first six months of 2021 from US$22.6 million for the same period in 2020 mainly due to decrease in foreign exchange loss arising from the favorable translation impact of certain currencies against US dollar and lower COVID-19 related and restructuring costs incurred in 2021. 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 27.9 percent to US$532.5 million for the first six months of 2021 from US$416.4 million for the same period in 2020 mainly due to higher revenues, partially tapered by the increase in cash operating expenses. EBITDA margin increased to 60.3 percent in 2021 from 57.5 percent in 2020. Excluding contribution of new businesses, EBITDA would have increased by 27.1 percent.

Meanwhile, consolidated EBIT increased by 35.3 percent to US$413.2 million for the first six months of 2021 from US$305.4 million for the same period in 2020 mainly due to higher EBITDA, partially tapered by increase in depreciation and amortization charges. EBIT margin increased to 46.8 percent in 2021 from 42.2 percent in 2020. Excluding contribution of new businesses, EBIT would have increased by 35.6 percent.

2.4.5 Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax increased by 71 percent to US$284.0 million for the first six months of 2021 from US$166.1 million for the same period in 2020 primarily due to higher operating income; decrease in equity in net loss of joint ventures and an associate, partially tapered by increase in interest on loans, concession rights payable, and lease liability, and depreciation and amortization. Excluding contribution of new businesses, income before income tax would have increased by 74.3 percent.

The ratio of consolidated income before income tax to consolidated gross revenues stood at 22.9 percent and 32.2 percent in 2020 and 2021, respectively.

Consolidated provision for current and deferred income taxes increased to US$63.5 million for the first six months of 2021 from US$34.8 million for the same period in 2020 mainly due to higher taxable income at certain terminals, expiration of ITH of ICTSI Parent in July 2020, and unfavorable impact of enactment of CREATE at Philippine terminals. Effective income tax rate in 2020 and 2021 stood at 21.0 percent and 22.4 percent, respectively.

2.4.6 Net Income

Consolidated net income increased by 68.0 percent to US$220.6 million for the first six months of 2021 from US$131.3 million for the same period in 2020. The ratio of consolidated net income to gross revenues stood at 18.1 percent and 25.0 percent for the six months ended June 30, 2020 and 2021, respectively.

Consolidated net income attributable to equity holders increased by 73.5 percent to US$196.7 million for six months ended June 30, 2021 from US$113.4 million for the same period in 2020.

Basic and diluted earnings per share increased to US$0.081 in 2021 from US$0.043 in 2020.

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, Australian dollars and the Euro, may adversely affect the Group's reported levels of revenues and profits.

On March 11, 2020, the World Health Organization has declared the novel coronavirus (COVID-19) outbreak a global pandemic.

In the Philippines, in a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until May 15, 2020. Thereafter, several extensions of community quarantines at different levels were implemented in Metro Manila and different areas in the Philippines. On July 30, 2021, community quarantine restrictions of varying levels were extended in Metro Manila and other parts of the country until August 20, 2021, in order to manage the spread of the virus.

Likewise, government authorities in other countries where the Group operates, adopted measures, including lockdowns, to control the spread of the virus and mitigate the impact of the outbreak.

These measures have caused disruptions to businesses, global supply chain, and economic activities, and its impact continues to evolve.

The scale and duration of these developments remain uncertain as of the report date. The Group observed declines in general business, including container throughput and revenues. It is not possible to estimate the overall impact of the outbreak's near-term and longer effects, however, the Group has already incurred and will continue to incur costs as the Group continue to mitigate the adverse impact of the outbreak on its operations.

The COVID-19 pandemic does not have significant impact to the collectability of the Group's trade receivables in 2021. Considering the evolving nature of this pandemic, the Group will continue to monitor the situation. Uncertainties in market trends and economic conditions may persist due to COVID-19 pandemic, which may impact actual results and differ materially from the estimates of expected credit losses.

2.6 Financial Position

Table 2.11 Interim Condensed Consolidated Balance Sheets

(In thousands, except % change data)	December 31, 2020 *(Audited, except for ratios)*	**June 30, 2021** *(Unaudited)*	% Change
Total assets	US$6,195,325	**US$6,219,076**	0.4
Current assets	969,218	**811,747**	(16.2)
Total equity	1,861,620	**1,712,677**	(8.0)
Total equity attributable to equity holders of the parent	1,680,616	**1,536,401**	(8.6)
Total interest-bearing debt	1,767,307	**1,869,970**	5.8
Current liabilities	490,527	**535,054**	9.1
Total liabilities	4,333,705	**4,506,399**	4.0
Current assets/total assets	15.6%	**13.1%**	
Current ratio	1.98	**1.52**	
Debt-equity ratio[1]	0.95	**1.09**	

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

Total assets increased by 0.4 percent to US$6.2 billion as of June 30, 2021 mainly due to the acquisition of new terminal, MHCPSI; and capital expenditures arising from the acquisition of port facilities and equipment at ICTSNL, ongoing expansions at MICT, and yard expansion at IDRC. These investments were funded mainly by cash generated from the Group's operations and debt financing. Non-current assets stood at 84.4 percent and 86.9 percent of the total consolidated assets as of December 31, 2020 and June 30, 2021, respectively.

Current assets decreased by 16.2 percent to US$811.7 million as of June 30, 2021 from US$969.2 million as of December 31, 2020 mainly due to the redemption of the perpetual capital securities; payment of dividends declared during the period; and deployment of cash to fund capital expenditures; tapered by cash generated from operations. Current assets accounted for 15.6 percent and 13.1 percent of the total consolidated assets of the Group as of December 31, 2020 and June 30, 2021, respectively. Current ratio stood at 1.98 and 1.52 as of December 31, 2020 and June 30, 2021, respectively.

Total equity decreased by 8.0 percent to US$1.7 billion as of June 30, 2021 primarily due to redemption of perpetual capital securities; payment of dividends; and distribution to holders of perpetual capital securities, tapered by net income generated for the period.

Total liabilities increased by 4.0 percent to US$4.5 billion as of June 30, 2021 primarily due to the acquisition of new terminal, MHCPSI, tapered by repayment of loan mainly at VICT; and decrease in fair value of derivative liabilities relating to interest rate swap arrangements. Financial leverage, the ratio of total interest-bearing debt to total assets, stood at 28.5 percent and 30.1 percent as of December 31, 2020 and June 30, 2021, respectively.

Meanwhile, current liabilities increased by 9.1 percent to US$535.1 million as of June 30, 2021 from US$490.5 million as of December 31, 2020 mainly due to contingent consideration accrued as a result of acquisition of new terminal, MHCPSI.

2.6.1 Material Variances Affecting the Balance Sheet

Balance sheet accounts as of June 30, 2021 with variances of plus or minus 5.0 percent against December 31, 2020 balances are discussed, as follows:

Noncurrent Assets

1. Property and equipment increased by 9.8 percent to US$1.6 billion as of June 30, 2021 mainly due to the acquisition of new terminal, MHCPSI; and capital expenditures arising from acquisition of port facilities and equipment at ICTSNL and yard expansion at IDRC.
2. Other noncurrent assets increased by 5.7 percent to US$382.8 million primarily due to the acquisition of new terminal, MHCPSI; and deposits made in relation to investments and concession-related projects.

Current Assets

3. Cash and cash equivalents decreased by 21.2 percent to US$579.4 million as of June 30, 2021 mainly due to payment for the redemption of perpetual capital securities; deployment of cash to fund capital expenditures; and payment of dividends, tapered by cash generated from operations.
4. Receivables increased by 6.7 percent to US$138.0 million as of June 30, 2021 primarily due to higher revenues from port operations at most of the terminals.
5. Spare parts and supplies increased by 8.0 percent to US$41.3 million as of June 30, 2021 mainly as a result of acquisition of spare parts at certain terminals.
6. Prepaid expenses and other current assets decreased by 20.6 percent to US$53.1 million as of June 30, 2021 mainly due to lower receivable for the Group's share in fees collected by the port authority, and utilization of input taxes at ICTSI Parent and CMSA.

Equity

7. Treasury shares decreased by 69.1 percent to US$1.4 million as of June 30, 2021 mainly due to share based employee incentive payments.
8. Excess of consideration over the carrying value of non-controlling interests acquired or disposed increased by 8.1 percent to US$160.0 million as of June 30, 2021 mainly as a result of acquisition of 10% non-controlling interest in IDRC.
9. Retained earnings increased by 24.1 percent to US$269.2 million as of June 30, 2021 mainly due to the net income generated for the period amounting to US$196.7 million, partially tapered by dividends declared during the period; and distribution to holders of perpetual capital securities.
10. Perpetual capital securities decreased by 15.6 percent to US$1.1 billion as of June 30, 2021 mainly due to redemption, including the repurchase, of perpetual capital securities with an aggregate carrying value of US$194.3 million.

Noncurrent Liabilities

11. Noncurrent portion of long-term debt increased by 6.4 percent to US$1.8 billion as of June 30, 2021 mainly due to the additional loan recognized as a result of the acquisition of new terminal, MHCPSI, partially tapered by repayment of loans at VICT, IDRC, CGSA, SPICTL and MITL.
12. Deferred tax liabilities increased by 22.9 percent to US$195.4 million as of June 30, 2021 mainly due to the deferred tax liability recognized as a result of the acquisition of new terminal, MHCPSI.
13. Other noncurrent liabilities decreased by 7.7 percent to US$57.8 million as of June 30, 2021 mainly due to decrease in the fair value of derivative liabilities relating to interest rate swap arrangements at IGFBV and VICT.

Current Liabilities

14. Accounts payable and other current liabilities increased by 12.3 percent to US$397.0 million as of June 30, 2021 primarily due to the acquisition of new terminal, MHCPSI.

15. Current portion of long-term debt decreased by 13.6 percent to US$43.0 million as of June 30, 2021 mainly due to decrease in term loans scheduled for payment in the next twelve months at certain terminals and repayment of loans mainly at VICT; partially tapered by the recognition of additional debt as a result of the acquisition of new terminal, MHCPSI.
16. Current portion of lease liabilities increased by 8.7 percent to US$22.4 million as of June 30, 2021 due to higher lease fees scheduled for payment in the next twelve months.
17. Income tax payable increased by 15.1 percent to US$49.8 million as of June 30, 2021 mainly due to higher taxable income at certain terminals and acquisition of new terminal, MHCPSI.

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 June 30, 2020 and 2021:

Table 2.12 Consolidated Cash Flows

	For the Six Months Ended June 30		
(In thousands, except % change data)	2020	**2021**	% Change
Net cash provided by operating activities	US$372,407	**US$477,088**	28.1
Net cash used in investing activities	(112,597)	**(74,907)**	33.5
Net cash used in financing activities	(195,229)	**(554,953)**	(184.3)
Effect of exchange rate changes on cash	(2,645)	**(2,660)**	(0.6)
Net increase (decrease) in cash and cash equivalents	61,936	**(155,432)**	(351.0)
Cash and cash equivalents, beginning	234,834	**734,832**	212.9
Cash and cash equivalents, end	US$296,770	**US$579,400**	95.2

Consolidated cash and cash equivalents increased by 95.2 percent to US$579.4 million as of June 30, 2021 from US$296.8 million for the same period in 2020 mainly due to higher cash and cash equivalents at the beginning of the year and higher cash generated from operations, tapered by redemption of perpetual capital securities in 2021.

Net cash provided by operating activities increased by 28.1 percent to US$477.1 million for the six months ended June 30, 2021 from US$372.4 million for the same period in 2020 mainly due to better results of operations in 2021.

Net cash used in investing activities for the six months ended June 30, 2021 amounted to US$74.9 million which consists mainly of capital expenditures of US$74.4 million, excluding capitalized borrowing costs, primarily for the acquisition of port facilities and equipment at ICTSNL, ongoing expansions at MICT, and yard expansion at IDRC; and acquisition of new terminal, MHCPSI. Meanwhile, net cash used in investing activities for the same period in 2020 includes capital expenditures of US$91.2 million, mainly for the ongoing expansions at MICT, CMSA, and yard expansion at IDRC.

Net cash used in financing activities for the six months ended June 30, 2021 amounted to US$555.0 million which consists mainly of payment for the redemption and repurchase of perpetual capital securities, including accrued distributions totaling US$238.8 million, payment of dividends and loans, and acquisition of 10% non-controlling interest in IDRC amounting to US$20.0 million. Meanwhile, the net cash used in financing activities for the same period in 2020 includes pre-termination of loan at IGFBV, repayment of loans at VICT, CGSA, IDRC, YICT, SPICTL and MITL, and payment of dividends, partially tapered by net cash proceeds from the loans availed to refinance the senior notes at ICTSI Parent that matured in March 2020.

2.7.2 Capital Resources

The table below illustrates the Group's capital sources as of December 31, 2020 and June 30, 2021:

Table 2.13 Capital Sources

(In thousands, except % change data)	December 31, 2020 *(Audited)*	**June 30, 2021** *(Unaudited)*	% Change
Loans payable	US$2,828	**US$2,849**	0.7
Current portion of long-term debt	49,808	**43,025**	(13.6)
Long-term debt, net of current portion	1,714,671	**1,824,096**	6.4
Total short and long-term debt	1,767,307	**1,869,970**	5.8
Equity	1,861,620	**1,712,677**	(8.0)
	US$3,628,927	**US$3,582,647**	(1.3)

The Group's total debt and equity capital decreased by 1.3 percent as of June 30, 2021 primarily due to redemption and repurchase of perpetual capital securities with an aggregate carrying value of US$194.3 million; dividends declared during the period; distribution to holders of perpetual capital securities; and repayment of loans, tapered by net income generated during the period; and recognition of additional loan as a result of the acquisition of new terminal, MHCPSI.

2.7.2.1 Debt Financing

The table below provides the breakdown of the Group's outstanding loans as of June 30, 2021:

Table 2.14 Outstanding Loans

(In thousands)	Company	Final Maturity	Interest Rate	Amount
Long-Term Debt				
Medium-Term Note (MTN) Programme				
Secured US Dollar Bond	ITBV	2023 – 2025	Fixed	US$770,226
Senior Notes				
Unsecured US Dollar Bond	Parent	2030	Fixed	392,516
Project Finance Facilities				
Secured AUD Term Loan	VICT	2023 - 2031	Fixed[(a)]	197,118
US dollar and Foreign Currency-denominated Term Loans and Securities				
Secured US Dollar Term Loan	IGFBV	2026	Fixed[(a)]	278,950
Secured PHP Term Loan	MHCPSI	2023	Fixed[(b)]	136,056
Secured EUR Term Loan	ICTSI Middle East	2022	Floating	45,107
Secured US Dollar Term Loans	IDRC	2022 – 2023	Fixed	16,881
Secured PGK Term Loan	SPICTL	2024	Floating	11,845
Secured PGK Term Loan	MITL	2024	Floating	9,189
Secured US Dollar Term Loans	CGSA	2027	Fixed	4,179
				1,862,067
Short-Term Debt				
PGK Loan	MITL	2021	Floating	2,849
Total Debt				1,864,916
Effect of business combination[(c)]				5,054
Carrying Value of Debt				1,869,970
Less current portion and short-term[(c)]				45,874
Long-term debt, net of current portion				**US$1,824,096**

[(a)] *Under interest rate swap agreement*

[(b)] *Converted to floating rate on July 9, 2021*

[(c)] *Includes the difference between the fair value and the face value of the debt at business combination*

As a result of diligent liability management initiatives, the duration of debt capital has been extended resulting to 95.0% of the Group's total debt as of June 30, 2021, maturing in 2023 and beyond.

The table below is a summary of debt maturities, gross of unamortized debt issuance cost, of the Group as of June 30, 2021:

Table 2.15 Outstanding Debt Maturities

	Amount
2021 [i]	US$14,061
2022	88,863
2023	631,704
2024	28,748
2025 onwards	1,138,039
Total	US$1,901,415

[i] *July 1, 2021 through December 31, 2021*

Long-term Debt

MTN Programme

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

Pursuant to the MTN Programme, on January 9, 2013, ITBV 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 ITBV’s US$400.0 million MTN at US$5.7 million.

In September 2013, ITBV 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. The cash proceeds received by ITBV amounted to US$11.6 million, net of debt issuance cost. These new Notes were consolidated and formed a single series with the US$282.5 million 5.875 percent guaranteed Notes due 2025 issued on September 17, 2013 and April 30, 2014.

As at June 30, 2021, the carrying value of notes under the MTN programme amounted to US$770.2 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.

Senior Notes

ICTSI. In March 2010, ICTSI signed a Subscription Agreement with HSBC and JP Morgan Securities, Ltd. for the issuance of US$250.0 million ten-year senior notes (the "Original Notes") bearing interest at a fixed rate of 7.375 percent, net of applicable taxes, payable semi-annually in arrears. In April 2010, ICTSI tapped a further US$200.0 million (the "Further Notes") of the Original Notes increasing the size to US$450.0 million. The Further Notes were issued in May 2010 bearing interest at the fixed rate of 7.375 percent, net of applicable taxes. The Original and Further Notes are collectively referred to as the "2020 Notes".

The net proceeds of the 2020 Notes amounting to US$448.1 million were used to fund ICTSI's investments in existing and new terminal construction activities, refinance some of its existing debt and for other general corporate purposes.

The 2020 Notes were not registered with the SEC. The Notes were offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered or sold within the United States. The 2020 Notes are traded and listed in the Singapore Stock Exchange.

In 2013 and 2015, ICTSI redeemed an aggregate of US$270.7 million of the 2020 Notes in exchange for the 2025 Notes under the MTN Programme. ICTSI fully redeemed the outstanding balance of the 2020 Notes on March 17, 2020.

On June 10, 2020, ICTSI signed a Subscription Agreement with Citigroup Global Markets Limited, Credit Suisse (Hong Kong) Limited and J.P. Morgan Securities Plc for the issuance of ten-year senior notes (the "Senior Notes"). The Senior Notes were issued on June 17, 2020 with an aggregate principal amount of US$400.0 million, maturing on June 17, 2030, at a fixed interest rate of 4.75 percent per annum, payable semi-annually in arrears and at a price of 99.607.

The proceeds of the Senior Notes amounting to US$391.9 million, net of debt issuance costs, were used to refinance and extend the maturity of the Group's liabilities and for general corporate purposes. As at June 30, 2021, the carrying value of the Senior Notes amounted to US$392.5 million, net of debt issuance costs.

The Senior Notes were not registered with the Philippine SEC. The Senior Notes were offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Senior Notes are traded and listed in the Singapore Stock Exchange.

Project Finance Facilities

VICT. On July 15, 2016, VICT signed a syndicated project finance facilities with various international and regional banks for principal amount of US$300.0 million (AUD398.0 million) with interest rates based on Australian Bank Bill Swap Reference Rate (bid) (BBSY) plus average margin of 3.1 percent per annum and maturities until 2023, 2026 and 2031 and working capital facility of US$15.1 million (AUD20.0 million).

In 2016 and 2017, VICT entered into interest rate swap transactions to hedge the interest rate exposures on its floating rate AUD-denominated loans maturing in 2023, 2026 and 2031. A total notional amount of AUD338.3 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, VICT pays annual fixed interest of a range of 2.885 percent to 2.973 percent and receives floating rate of six-month Bank Bill Swap Bid Rate (BBSY) basis points on the notional amount. As at June 30, 2021, the market valuation loss on the outstanding interest rate swaps amounted to AUD13.8 million (US$10.4 million) before tax.

In 2021, VICT paid US$23.3 million (AUD30.2 million) of the loan from the term facilities. As at June 30, 2021, the outstanding balance of the loans amounted to US$197.1 million (AUD262.9 million), net of debt issuance costs.

US dollar and Foreign Currency-denominated Term Loans and Securities

ICTSI Global Finance B.V.(IGFBV). On March 21, 2019, IGFBV, as borrower, Metropolitan Bank and Trust Company, as lender, and ICTSI, as surety, signed a term loan facility amounting to US$300.0 million with interest based on three-month LIBOR plus an agreed margin and a tenor of 7 years. On April 29, 2019, IGFBV has fully availed the term loan facility. In 2021, IGFBV has paid US$4.6 million of the term loan. As at June 30, 2021, the outstanding balance of the term loan amounted to US$279.0 million, net of debt issuance costs.

In April 2019, ICTSI entered into an interest rate swap transaction to hedge the interest rate exposures of the IGFBV's floating rate US$-denominated floating rate loan maturing in 2026. A total notional amount of US$300.0 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, ICTSI pays annual fixed interest of 3.6981 percent and receives floating rate of three-month LIBOR plus 130 basis points on the notional amount. As at June 30, 2021, the market valuation loss on the outstanding interest rate swaps amounted to US$19.7 million.

On November 26, 2019 and December 5, 2019, IGFBV availed of 18-month loan from MUFG Bank Ltd. with interest based on three-month LIBOR plus an agreed margin, amounting to US$45.0 million each. On January 6, 2020, IGFBV availed another US$20.0 million loan. IGFBV fully paid the loans on June 18, 2020.

MHCPSI. In December 2016, MHCPSI entered into a 7-year loan agreement with a local bank amounting to PhP7.0 billion (US$140.8 million) for capital expenditures and business expansion. The principal is payable in six annual amortizations of one percent (1%) of the total drawn principal amount commencing on March 14, 2017 and every anniversary thereafter. The balance of the loan, equivalent to 94% of the total drawn principal amount, shall be fully paid together with the accrued interest, on the last repayment date which shall coincide with the maturity date on March 14, 2023. The loan originally bears a fixed interest rate, payable quarterly.

The loan agreement was amended and effective July 9, 2021, interest is based on the higher of the prevailing 3-month BVAL plus agreed spread, and the prevailing Central Bank of the Philippines Overnight Reverse Repurchase Rate plus agreed spread. The security was also amended to be solely secured by the continuing suretyship of ICTSI. Except for the amendments on interest rate and security, the other terms and conditions of the loan agreement remained effective.

The loan was acquired through business combination. As at June 30, 2021, the carrying value of the loan was US$141.1 million (Php6.9 billion).

ICTSI Middle East DMCC. On January 9, 2019, ICTSI Middle East DMCC, as borrower, and ICTSI, as guarantor, signed a term loan facility agreement with Citigroup Global Markets Asia Limited and Standard Chartered Bank, the original mandated lead arrangers and bookrunners, for the principal amount of US$297.6million (EUR260.0 million) with interest rate based on EURIBOR plus an agreed margin and maturing on December 20, 2022. The term facility agreement was entered into pursuant to the Loan Facility Programme Agreement dated July 24, 2014 between IGFBV as the borrower, ICTSI as the guarantor, and The Bank of New York Mellon, Singapore Branch as the trustee ("Loan Programme"). ICTSI Middle East DMCC acceded to the Loan Programme as an additional borrower and an additional obligor thereunder.

On January 10, 2019, ICTSI Middle East DMCC has fully drawn the EUR260.0 million from the facility. On June 12, 2019, ICTSI Middle East DMCC, as borrower, and ICTSI, as guarantor, signed an amendment and syndication agreement with various international and local banks for the term loan facility. On July 15, 2019 and December 17, 2019, partial pre-payment of US$219.1 million (EUR195.2 million) and US$30.0 million (EUR26.8 million), respectively, was made on the EUR260 term loan facility. As at June 30, 2021, the outstanding balance of the loan amounted to US$45.1 million (EUR38.0 million), net of debt issuance costs.

IDRC. On October 9, 2018, IDRC availed of a four-year term loan with Rawbank RDC amounting to US$25.0 million at a fixed interest rate. On May 6, 2019, IDRC availed of another four-year term loan with Rawbank DRC amounting to US$3.0 million at a fixed interest rate. On July 22, 2020, IDRC availed of a three-year term loan with Rawbank DRC amounting to US$10.0 million at a fixed interest rate. As at June 30, 2021, the outstanding balance of the loans aggregated to US$16.9 million.

SPICTL and MITL. On November 27, 2019, SPICTL and MITL, as borrowers, and Australia and New Zealand (ANZ) Banking Group (PNG) Limited, as lender, signed a loan agreement which consists of a PGK five-year term loan facility of US$31.6 million (PGK106.9 million) and a PGK revolving loan facility of US$5.9 million (PGK20.0 million), with interest based on ANZ's published Indicator Lending Rate minus an agreed margin. In 2019, SPICTL and MITL has availed US$17.8 million (PGK60.2 million) and US$13.8 million (PGK46.7 million), respectively, from the term loan facility to refinance the maturing bridge loans. In 2021, SPICTL and MITL paid US$1.7 million (PGK6.0 million) and US$1.3 million (PGK4.7 million) of the loans, respectively. As at June 30, 2021, the outstanding balance of the term loans of SPICTL and MITL amounted to US$11.8 million (PGK41.6 million) and US$9.2 million (PGK32.3 million), net of debt issuance costs, respectively.

CGSA. On March 29, 2016, CGSA (as "Borrower"), Metropolitan Bank and Trust Company (as "Lender" or "MBTC") and ICTSI (as "Surety") signed a loan agreement which consists of two tranches of loans amounting to US$32.5 million (Tranche I) and US$7.5 million (Tranche II) with interest based on three-month LIBOR plus an agreed margin. Tranche I has a final maturity in March 2021 while Tranche II in May 2017. In 2016, CGSA availed of loans with a total amount of US$40.0 million. Portion of the proceeds of these loans was used to refinance the unsecured term loans of CGSA amounting to US$9.2 million in April 2016. In 2017, CGSA fully paid the loan under Tranche II. In March 2021, CGSA has fully paid the remaining balance of US$1.9 million of the loan under Tranche I.

On September 10, 2020, CGSA (as "Borrower"), Philippine National Bank (as "Lender") and ICTSI (as "Surety") signed a loan agreement amounting to US$15.5 million at a fixed interest rate and with a tenor of 7 years. On November 27, 2020 and January 28, 2021, CGSA availed of US$2.5 million and US$2.0 million from the facility, respectively. The outstanding balance of the loan amounted to US$4.2 million as at June 30, 2021.

In November 2016, ICTSI entered into an interest rate swap transaction to hedge the interest rate exposures of the CGSA's floating rate US$-denominated floating rate loan maturing in 2021. A total notional amount of US$32.5 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, ICTSI pays annual fixed interest of 3.045 percent and receives floating rate of six-month LIBOR plus 160 basis points on the notional amount. On March 30, 2021, the interest rate swap matured and the amount deferred in equity representing the effective portion of the change in fair value of the swap amounting to US$17.5 thousand at the time of payment was transferred to profit and loss and recognized under "Interest expense" account in the June 30, 2021 unaudited interim condensed consolidated statement of income.

Short-term Debt

MITL. On September 17, 2020, MITL availed of US$2.8 million (PGK10.0 million) from the revolving loan facility with a maturity date of March 16, 2021. The loan was renewed on March 16, 2021 and will mature on August 31, 2021.

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 comply with a specified financial ratio relating to their debt to EBITDA up to 4 times when incurring additional debt.

There was no material change in the covenants related to the Group's long-term debts. As at June 30, 2021, ICTSI and subsidiaries were in compliance with their loan covenants.

There were no other significant transactions pertaining to the Group's long-term debt as at June 30, 2021, except as discussed above.

2.7.2.3 Equity Financing

Perpetual Capital Securities

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

On August 26, 2015, RCBV issued US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital 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.

On March 10, 2016, RCBV (the "Issuer") and ICTSI (the "Guarantor") sent a notice to The Hong Kong and Shanghai Banking Corporation Limited (HSBC, as "Trustee" and "Agent") for the redemption of the remaining US$108.3 million of the US$350-million Subordinated Guaranteed Perpetual Capital Securities and payment of accrued distributions. The securities were eventually redeemed in May 2016.

On October 3, 2016, RCBV tendered its US$300.0 million 6.25 percent and US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities for redemption at a price of 106.75 and 105.75, respectively. On October 20, 2016, RCBV redeemed a total of US$345.5 million of the tendered securities and paid the associated accrued distributions of US$9.3 million. Together with the redemption, RCBV issued US$375.0 million 4.875 percent Senior Guaranteed Perpetual Capital Securities unconditionally and irrevocably guaranteed by ICTSI at a price of 99.225 percent. The new issue was used to finance the redemption and payment of accrued distributions of the tendered securities

On January 10, 2018, the Board approved the principal terms and conditions of the US$350.0 million 5.875 percent fixed-for-life Senior Guaranteed Perpetual Capital Securities (the "New Securities"). The New Securities were unconditionally and irrevocably guaranteed by ICTSI at par. On January 11, 2018, the Board approved the issuance of additional Senior Guaranteed Perpetual Capital Securities amounting to US$50.0 million ("Additional Securities") which was consolidated and formed a single series with the New Securities initially offered on January 10, 2018. The Additional Securities were also unconditionally and irrevocably guaranteed by ICTSI. The cash proceeds received by RCBV from the issuance of the New and Additional Securities amounted to US$392.3 million, net of debt issuance costs, which shall be used for the financing of acquisitions and capital expenditures and for general corporate purposes.

On March 14, 2019, RCBV (the "Issuer") and ICTSI (the "Guarantor") sent a notice to The Hong Kong and Shanghai Banking Corporation Limited (HSBC, as "Trustee" and "Agent") for the redemption of the remaining US$139.7 million of the US$300-million Senior Guaranteed Perpetual Capital Securities ("Securities") and payment of accrued distributions on May 5, 2019. The securities were redeemed on May 2, 2019.

On July 6, 2020, RCBV launched a cash tender offer for its US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities (of which US$264.9 million was outstanding) at a tender price of 100.75 percent. On July 16, 2020 and July 31, 2020, RCBV redeemed a total of US$66.5 million and paid the related premium and accrued distributions of US$1.2 million. On July 16, 2020, RCBV issued US$300.0 million 5.00 percent Senior Unsecured Perpetual Capital Securities unconditionally and irrevocably guaranteed by ICTSI at a price of 98.979 percent. The new issue was used to finance the redemption and payment of accrued distributions of the tendered securities. The proceeds from the new issue, net of debt issuance costs and face value of the redeemed securities, amounting to US$228.3 million was recognized as additional perpetual capital securities.

On March 8, 2021, RCBV (the "Issuer") and ICTSI (the "Guarantor") sent a notice to The Hong Kong and Shanghai Banking Corporation Limited (HSBC, as "Trustee" and "Agent") for the redemption of the remaining US$198.3 million of the US$450 million Senior Guaranteed Perpetual Capital Securities and payment of accrued distributions on May 5, 2021. The proceeds from the issuance of Securities were initially recognized as part of equity in the consolidated balance sheet. The difference amounting to US$11.5 million between redemption price of US$203.8 million and the carrying amount of the Securities of US$192.3 million recorded under equity was treated as a direct reduction in retained earnings.

On April 5, 2021, RCBV repurchased and surrendered for cancellation US$2.0 million of the US$300.0 million Senior Unsecured Perpetual Capital Securities at US$2.2 million, including accrued distributions. The difference amounting to US$0.2 million between the purchase price of US$2.2 and the carrying amount of the Securities of US$2.0 million recorded under equity, was treated as a direct reduction in retained earnings.

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 PHP, AUD, 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 also enters into cross currency swap agreements in order to manage its exposure to fluctuations in the net investments in its subsidiaries denominated in foreign currencies.

The Group's non-US dollar currency-linked revenues was 51.4 percent and 52.7 percent of gross revenues for the periods ended June 30, 2020 and 2021, 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 six months ended June 30, 2021:

Table 2.16 Revenue Currency Profile

Subsidiary	USD/EUR Composition	Local Currency
ICTSI	40% USD	60% PhP
SBITC/ICTSI Subic	48% USD	52% PhP
DIPSSCOR		100% PhP
HIPS		100% PhP
SCIPSI		100% PhP
BIPI		100% PhP
MICTSI		100% PhP
LGICT	29% USD	71% PhP
CGT		100% PhP
MHCPSI		100% PhP
BCT	60% USD/15% EUR	25% PLN
TSSA		100% BRL
MICTSL	94% EUR*	6% MGA
PTMTS		100% IDR
YICT		100% RMB
AGCT	87% EUR	13% HRK
CGSA	100% USD	
BICTL	100% USD	
PICT	85% USD	15% PKR
OJA	73% USD	27% IDR
CMSA	30% USD	70% MXN
OPC	100% USD	
ICTSI Iraq	83% USD	17% IQD
IDRC	95% USD	5% CDF
KMT		100% XAF
ICTSNL	30% USD	70% NGN
Tecplata	100% USD	
ICTSI Rio	54% USD	46% BRL
VICT		100% AUD
PNG		100% PGK

**MGA pegged to the EURO*

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. The Group also enters into interest rate swap agreements in order to manage its exposure to interest rate fluctuations.

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 upstreamed timely to the Parent Company. The Group also monitors the receivables and payables turnover to ensure that these are at optimal levels. In addition, it regularly evaluates its projected and actual cash flow information and continually assesses the conditions in the financial market to pursue fund raising initiatives. These initiatives may include accessing bank loans, project finance facilities and the debt capital markets.

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

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

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 June 30, 2021
(Unaudited, in Thousands)

	Trade	Advances	Total
Under six months	US$105,777	US$29,599	US$135,376
Six months to one year	389	532	921
Over one year	1,274	411	1,685
	US$107,440	US$30,542	US$137,982

ANNEX 2

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

**FINANCIAL SOUNDNESS INDICATORS
As at and for the Six Months Ended June 30**

	2020	**2021**
Liquidity ratios		
Current ratio [a]	1.16	**1.52**
Interest rate coverage ratio [b]	8.01	**9.34**
Solvency ratios		
Debt to equity ratio [c]	1.19	**1.09**
Asset to equity ratio [d]	3.76	**3.63**
Profitability ratio		
EBITDA margin [e]	57.5%	**60.3%**

[a] *Current assets over current liabilities*

[b] *EBITDA over interest expense and financing charges on borrowings*

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

[d] *Total assets over total equity*

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

ICTSI Group – Map of Subsidiaries

As of June 30, 2021

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

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

August 3, 2021

Sandy A. Alipio

Sandy A. Alipio
Senior Vice President, Global
Financial Controller

August 3, 2021