COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

					1	4	7	2	1	2

Company Name

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

ICTSI ADMINISTRATION BUILDING, MANILA INTERNATIONAL CONTAINER TERMINAL SOUTH ACCESS ROAD, MANILA

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
ictsi.ir@ictsi.com	**8245-4101**	**09285031362**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1,365	**04/15**	**12/31**

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Sandy A. Alipio	**salipio@ictsi.com**	**8247-8225**	**09175507508**

Contact Person's Address

3F ICTSI Administration Building, Manila International Container Terminal South Access Road, Manila

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **DECEMBER 31, 2020**

2. SEC Identification No: **147212**

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

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

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

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

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

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

9. Former name, 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 Sec. 4 and 8 of the Revised Securities Act:

Title of Each Class	Number of Shares of Common Stock Outstanding as of March 2, 2021
Common Stock	**2,042,770,709**

Amount of consolidated debt outstanding as of December 31, 2020: US$1,767.3 million

11. Common Stocks are listed in the **Philippine Stock Exchange**.

12. Check whether the Issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 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 [ ]

13. The aggregate market value as of March 2, 2021 of the voting stock held by non-affiliates is about ₱245.7 billion (US$5.1 billion), based on average price of ICTSI common shares as of March 2, 2021.

SEC FORM 17-A

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

1.1 Business Development

International Container Terminal Services, Inc. ("ICTSI" or, "the Company" or, "the Parent Company") was incorporated on December 24, 1987 in connection with the public bidding to operate, manage and develop the Manila International Container Terminal (MICT), which handles international container cargo at the Port of Manila.

In May 1988, the Philippine Ports Authority (PPA) awarded to ICTSI a concession to be the exclusive operator of MICT for a period of 25 years. ICTSI started operating MICT on June 12, 1988. On March 23, 1992, ICTSI's common shares were listed with the Philippine Stock Exchange following the initial public offering of its shares at an issue price of ₱6.70 per share.

ICTSI's concession contract for MICT (MICT Contract) was extended for another 25 years up to May 18, 2038, upon completion of agreed additional investments in port equipment and infrastructures, payment of upfront fees amounting to ₱670.0 million (US$16.4 million), and turnover and execution of Deed of Transfer of port facilities and equipment used at MICT and part of committed investment under the original concession agreement, among others. Under the renewal agreement and for the extended term of the MICT Contract, ICTSI shall be liable and committed to: (i) pay the PPA a fixed fee of US$600.0 million payable in 100 advanced quarterly installments; (ii) pay annual fixed fee on storage and berthside operations of ₱55.8 million (approximately US$1.3 million); (iii) pay variable fee of 20 percent of the gross revenue earned at MICT and 30 percent of annual gross storage revenues from international cargo operations in excess of ₱273.0 million, among others; (iv) upgrade, expand and develop the MICT, particularly the construction and development of Berth 7; (v) continuously align its Management Information System (MIS) with the MIS of the PPA with the objective towards paperless transaction and reporting system; and (vi) pay certain other fees based on the attainment of agreed volume levels.

On May 14, 2008, the Board of Investments (BOI) approved the registration of ICTSI's construction of Berth 6 of MICT as "New Operator of Port Infrastructure (Berth 6)" on a Pioneer status under the Omnibus Investments Code of 1987. Berth 6 was completed and inaugurated in July 2012. From November 2011, Berth 6 is entitled, among others, to an income tax holiday for a period of six years.

On July 2, 2015, the BOI approved the registration of ICTSI's construction of Berth 7 of the MICT as "Expanding Operator of Container Yard" on a Non-Pioneer status under the Omnibus Investment Code of 1987. Berth 7 is entitled to an income tax holiday of three years starting from July 2017.

On December 23, 2020, the BOI approved the registration of ICTSI's construction of Berth 8 of the MICT as "Expanding Operator of Seaport" on a Non-Pioneer status under the Omnibus Investment Code of 1987. Berth 8 is entitled to an income tax holiday of three years from July 2027 or actual start of commercial operations, whichever comes first.

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) in exchange for the latter's contribution of technical knowledge, skills and substantial experience in the port and port system in DRC and operation of railroad system and undertaking to facilitate the activities of IDRC and to assist in its relations with the public authorities. SIMOBILE transferred to its subsidiary, La Societe d'Investissement et de Placement (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. 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.

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 second 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. As of December 31, 2020, the empty container yard expansion was completed while development of the full container yard is ongoing.

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 a period of 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 commercial operations in the third quarter of 2018 while the rehabilitation works are expected to be completed in the second 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 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.

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

ECP at WDE, and (c) operate the Terminal and ECP until June 30, 2040. Initially, VICT was 90% owned by ICTSI through ICTSI Far East Pte. Ltd. (IFEL), a wholly owned subsidiary, and 10% by Anglo Ports Pty Limited ("Anglo Ports"). On February 4, 2015, IFEL acquired the 10% non-controlling interest from Anglo Ports and became 100% owner of VICT. On January 7, 2016, IFEL's ownership interest in VICT was transferred to another subsidiary, ICTSI Oceania B.V. (IOBV), making IOBV the new 100% owner of VICT.

Phase 1 of the Terminal and the ECP with capacities of 350,000 TEUs and 250,000 TEUs, respectively, commenced commercial operations in the second quarter of 2017. Phase 2 of the Terminal commenced commercial operations in the first quarter of 2018 and has increased the capacity to 1,000,000 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 March 2, 2021, management is continuing to assess the long-term plans for the concession and the land.

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 continues 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 Rol-on/Roll-off (RoRo) Services at Ports under the Jurisdiction of the Philippine Ports Authority (PPA)," dated February 9, 2021. As of March 2, 2021, DIPPSCOR has not received a new hold-over authority.

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 continues 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 Rol-on/Roll-off (RoRo) Services at Ports under the Jurisdiction of the Philippine Ports Authority (PPA)," dated February 9, 2021. As of March 2, 2021, SCIPSI has not received a new hold-over authority.

Cavite Gateway Terminal, Philippines. On April 21, 2017, ICTSI, through its wholly owned subsidiary, Cavite Gateway Terminal (CGT), in partnership with the Philippine Department of Transportation, project launched the country's first container roll-on roll-off barge terminal in Tanza, Cavite. CGT will facilitate off-the-roads seaborn transport of containers between Port of Manila and Cavite and service industrial locators in Cavite area. CGT's barge terminal has an annual capacity of 115,000 TEUs, which is equivalent to 140,000 fewer truck trips on city roads each year. CGT formally commenced commercial operations in November 2018.

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 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.

Manila North Harbor, Philippines. On September 21, 2017, the Board of ICTSI granted the authority to acquire shares in MNHPI. On the same date, ICTSI signed a Share Purchase Agreement (SPA) with Petron Corporation for the acquisition of 10,449,000 MNHPI shares, representing 34.83% of the total issued and outstanding shares of MNHPI for a consideration of Php1.75 billion (US$33.8 million). The completion of the SPA was subject to several conditions, one of which was the approval of the acquisition by the Philippine Ports Authority which was obtained on October 20, 2017. The SPA was completed on October 30, 2017. An additional investment cost of Php2.45 billion (US$47.3 million) was incurred in relation to this acquisition.

On September 5, 2018, ICTSI signed an SPA with Harbour Centre Port Terminal, Inc. (HCPTI) for the acquisition of 4,550,000 shares in MNHPI from HCPTI. The subject shares represent 15.17% of the total issued and outstanding shares of MNHPI. The consideration is Php910.0 million (US$17.3 million). The Philippine Competition Commission and the PPA approved the acquisition of shares on March 15, 2019 and April 26, 2019, respectively. With the approval of the PPA, ICTSI's shareholdings in MNHPI increased from 34.83% to 50% effective on April 26, 2019. An additional investment cost of Php2.7 billion (US$50.3 million) was incurred in relation to this acquisition. As a result, MNHPI became a joint venture of ICTSI.

Port of Port Sudan, Sudan. On January 3, 2019, ICTSI, through its wholly-owned subsidiary ICTSI Middle East DMCC, signed a Concession Agreement with the Sea Ports Corporation of Sudan (SPC) to operate, manage and develop the South Port Container Terminal (SPCT) at Port of the 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 Sudan'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 million (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 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 recently 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.

Port of Rio de Janeiro City, Federative Republic of 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 Guayaquil, Ecuador. On December 3, 2019, CGSA and APG 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.

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) that is the extension of Quay 1.1, and 23 hectares of yard (including facilities to be provided by PAK) that are temporarily and currently 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.

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

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 will be 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.

1.2 Business of Issuer

Overview

ICTSI is an international operator of common user container terminals serving the global container shipping industry whose principal business includes the operation, management, development and acquisition of container terminals focusing on facilities with total annual throughputs ranging from 550,000 TEUs to 3,350,000 TEUs. The primary mechanism for the operation of these terminals is long-term concession agreements with local port authorities and governments through ICTSI and its subsidiaries. As at March 2, 2021, the Group is involved in 32 terminal operations, including concessions and port development projects, in 19 countries worldwide. There are ten terminal operations in the Philippines, (including an inland container terminal, a barge terminal, and combined terminal operations in Subic), two each in Indonesia, Papua New Guinea (PNG), and Brazil, one each in China, Ecuador, Poland, Georgia, Madagascar, Croatia, Pakistan, Mexico, Honduras, Iraq, Argentina, Colombia, Democratic Republic (DR) of Congo, Australia and Cameroon that has recently started commercial operations; and an existing concession to construct, develop and operate a port in Tuxpan, Mexico. In 2018, 2019, and 2020, the Group handled consolidated throughput of 9,736,621 TEUs, 10,178,018 TEUs, and 10,193,384 TEUs respectively.

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

These services fall into three general categories:

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

Off-vessel. This refers to the services involved in moving containers from container yards to the gate. This includes the receiving, handling, checking and delivery of containers over piers, wharves, transit sheds, warehouses and open storage areas and the transfer of containers from the tail of a consignee's transportation unit; and

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

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

For the three years ended December 31, 2018, 2019 and 2020, the percentage contribution of foreign operations or operations outside the Republic of the Philippines to revenues from cargo handling services and net income attributable to equity holders of the parent are as follows:

	2018	2019	**2020**
Gross revenues	63.2%	63.3%	**67.2%**
Net income attributable to equity holders of the parent*	65.4%	11.6%	**66.5%**

* Amount includes impairment loss on nonfinancial assets in Tecplata of US$156.0 million and US$100.0 million in 2019 and 2020, respectively.

Competition

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

Asia

Currently, South Harbor is MICT's only competitor in the international marine container service market in Manila. The PPA authorized Asian Terminals, Inc. (ATI) to provide fully integrated cargo handling services at the South Harbor from March 1992 to May 2013. It was granted a 25-year extension from May 2013. The PPA's tariffs are applied uniformly to both MICT and the South Harbor. MICT has an estimated market share of 69% of the container traffic in Manila in 2020. Other Philippine terminals either dominate the market or do not have any direct competitor in their immediate area of operations.

After the Company's acquisition of 51% of YICT and divestment of its holdings in YRDICTL in July 2014, higher yielding international container cargo in the Port of Yantai has been handled exclusively by YICT. In November 2020, Yantai Port Holdings (YPH) moved all of its domestic trade services to YICT through an outsourcing agreement, making YICT as the sole terminal operator at the Port of Yantai.

The Port of Karachi is one of South Asia's largest and busiest deep-water seaports. The port currently has three terminals: ICTSI's PICT, Karachi International Container Terminal (KICT) and South Asia Pakistan Terminals (SAPT). KICT and SAPT are operated by Hutchison Port Holdings. At the other side of the city of Karachi is the Port Qasim, where Qasim International Container Terminal (QICT) is located. QICT is operated by Dubai Ports World. The Company believes that PICT captured approximately 18% of the total container traffic in 2020, with QICT, KICT and SAPT handling 37%, 18% and 27%, respectively.

VICT, being the new player in the Melbourne container market, is facing competition from established terminal operators, DP World and Patrick Terminals. VICT is continuing to ramp up volume as they continue to negotiate for new shipping line services contracts. VICT captured 34% of the container volume in Melbourne in 2020, while DP World and Patrick Terminals handled 35% and 31%, respectively. The balance was captured by other various seaports.

MITL and SPICTL, the two terminals in PNG, do not have competitors in Motukea and Lae.

Americas

The Group has eight terminals in the Americas: Tecon Suape, SA (TSSA); Contecon Guayaquil, SA (CGSA); Tecplata, SA (Tecplata); Sociedad Puerto Industrial Aguadulce, S.A. (SPIA); Contecon Manzanillo, SA (CMSA); Operadora Portuaria Centroamericana, SA (OPC), Terminal Maritima de Tuxpan, S.A de C.V (TMT) and ICTSI Rio Brasil1 (ICTSI Rio). All of the terminals in the Americas are operational except for TMT as management is currently working on its development plan.

TSSA faces limited local competition operating the Port of Suape as the nearest local ports are at least 800 kilometers away following the cessation of regular container handling activities of the port at Recife in 2004. TSSA has a market share of 100% and 40% of the container traffic at Pernambuco and Northeast region of Brazil in 2020, respectively.

CGSA is located at the port of Guayaquil, which serves as Ecuador's main international trading gateway. The port is connected to the main terrestrial highways of Ecuador and has good access to other principal cities in the country. CGSA's main competitor at the Port of Guayaquil is Terminal Portuario Guayaquil (TPG), operated by the Chilean company SAAM. In addition, in October 2019, DP World opened a greenfield container terminal at the Port of Posorja, which is 120km away from the City of Guayaquil. We expect stiffer competition with the opening of DP World's terminal. CGSA's market share in 2020 was 43% of the traffic at the port while TPG was 37%. The balance was handled by private terminals.

The Port of Buenaventura in Colombia, where SPIA is located, handles approximately 50% of the country's foreign trade. SPIA is estimated to have handled 28% of the volume while the other two terminals at the port, Buenaventura Regional Port Society (SPRBUN) and Buenaventura Container Terminal (TCBUEN) captured 46% and 25%, respectively.

The Manzanillo market, where CMSA operates, is currently dominated by SSA de Mexico, S.A. de C.V with 52% market share. CMSA's entry in the market is designed to address the congestion at the competing terminals and the competitor's inability to further expand their capacity to absorb the growing demand. CMSA has an estimated 33% market share in 2020.

OPC, on the other hand, dominates the Honduras market and a good portion of the El Salvador, Nicaragua and Guatemala markets. OPC faces limited competition from Puerto Castilla due to the competitor's small capacity. As per management estimate, OPC handled 82% of all container traffic in Honduras in 2020.

ICTSI Rio, a terminal in Rio de Janeiro, Brasil, is estimated to have captured 35% of the market in 2020. Its two main competitors, MultiRio and Sepetiba Tecon handled 30% and 35%. The balance was handled by other smaller terminals.

Europe, Middle East and Africa (EMEA)

The Group has seven operating terminals in the EMEA region: Baltic Container Terminal (BCT); Madagascar International Container Terminal, Ltd. (MICTSL); Batumi International Container Terminal (BICTL); Adriatic Gateway Container Terminal (AGCT); ICTSI Iraq; IDRC, and KMT, ICTSI's new terminal in Cameroon. Compared with other operating terminals in the region, BCT, BICTL and AGCT face stiffer competition.

The stiff competition faced by BCT comes from Gdynia Container Terminal (GCT) in Gdynia and Deepwater Container Terminal (DCT) in Gdansk. DCT has made efforts in 2011 to strengthen its efficiency by adding new equipment and has already commissioned the second berth in December 2016. BCT's market share in 2020 is estimated to be at 17% of the container traffic in Poland, with DCT and GCT handling 66% and 14%, respectively.

MICTSL is dominating the Madagascar container market and practically has no competition.

BICTL is facing competition from its main competitor, Poti Sea Port. BICTL captured 21% of the market in 2020, with Poti Sea Port handling the balance.

AGCT is experiencing stiff competition as well from the ports of Koper and Trieste. In 2020, AGCT captured 16% of the market, while Koper and Trieste handled 48% and 36%, respectively.

ICTSI Iraq has established itself as Iraq's leading terminal by capturing 47% of the container volume in 2020. It faces limited competition from several terminals at the Umm Qasr Port with MISNAF, Gulftainer and CMA Berth 4 handling 22%, 17% and 10%, respectively.

IDRC handled 68% of the container volume at the Port of Matadi in the Democratic Republic of Congo in 2020. The balance is handled by the terminal operated by the Société Commerciale de Transports et de Ports (SCTP) which is a government-owned company.

Key Competitive Strengths

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

Globally diversified revenue base

ICTSI owns or operates ports in 19 countries across three geographic regions namely: Asia, the Americas, and EMEA. This geographical scoping reduces the concentration of ICTSI's business in any particular country, region or industry. In 2020, Asia accounted for 51.9% of throughput and 49.9% of consolidated gross revenues from port operations, the Americas accounted for 30.3% of throughput and 29.8% of consolidated gross revenues from port operations, and EMEA accounted for 17.7% of throughput and 20.3% of consolidated gross revenues from port operations. Moreover, port facilities in various terminals serve a number of different shipping lines, which reduces reliance on any one particular customer. There is no single dominating customer, and no customer has contributed to more than 10% of the Group's consolidated gross revenues in 2018, 2019 and 2020.

Leading market positions in key targeted markets

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

Experienced and dynamic management team

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

Established track record of improving operational efficiency and performance

The Group has also made substantial investments in terminal facilities to enhance handling capacity and operating efficiency, modernizing information technology systems and expanding and rehabilitating civil works. The Group also provides its know-how through enhanced training and improved work processes to streamline labor practices and rationalize commercial strategies to boost yield per TEU. The Group has received commendations and recognition for its success in improving cargo handling and assisting in the development of private sector. The Group has been cited by the World Bank for its success in public-private partnerships in South America, Africa and Europe.

Strong and stable cash flows and strong capital structure

The Group believes that its major terminals provide stable cash flows because of its globally diversified operations and long-term concession agreements, which have a capacity-weighted average remaining term of approximately 17 years. In addition, the Group's terminals focus on end-destination cargo, which accounts for substantially all of the Group's consolidated throughput volume. The Group believes that its focus on end-destination cargo limits concentration risk to individual container shipping lines in that if a shipping line that calls at one of its terminals ceases to operate, the cargo intended for that particular destination will simply transfer to another shipping line that is still calling in that terminal. An example of the Group's stable cash flow is even at the height of the global pandemic, the Group's terminals continued to operate and revenue collections were unhampered as the terminals undertook measures to ensure that the customers are able to settle their invoices. Specifically, ICTSI was able to migrate to 100% online transactions to eliminate face-to-face interactions. As of December 31, 2020, the Group's total indebtedness was US$1,767.3 million and its total indebtedness to total equity ratio (interest-bearing debt over total equity, as shown in the consolidated balance sheet) was 0.95 times, providing head room for future financial leverage. The Company believes that its cash flows and debt structure will provide it with a solid platform to pursue investment opportunities, supported by its active balance sheet management strategies and liability management initiatives which have helped streamline its debt maturity profile and interest payment schedules significantly.

Demonstrated ability to control operating costs

Lastly, the Group has continuously demonstrated its ability to control operating costs effectively, which allows the Group to generate profitable margins in both weak and strong economic environments. Cost containment measures are continuously enforced all throughout the Group. These programs may include process automation, equipment upgrades, migration to online transactions and projects to improve labor efficiencies. As an example, the Group implemented its Terminal Appointment Booking System (TABS), which helps to improve capacity and operational efficiency in its terminals. Another example is the migration to online transactions for its customers eliminating the need to maintain on-site counters. The Group also moved internal activities online whenever possible which reduced the need for physical meetings and conferences resulting to lower travel related costs. The Group also leverages on the knowledge and experience sharing across ports to reduce costs and improve processes.

Principal Suppliers

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

Customers

Consistent with the high degree of concentration in the global shipping industry, major container shipping lines contribute significantly to the Group's business and revenues. However, ICTSI's business, primarily serving domestic markets as oppose to transshipment business, is as such not dependent on a single or a few customers, of which the loss of any or more would have a material adverse effect on the Group's operations taken as a whole (in the domestic market the departure of a specific shipping line or consortium will not automatically result in loss of volumes to the Gate-way terminal operator since cargo volumes then shift to another shipping line or consortium). Although the Group provides services to many of its customers at two or more of its terminals, each entity negotiates contracts independently at each port and generally does not entertain any bulk rebates. The Group conducts selected marketing and sales activities with its shipping line customers in each terminal and has established a global commercial department to support the business units and regions, ensuring that the Group can take advantage of a shipping line's global presence. The Group maintains Terminal Service as well as Service Level Agreements with a number of shipping lines specifying service and performance standards. The Company will continue to maintain high-level relationships with a number of its clients, as it believes that this engagement is necessary to anticipate changes in a dynamic shipping industry and in turn to ensure alignment with ICTSI's service delivery. On the other hand, its business or profitability is not materially dependent on any relationship with any individual customer. As also seen in the previous years, ICTSI's customer base remains very broad. There is no single dominating customer, and no customer has contributed to more than 10% of the Group's consolidated revenues in 2018, 2019 and 2020.

Related Parties

Related party transactions are discussed in Part IV, Item 12 of this report, and in Note 23, *Related Party Transactions*, to the 2020 Annual Audited Consolidated Financial Statements.

Intellectual Property, Licenses, Contracts and Agreements

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

The Company also entered into global agreements for third party software licenses or services, for the use of The Group. The Company charges royalty fees on an arm's-length basis to certain subsidiaries for the use of the Company's intellectual properties, such as brand and technical know-how, in the subsidiaries' port operations.

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

Government Regulations and Licenses

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

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

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

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

As at December 31, 2020, there are no pending requests for government approval for any of the Group's principal activities, except those arising from new or ongoing bids to operate, manage, or develop ports, which the Group's Business Development Offices undertake.

Development Activities Expenses

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

	Amounts	% of Revenues
2018	US$6.2	0.45%
2019	5.9	0.40%
2020	3.6	0.24%

Insurance

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

Safety, Quality, Maintenance and Compliance with Environmental Laws

Equipment Inspection and Maintenance

To help ensure equipment reliability and support operational efficiency, the Group provides regular inspection and maintenance of its equipment and facilities. It has established formal procedures for periodic maintenance and inspection of equipment in line with international best practices (RCM), manufacturers' recommendations, and ICTSI's Equipment Maintenance Philosophy. Formal corporate policies are issued to address maintenance of the critical components such as the structure, hoisting mechanisms, elevators, twist locks, safety devices interlocks, brakes, and load path crane components. On a regular basis, the Group commissions structural professional consultants to provide testing of equipment, such as crane structures. Purchase of wire ropes is always accompanied with load test certificates. Wire ropes and twist locks installed on different container handling equipment are monitored and tested for defects through visual and Non-destructive Test (NDT) inspections and discarded from usage based on established discard criteria.

On a regular basis, Global Engineering audits the compliance of the corporate policies and best maintenance practices.

All these activities are recorded and maintained as part of the Group's Asset Management System.

Quality, Health and Safety, Environmental Management Systems and Compliance with Environmental Laws

The well-being and health of all its stakeholders is the Group's number one priority. The Group is continuing with its efforts to have the highest standards in place to ensure that its people and stakeholders are safe, respected, and treated fairly. The Group is committed to carry out its business operations in a safe, efficient, and environmentally responsible manner and to care for the well-being of all those on-site and who may be impacted by its activities.

As a demonstration of this commitment, the Group's terminals (through the years) have maintained external certification on the following international management system standards:

Terminal	Certifications
MICT	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management Systems ISO 14001:2015 Environmental Management Systems ISO 45001:2018 Occupational Health and Safety Management Systems
BIPI	International Ship and Port Facility Security Code
DIPSSCOR	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management Systems
MICTSI	International Ship and Port Facility Security Code
MTS	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management Systems ISO 14001:2015 Environmental Management Systems ISO 18001:2007 Occupational Health and Safety Management Systems
PT OJA	International Ship and Port Facility Security Code
PICT	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management Systems ISO 14001:2015 Environmental Management Systems ISO 45001:2018 Occupational Health and Safety Management Systems
SBITC	International Ship and Port Facility Security Code
SCIPSI	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management Systems ISO 14001:2015 Environmental Management Systems OHSAS 18001:2007 Occupational Health and Safety Management Systems
MITL	International Ship and Port Facility Security Code
SPICTL	International Ship and Port Facility Security Code
VICT	International Ship and Port Facility Security Code

Terminal	Certifications
YICT	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management Systems ISO 14001:2015 Environmental Management Systems ISO 45001:2018 Occupational Health and Safety Management Systems
AGCT	International Ship and Port Facility Security Code
BCT	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management Systems ISO 14001:2015 Environmental Management Systems ISO 22000:2005 Food Safety Management Systems ISO 22301:2014 Business Continuity Management Systems ISO 27001:2017 Information Security Management Systems ISO 50001:2011 Energy Management Systems
ICTSI Iraq	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management Systems ISO 14001:2015 Environmental Management Systems OHSAS 18001:2007 Occupational Health and Safety Management Systems
BICTL	International Ship and Port Facility Security Code
IDRC	International Ship and Port Facility Security Code
MICTSL	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management Systems ISO 14001:2015 Environmental Management Systems ISO 28000:2007 Supply Chain Security Management Systems
CGSA	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management Systems ISO 14001:2015 Environmental Management Systems ISO 14064:2006 GHG Neutral Programme OHSAS 18001:2007 Occupational Health and Safety Management Systems ISO 28000:2007 Supply Chain Security Management Systems BASC for Safe and Secure International Trade
CMSA	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management Systems ISO 14001:2015 Environmental Management Systems OHSAS 18001:2007 Occupational Health and Safety Management Systems ISO 28000:2007 Supply Chain Security Management Systems
OPC	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management Systems ISO 14001:2015 Environmental Management Systems ISO 45001:2018 Occupational Health and Safety Management Systems
SPIA	International Ship and Port Facility Security Code
Tecplata	International Ship and Port Facility Security Code
TSSA	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management Systems ISO 14001:2015 Environmental Management Systems
ICTSI Rio	International Ship and Port Facility Security Code ISO 9001:2015 Quality Management Systems ISO 14001:2015 Environmental Management Systems

The Group continuously strives to develop and promote a positive health and safety and environmental-friendly culture across its business operations. Every employee who works for the Company is expected to demonstrate positive health, safety and environmental behaviors, report and mitigate potential risks and look after the health, safety and well-being of each other. Managers are held accountable for defining clear roles and responsibilities, providing appropriate resources, measuring, attaining and reviewing HSE goals to support continuous improvement in the Group's HSE performance.

The amount invested by the Group to implement its various Health, Safety and Environmental programs and injury prevention initiatives for the past three years are as follows: US$4.7 million in 2018, US$6.1 million in 2019 and US$6.4 million (and an additional US$4.0 million COVID-19 related expenses) in 2020.

Employees

The Group has a total of 7,870, 8,996, and 8,563 permanent employees as of December 31, 2018, 2019 and, 2020, respectively. The Group generally does not hire contractual employees as the Group believes that it can achieve greater efficiency with a dedicated staff of employees who are familiar with the Group's internal systems. The following table shows the number of employees by activity and location:

	As of December 31		
	2018	2019	**2020**
Employees by Activity			
Operations	5,208	5,988	**5,624**
Engineering	1,136	1,294	**1,250**
Finance, administration and others	1,526	1,714	**1,689**
Total	7,870	8,996	**8,563**
Employees by Geographic Region			
Asia	3,953	4,447	**4,168**
Americas	2,468	3,028	**2,916**
EMEA	1,449	1,521	**1,479**
Total	7,870	8,996	**8,563**

The number of employees increased in 2019 mainly as a result of acquisition of ICTSI Rio on December 12, 2019. The number of employees decreased in 2020 as a result of group-wide cost optimization measures undertaken to mitigate the impact of the COVID-19 pandemic. The Group does not anticipate any major change or increase in its labor force in the ensuing 12 months from its existing operating terminals. There are no current or known threats from employees to engage in any work stoppage across all terminals.

Majority or a large portion of these employees are union members. As of December 31, 2018, 2019, and 2020, approximately 57.88 percent, 49.64 percent, and 49.87 percent, respectively, of the labor force are unionized. The above percentages are based on total permanent employee headcount regardless of whether an employee is entitled and eligible to join a union or not. The Group has collective bargaining agreements (CBA) in many of the ports in which it operates.

Asia

MICT. On April 26, 2019, ICTSI and the Nagkakaisang Manggagawa sa Pantalan ng ICTSI – National Federation of Labor Unions (NMPI-NAFLU), the bargaining unit for MICT workers, renewed its CBA for another five years effective up to April 25, 2024.

A five-year CBA between ICTSI and Anchorage Labor Union-ICTSI-NAFLU (ALU-ICTSI-NAFLU), the bargaining unit for the MICT Anchorage Division, was also signed on March 15, 2019, effective until March 14, 2024.

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

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

MICTSI. On March 21, 2020, a CBA was signed between MICTSI and Mindanao International Container Terminal Services, Inc. Labor Union - Federation of Democratic Labor Union Organization (MICTSILU-FDLO) with a term of five years ending on March 20, 2025. The parties agree on the upon renegotiation solely on the wage increase for the 4th and 5th year upon the expiration of the 3rd year of this agreement.

Other salient provisions of the CBA include wage increases, leaves, hours of work, medical and hospitalization benefits, retirement, education fund contribution, group life insurance, bereavement assistance, plant uniform, rice subsidy, production incentive bonus, Christmas package and signing bonus. Other matters relative to the union are periodically discussed in the Labor Management Council, consisting of representatives from the management of MICTSI and MICTSILU-FDLO.

DIPPSCOR. On September 15, 2016, DIPSSCOR and DIPSSCOR Employees and Workers Union - Association of Trade Unions-TUCP (DEWU-ATU/TUCP), being the sole bargaining unit, signed a new five-year CBA. The CBA came into effect on June 1, 2016 and will expire on May 31, 2021.

The CBA contains provision on employee benefits to union members such as: wage increase, productivity incentives, rice subsidy, meal allowances, paid leaves, medical, dental and hospitalization benefits, life insurance, retirement benefits, death aids, uniforms, access to personal cash advances, union leave with pay and grievance machinery. The economic provisions of the CBA will be renegotiated in the 3rd year of the effectivity of the CBA.

On March 4, 2016, DIPSSCOR received a Certificate of Compliance on Labor Relations from the Department of Labor and Employment (DOLE) for having been compliant with Labor Relations upon evaluation of the aforementioned CBA.

SCIPSI. On November 5, 2012, the management of SCIPSI and the PRO-LABOR Champ Movement in Makar (PCM-M) entered into a CBA for a term of five years or until November 5, 2017.

60 days before the expiration of the said CBA, a petition for certification election was filed by two intervenors, SCIPSI Employees Union-Southern Philippines Federation of Labor (SCIPSI EU-SPFL) and Makar Port Labor Organization (MPLO) at the DOLE. On March 9, 2018, a certification election was held and the labor union PCM-M was re-elected.

A new collective bargaining agreement was signed on August 14, 2019 and ratified on August 20, 2019. The CBA was registered with the Department of Labor and Employment on August 28, 2019.

In November 2009, the DOLE cited SCIPSI for Best Labor Management Cooperation (LMC) in Region XII in the Philippines given by the National Conciliation and Mediation Board (NCMB) in Mindanao and awarded as National Finalist in Outstanding LMC for Industrial Peace in the Philippines in November 2015. It is important to note that the Company's LMC is an important vehicle in disseminating its corporate values and ensuring industrial peace.

MTS. On April 1, 2019, MTS and Serikat Pekerja Mandiri PT Makassar Terminal Services (SPM MTS), the labor union, signed a CBA that is effective for two years from April 1, 2019 to March 31, 2021. The CBA was approved by the Pemerintah Kota Makassar, Suku Dinas Tenaga Kerja (the Ministry of Labor in the City of Makassar) on September 24, 2019.

The CBA contains provisions on benefits for all employees such as: wage increases, box share allowance, meal allowance, transport allowance, government and religious mandated leaves and leaves for important reasons like worker's marriage, paternity leaves, child baptism, marriage of worker's children, death of immediate worker's family member, among others.

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

PICT. The Democratic Employees Union (PICT-DEU) was formed on April 23, 2014 as the bargaining unit for PICT workers. The CBA has expired on December 31, 2020 and negotiations for the new CBA are ongoing.

VICT. VICT signed an Enterprise Agreement with the Australian Maritime Officers Union that was endorsed by the Fair Work Commission on October 19, 2016. The Agreement, primarily covering rates of pay, working hours, and leave entitlements, expired on October 19, 2020. The Agreement covers the operational staff at VICT.

VICT is currently in negotiation with staff representatives and Union officials to reach a mutually beneficial agreement, which will likely cover the next four years.

The Maritime Workers Union of Australia (MUA) has issued VICT with an official Protected Action Ballot Order (PABO) indicating certain Protected Industrial Action (PIA) steps that may be taken in the coming months. On February 1, 2021, the VICT Union members voted in favor of the PIA steps.

MITL and SPICTL. MITL and SPICTL assumed, through implementation agreement, the CBA entered into between the Employers Federation of Papua New Guinea and the PNG Maritime and Transport Workers Union called the Papua New Guinea National Stevedoring and Handling Workers' Union Industrial Agreement. The CBA was signed on November 26, 2016 and was effective for a period of three years. The CBA was renewed in October 2020 and is effective for a period of three years or until replaced by a new agreement. The Agreement regulates employment contracts, normal and overtime hours, remuneration conditions including timing and rates of increases, employment groups such as guaranteed wage earners, permanent and casual workers, vacation and shift schedules, health and safety requirements, retirement, and conditions for termination of employment contracts.

There are no labor unions in SBITC, ICTSI Subic, BIPI, CGT, LGICT and OJA.

Americas

CGSA. There is a unionized Works Council since October 2008 and a CBA signed initially on July 16, 2009. The most recent CBA was renewed in January 2021 and will be effective for the next two years. Besides the benefits that any worker is entitled to by law, CBA secures for the employees some additional benefits: in-out transportation, food service, and uniform. There have been no cases of strikes or walkouts since CGSA took over operations in 2007.

TSSA. The administrative and maintenance employees in TSSA are represented by the Sindicato dos Auxiliares de Administracao de Aramazens Gerais do Estado de Pernambuco (SINDAGE). The CBA with SINDAGE is renewed every two years and was last signed in June 2019. TSSA and the union have a good relationship and there had not been any major labor disturbances, such as strikes, slowdown, boycott, or mass absences in years. The employees receive benefits such as dental and health insurance, local restaurant privileges, support for professional development, leaves, and transportation services. The CBA will expire on June 30, 2021. Occasional workers at the customs inspections area and all other operations personnel, both represented by occasional labor unions, have entered into a CBA with TSSA. The CBA relating to customs inspections area workers has expired in February 2021 and negotiations are still ongoing as of March 2, 2021. Meanwhile, the CBA relating to all other operations personnel will expire in June 2021.

CMSA. CMSA has a Collective Work Contract (CWC) signed in November 2010 with Union de Estibadores y Jornaleros del Pacifico, which is part of Confederacion Regional Obrero Mexicana (CROM). CROM has not had a strike since it was founded 95 years ago. The CWC is effective until year 2044 and extendible based on any extension on the concession agreement with Administracion Portuaria Integral de Manzanillo, S.A., de C.V. There is an annual review of the salaries and every two years there is a salaries and benefits comprehensive review. CMSA is committed to give benefits in addition to those required by the Mexican Labor Law i.e., 5% savings fund, transportation, uniforms, scholarships, contributions in the case of death of workers, sports support and life insurance. There is an additional fee of 16.23% of salary paid to the union to support the administration expenses and retirement fund of the workers.

OPC. OPC has a new collective agreement signed with all employees that is effective for three years from 2020 up to 2022. The collective agreement stipulates employees' benefits like pension, medical and life insurance, trainings, employee engagement, vacation bonus, meal subsidy, special leaves, salary loans, among others.

There are no labor unions in Tecplata and ICTSI Rio.

EMEA

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

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

MICTSL. MICTSL assumed the CBA entered into by the previous port operator. The agreement sets out the obligations of the port operator with respect to matters such as medical care, housing allowances, and holidays. A salary grid is produced from time to time under the agreement that sets forth applicable wages. Under the CBA and applicable employment regulations, union representatives may only be dismissed after the employer has successfully petitioned the Labor Inspectorate to do so. The CBA stipulates that there should be no diminution of acquired benefits.

The right to strike is protected, provided that at least 48 hours' notice is given to management. In 2009, there was a two-day temporary operational disruption due to political unrest wherein the then President of Madagascar was ousted. The disruption did not produce any adverse effect on MICTSL. In 2010, MICTSL experienced two strikes attributed to the politicization of the concession agreement and privatization of port operations. The expiry and renegotiation scheduled in 2020 did not take place due to the challenges linked to the COVID-19 pandemic. The application of the CBA will continue by tacit renewal unless a revision, modification, or amendment is initiated by one of the parties following the procedure and modalities laid down. The side initiating the revision shall notify the other party of the proposals to be renegotiated and the discussions shall begin within two months. Unions may decide to take the initiative to renegotiate during the year when the situation stabilizes.

AGCT. AGCT's CBA was signed on December 16, 2020 and is effective until end of 2021. The CBA regulates employment contracts, overtime, add-ons, vacations, salary increases or decreases, other benefits, health and safety requirements and conditions for termination of employment contracts. There have been no cases of strikes or walkouts in AGCT since 2011.

IDRC. There is no labor union in IDRC but there is a framework in place for communication and grievances with elected labor representatives.

ICTSI Iraq and BICTL. There are no labor unions in ICTSI Iraq and BICTL.

KMT. There is no labor union yet in KMT and there is no collective bargaining agreement signed with the limited number of employees of KMT. The employee benefits are based on the minimum requirements of the collective agreement for maritime carriers, freight forwarders and transport auxiliaries as well as the national collective agreement for port handling. These collective agreements regulate employment and working conditions in the port industry and specify the manner of executing the employment contracts, as well as the minimum benefits pertaining to overtime, bonuses, salary grades, salary changes, other benefits, promotions, trainings, union membership, termination, retirement, among others.

Risks Relating to the Group's Business

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

The volume of containers the Group handles and the usage of other port-related services are influenced by the performance and growth of regional and international trading economies. The Group has a substantial port operations business within the Philippines as well as an international portfolio of terminals. Its core business consists of the management, operation and development of container terminals and the provision of cargo handling and other port-related services. Such services are required by the Group's shipping line customers for the transportation of containerized goods by sea within the global and regional marketplace. As a result, there is a correlation between the condition of global and regional economies and the volume of container throughput the Group handles. Because the Group tends to operate small- to medium-sized end-destination terminals, the Group's results of operations are highly influenced by specific conditions in the local markets where it operates. Furthermore, the global markets have experienced, and may continue to experience, economic downturn and political instability in several areas of the world, which may result in increased fuel prices, lower trade volumes, interruptions of the continuity of operations, decreases in imports and exports or reduced trading partners, which may adversely affect the Group's business and results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group is subject to the risk of system failures.

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

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

The Group's facilities could be exposed to effects of natural disasters and other potentially catastrophic events, such as major accidents, acts of God, terrorist attacks, armed conflicts and hostilities. To cite, the Philippines is vulnerable to typhoons, earthquakes and other major natural disasters, which could suspend MICT's operations temporarily or damage or destroy key equipment. Since operations at MICT have historically provided the majority of the Group's revenues from port operations, occurrence of a catastrophic event affecting the Philippines could have a material adverse effect on the Group's business, results of operations and financial condition. In addition, the COVID-19 pandemic in 2020 has caused toll on health, economic and social conditions globally.

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

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

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

Item 2. Properties

2.1 Principal Facilities

Asia

Philippines - MICT. MICT provides a full range of container cargo handling services to shipping lines transporting international containerized cargo to and from the Port of Manila with an estimated handling capacity of 3,350,000 TEUs per year after the completion of Berth 7. MICT occupies a total land area of 105.2 hectares, of which 100.6 hectares have been developed, and includes seven berths. MICT also has a 1,800-meter long wharf which can accommodate six to seven ships, depending on the ships' sizes. In January 2021, ICTSI completed the development of additional 150 meters of Berth 7 and 5.5 hectares of container yard, which were required under the concession contract with the PPA. This created a 600-meter continuous berth together with the adjacent Berth 6 to accommodate over 8,000-TEU capacity vessels. In 2012, ICTSI completed the development of Berth 6, which was a condition for the extension of the MICT Contract and to accommodate increasing volume.

Adjacent to the MICT wharf is a container yard, with a total stacking capacity of 63,615 TEUs, 1,883 TEUs of which are refrigeration-ready with reefer plugs. MICT also has one one-hectare container freight station (warehouse) for imports and exports. The facility also has a truck holding area, with 400 truck parking bays. MICT has two gates: inbound has seven lanes and outbound has six lanes. The terminal is fully equipped with security features recommended by the United States Homeland Security Agency, including gamma ray scanning devices and a closed-circuit television surveillance system.

As of December 31, 2020, MICT has a total of 18 quay cranes complemented by 68 rubber-tired gantries (RTGs), 14 empty container handlers, four reach stackers, 29 forklifts, and a huge fleet of transportation equipment.

On May 14, 2008, the Board of Investments (BOI) of the Philippines approved ICTSI's registration of the construction of Berth 6 of MICT with Pioneer status under the Omnibus Investments Code of 1987, which entitles Berth 6 to an income tax holiday for a six-year period from November 2011, among others. Berth 6 was completed and inaugurated in July 2012, and increased the terminal capacity to 2,500,000 TEUs per year. The Berth 6 features additional 14 hectares of container space, three additional quay cranes for offloading ships and ten RTGs.

On July 2, 2015, the BOI approved the registration of ICTSI's construction of Berth 7 of MICT on a Non-Pioneer status under the Omnibus Investment Code of 1987. Berth 7 is entitled to an income tax holiday of three years starting from July 2017.

On December 23, 2020, the BOI approved the registration of ICTSI's construction of Berth 8 of the MICT as "Expanding Operator of Seaport" on a Non-Pioneer status under the Omnibus Investment Code of 1987. Berth 8 is entitled to an income tax holiday of three years from July 2027 or actual start of commercial operations, whichever comes first.

Philippines - New Container Terminal 1. Subic Bay International Terminal Corporation (SBITC) originally developed, managed and operated the NSD Waterfront Area in Subic, Philippines. However, in April 2008, the NSD Waterfront Area was replaced by the New Container Terminal (NCT-1). NCT 1 is a

14-hectare terminal with a 280-meter berth and controlling depth of 13 meters, making it possible to handle post-Panamax vessels. The estimated handling capacity of NCT-1 is 300,000 TEUs per year. As of December 31, 2020, SBITC has two post-Panamax cranes, three RTGs, four reach stackers, two empty container handlers, three forklifts, 22 prime movers and 30 chassis.

Philippines - New Container Terminal 2. On July 27, 2011, SBMA and ICTSI signed the contract for the operation and management of NCT-2 for a period of 25 years. ICTSI subsequently assigned said contract to ICTSI Subic, Inc. (ISI) and SBMA approved the assignment through a resolution dated August 19, 2011. NCT-2 is a 14-hectare terminal, which includes a 280-meter berth with 13 meters depth. As of December 31, 2020, ISI has two post-Panamax quay cranes, three RTGs, three reach stackers and two forklifts. The new terminal has an annual throughput capacity of 300,000 TEUs.

Philippines - Bauan Terminal. Bauan International Ports, Inc. (BIPI) owns a 20-hectare facility, of which four hectares remain undeveloped, situated along the protected waters of Batangas Bay in Bauan, Batangas. The facility is a multi-purpose, multi-user terminal with a 240-meter berth with two berthing positions. The facility also contains a storage area and a car terminal facility and is supported with various heavy lift cranes and two ten-ton forklifts. The car terminal facility can handle 254,696 completely built units per year.

Philippines - Mindanao Container Terminal (MCT). Mindanao International Container Terminal Services, Inc. or MICTSI operates the MCT located at Phividec Industrial Estate, Misamis Oriental. MICTSI has a 24-hectare terminal area for infrastructures, equipment and support facilities and handles containerized and non-containerized cargo. The terminal also has a 300-meter berth with a controlling depth of 13 meters that can service two vessels at once. The terminal is also supported by an 11-hectare yard area inclusive of container yard road networks, with a storage capacity of 6,816 TEUs. The terminal is also equipped with 262 reefer plugs at 440 volts. The estimated handling capacity of MCT is 300,000 TEUs per year. As of December 31, 2020, MICTSI has two quay cranes, three reach stackers, five prime movers, four RTGs, one forklift, and two empty container handlers

Philippines - Sasa Wharf. DIPSSCOR is a cargo handler at the Sasa International Port in Davao City, Philippines and the facilities are not for the exclusive use of DIPSSCOR. The terminal covers an area of 16.75 hectares with 10 berthing positions of 10.6 meters in depth and occupying a total length of 1,093 meters. The total throughput capacity of the terminal is 500,000 TEUs per year. As of December 31, 2020, DIPSSCOR has four reach stackers and 10 forklifts.

Philippines - Makar Wharf. SCIPSI is a stevedoring and cargo handling service provider at the Makar Wharf, Port of General Santos, General Santos City, Southern Mindanao. The Makar Wharf is a general purpose wharf handling domestic and international containerized, general and roll-on/roll-off cargo as well as domestic passenger traffic. The terminal surface area is 14 hectares that includes nine berths at 851 meters in length with 8-12 meters depth. The terminal is also equipped with 204 reefer plugs and has a total capacity of 250,000 TEUs per year. As of December 31, 2020, SCIPSI has five reach stackers, 25 chassis, 23 prime movers, and 16 operating forklifts.

Philippines - Hijo Port. In 2012, ICTSI, through its wholly owned subsidiary, Abbotsford, together with Hijo Resources Corp., a diversified group involved in leisure and tourism, agribusiness, property development and port operations, invested in HIPS for the construction, development and operation of Hijo Port. Hijo Port is a private commercial port owned by HIPS located in Barangay Madaum, Tagum, Davao del Norte in the Gulf of Davao. The existing port sits within a reclaimed land of about 10.3 hectares. It has two berths at 120 meters and 150 meters long, and various terminal support facilities. HIPS is currently handling break bulk cargo. As of December 31, 2020, HIPS has one mobile harbor crane, an empty container handler, and three forklifts.

Philippines - Calamba, Laguna. On March 2, 2015, LGICT commenced operation of its one-stop inland container terminal located in Calamba City, Laguna. LGICT is 60%-owned by IW Cargo Handlers, Inc., a wholly-owned subsidiary of the Company, and 40% owned by Nippon Container Terminals Co. Ltd., Transnational Diversified Corporation and NYK Fil-Japan Shipping Corp. LGICT primarily operates as an extension of the seaport operations of MICT and is intended to function as a regional logistics hub, which will service and support the operations of exporters and importers. LGICT is situated on a 21-hectare property that is 58 kilometers from Metro Manila, located near various economic export zones and adjacent to a railroad. As of December 31, 2020, LGICT has two reach stackers and three side lifters.

Philippines - Tanza, Cavite. On April 21, 2017, ICTSI, through its wholly-owned subsidiary, CGT, in partnership with the Philippine Department of Transportation, project launched the country's soon-to-be first container roll-on roll-off barge terminal in Tanza, Cavite. CGT will facilitate off-the-roads seaborn transport of containers between Port of Manila and Cavite and service industrial locators in Cavite area. CGT's barge terminal will have an annual capacity of 115,000 TEUs, which is equivalent to 140,000 fewer truck trips on city roads each year. The terminal was formally inaugurated on November 22, 2018. As of December 31, 2020, CGT has an empty container handler and five forklifts.

Philippines - Manila North Harbor. MNHPI, a 50%-owned joint venture of ICTSI acquired in October 2017 and April 2019, has a concession contract with the PPA for the development, management, operation and maintenance of Manila North Harbor. MNHPI commenced operations on April 12, 2010. MNHPI is committed to modernize and develop Manila North Harbor to transform it to a premier maritime hub. MNHPI provides cargo handling services for containerized and break-bulk cargoes to shipping lines and tramp vessel operators plying the domestic routes. Overall, the port facility can accommodate up to 2,200,000 TEUs of containerized cargoes, 2,000,000 metric tons of break-bulk cargoes and 2,500,000 passengers per year.

The 63.5 hectare land area is divided into three terminals namely, Container Terminal, Multi-Purpose Terminal, and Ro-Ro Terminal. These terminals work in synergy to optimize the port operations. At present, the total quay length is 5,758 meters equivalent to 41 berthing positions. MNHPI handles an average of about 4,000 vessel calls per year.

In 2017, MNHPI completed its Phase 1 Development Program which provided modern port facilities including a modern Container Terminal, Ro-Ro Terminal, a modern Passenger Terminal Complex, and One-Stop Processing Centers, all allowing efficient processing of transactions between shipping lines, MNHPI, PPA and other government agencies.

MNHPI also has a fleet of modern cargo handling equipment which include eight quay container cranes, 27 RTGs, 17 reach stackers, eight empty container handlers and 17 heavy forklifts, among others. Ancillary facilities were also built such as six weighbridges, the power center equipped with two 2.5 MVA (2MW) generator sets for back-up power, and the reefer facility with 204 plugs.

China - Port of Yantai. YICT's terminal covers an area of 76.7 hectares with four berthing positions of 14 to 17 meters in depth and occupying a total length of 1,300 meters. The estimated handling capacity of YICT is 1,300,000 TEUs per year. As of December 31, 2020, YICT has seven quay cranes, which handle loading and unloading of cargoes with the support from two empty container handler, three RTGs, five reach stackers, 15 prime movers, 21 forklifts, 20 RMGs and 33 chassis.

Indonesia - Makassar Container Terminal. Makassar Terminal Services (MTS) supplies and operates equipment for PT Pelabuhan Indonesia IV (Pelindo IV), the Indonesian government agency which operates the Port of Makassar. MTS covers an area of 12.4 hectares with 850-meter berth length and seven berthing positions with 12 meters of depth. The total port terminal capacity is 650,000 TEUs with the estimated handling capacity of MTS at 250,000 TEUs per year. As of December 31, 2020, MTS has two quay cranes, three RTGs, 9 prime movers and 9 chassis.

Indonesia - Port of Tanjung Priok. In July 2012, ICTSI acquired 100% of the equity interest of OJA through its indirect majority owned subsidiary, JASA. OJA is an Indonesian limited liability company engaged in the loading and unloading of general goods and containers at the Port of Tanjung Priok, Jakarta, Indonesia. OJA had existing cooperation agreements with PT. Pelabuhan Indonesia II (Pelindo) under a profit sharing scheme. The scheme covers the terminal operations for berths 300, 301, 302 and 303, which are operated by Pelindo and located in Terminal III of Tanjung Priok Port. These cooperation agreements have terms of two years that can be extended by the parties. On June 5, 2013, OJA signed a 15-year Cooperation Agreement with Pelindo, Tanjung Priok Branch for international container stevedoring services under a profit sharing scheme. The terminal has a capacity of 400,000 TEUs per year, berth length of 600 meters with two berthing positions of 12 meters in depth and 5.86 hectares container yard. As of December 31, 2020, the terminal has seven quay cranes, seven reach stackers, five rail mounted gantries, a forklift, two RTGs, 30 prime movers, and 31 chassis.

Pakistan - Karachi Port. In October 2012, ICTSI, through its wholly owned subsidiary ICTSI Mauritius, completed the acquisition of a majority shareholding in PICT. PICT has a contract with Karachi Port Trust for the construction, development, operations and management of a common user container terminal at Karachi Port for a period of 21 years commencing on June 18, 2002. The terminal has a capacity of 750,000 TEUs per year and a berth length of 600 meters with a depth of 13.5 meters. As of December 31, 2020, PICT has six quay cranes supplemented by three empty container handlers, 12 reach stackers, 15 forklifts, 20 RTGs and a large fleet of transportation equipment handling the existing operations at Karachi Port.

Australia - Port of Melbourne. On May 2, 2014, ICTSI, through its subsidiary in Australia, VICT, signed a contract with the Port of Melbourne Corporation for the design, construction, commissioning, maintenance, operation and financing of Melbourne's Webb Dock new international container terminal and empty container park. The contract grants a lease concession until 2040. Phase 1 of the terminal comprised of a berth of 330 meters fitted with three neo-Panamax ship-to-shore cranes, 23.8 hectares of yard with fully automated operations from gate to quayside, delivering an estimated capacity of 350,000 TEUs. The terminal can handle vessels with a capacity of 12,700 TEUs or 347 LOAs, and features a 10-hectare empty container park with a working capacity of around 250,000 TEUs. Phase 2 of the terminal comprised of a 330-meter berth fitted with additional two neo-Panamax ship-to-shore cranes and 11.5 hectares of yard increasing the total capacity of the terminal to approximately 1,000,000 TEUs.

Commercial operations under the Phase 1 and Phase 2 of the project commenced in the second quarter of 2017 and first quarter of 2018, respectively.

As of December 31, 2020, VICT operates with five quay cranes, one reach stacker, 20 automated stacking cranes, 11 automated container carriers, 3 forklifts and 2 prime movers.

Papua New Guinea - Port of Lae and Port of Motukea. In September 2017, ICTSI received a notification from 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, MITL and 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 and other related contracts took effect on June 1, 2018 after all the parties have complied with the agreed conditions precedent.

The Port of Lae is the largest container handling facility in PNG. Lae is the capital of Morobe Province and is the second largest city in PNG. The estimated annual capacity of the Lae Tidal Basin is 250,000 TEUs. The total developed land area is 11.4 hectares and quay length is 240 meters. As of December 31, 2020, SPICTL has three mobile harbor cranes, three RTGs, four reach stackers, two empty container handlers, three forklifts, seven prime movers and 11 chassis.

The Port of Motukea is the only terminal in Port Moresby, the largest city in Papua New Guinea, that is permitted to handle international containers. The estimated annual capacity of the Motukea port is 250,000 TEUs. Total developed land area is 8.8 hectares and quay length is 250 meters. As of December 31, 2020, MITL has one mobile harbor crane, two reach stackers, an empty container handler, three forklifts, and six chassis.

Americas

Ecuador - Guayaquil Container and Multipurpose Terminal. CGSA is the exclusive operator of a container and multipurpose terminal in the Port of Guayaquil, Ecuador. The total land area of the terminal is 133.52 hectares, of which 92.5 hectares is developed. The total berth length is 1,717.5 meters with 10 berthing positions including a tugboat berth with 10.5 meters of depth. The estimated handling capacity of CGSA is 1,400,000 TEUs per year with 3,819 reefer plugs to accommodate the demand for the containerization of bananas.

In 2008, CGSA completed upgrades to its inventory and maintenance processes and IT services. CGSA had also made physical improvements of the terminal including container and multipurpose yard improvements, construction of a new berth as a reinforcement of an existing one, construction of an electric substation, and acquisitions of cranes and RTGs. New reefer stations and plugs were also added to accommodate the shift from bananas as break bulk cargo to containers. In 2019, two of the quay cranes have been extended (in terms of boom and height), Berths 1 to 1C have been reinforced and such same berths now have a depth of 13.5 mean low water spring (MLWS) that allow the terminal to receive 366 length overall (LOA) vessels. As of December 31, 2020, CGSA has six quay cranes and three mobile harbor cranes that are supported by 23 RTGs, 6 reach stackers, 6 empty container handlers, 40 forklifts, and a huge fleet of transportation equipment that handle the movement of containerized cargoes at the terminal.

Brazil - Suape Container Terminal. TSSA is the exclusive operator of the container terminal in the port in Suape, Brazil until the earlier of (a) throughput of 250,000 boxes (approx. 400,000 TEUs) for three consecutive years or (b) after the first 15 years of the concession. The terminal covers a developed area of 39.4 hectares and undeveloped area of 2.5 hectares. TSSA has a 660-meter long two-berth wharf, a 30-hectare container yard, 576 reefer plugs, and a 4,900-square meter CFS and a truck weighing scale. The estimated handling capacity of TSSA is 700,000 TEUs per year.

TSSA has completed the build-out of the infrastructure of the Suape Container Terminal, including the acquisition of equipment and the development of civil works, such as yard expansions. As of December 31, 2020, TSSA has six quay cranes, 14 RTGs, six reach stackers, four empty container handlers, 13 forklifts, 36 prime movers and 48 chassis that complement the servicing of all movements of containerized cargoes inside the terminal.

Colombia - Port of Buenaventura. SPIA owns 191 hectares of private land in Buenaventura and 84 hectares of concession land. SPIA was granted a 30-year concession by the Colombian National Institute of Concessions to develop, construct and operate a container handling facility in Aguadulce. The Aguadulce Peninsula is across the channel from the existing Port of Buenaventura. Buenaventura is located on the west coast of Colombia. It is the biggest port in the country and the only Colombian port on the Pacific coast. SPIA started initial operations in the fourth quarter of 2016. The terminal has a total area of 128 hectares and berth length of 600 meters with a depth of 14.5 meters, 13-hectare container yard and 432 reefer plugs. Estimated annual capacity of SPIA is 600,000 TEUs. The terminal can be accessed through a 20.7-kilometre road that circumvents the urban parts of Buenaventura. It also has 147 hectares along this access road for logistics development. As of December 31, 2020, SPIA has four quay cranes, 10 RTGs, three empty container handlers, three reach stackers, 20 forklifts, 32 prime movers and 45 chassis.

Argentina - La Plata Port. In October 2008, Tecplata was granted a 30-year concession to build and operate an all-purpose port terminal in the Port of La Plata, Argentina, by the *Consorcio de Gestion del Puerto La Plata*, which would expire in 2038. The port development project covers 41.2 hectares, 29.6 hectares of which is from the concession agreement and 11.6 hectares is from *Compania Fluvial del Sud S.A.* via a Usufruct Agreement for a term of 20 years renewable at Tecplata's option for another 20 years. The terminal has an estimated handling capacity of 450,000 TEUs with a 600-meter berth having four berthing positions and 11 meters of quay side depth. The terminal is capable of expanding to handle 900,000 TEUs with a berth length of 800 meters. As of December 31, 2020, Tecplata has four quay cranes, two reach stackers, three empty container handlers, 9 RTGs, seven forklifts, 18 prime movers and 20 chassis. Tecplata started commercial operations in April 2019.

Mexico - Port of Manzanillo. In June 2010, ICTSI signed a 34-year concession for the development and operation of the Second Specialized Container Terminal (TEC-II) at the Port of Manzanillo in Mexico. ICTSI established CMSA to operate the Port of Manzanillo. The port development project covers about 77 hectares with 1,080 meters of seafront. The development of the container terminal will be done in three phases. Construction of Phase 1A development, which started in November 2011, was completed and CMSA formally commenced commercial operations in November 2013. Phase 1A has a berth length of 720 meters with two berthing positions with a depth of 16 meters, yard capacity of 710,000 TEUs and a handling capacity of 900,000 TEUs. Phase 1B was completed in May 2017 and started commercial operations thereafter. Phase 1B involved the construction of a yard that increased CMSA's yard capacity to 967,000 TEUs.

Phase 2A development started in December 2017 and it consists of three stages. Stage 1 Phase 2A was completed in the third quarter of 2018, Stage 2 Phase 2A was completed in the third quarter of 2020 and was operational thereafter. This stage involved the construction of 180 meters of berth and it started development in May 2019, while the additional yard in Stage 3 Phase 2B is expected to be completed in June 2022.

Stages 1 and 2 Phase 2A increased yard capacity by 150,000 TEUs and 250,000s TEUs, respectively, and Stage 3 Phase 2A by 260,000 TEUs for an expected total yard capacity of 1.6 million TEUs after the completion of Phase 2A. The expansion of the berth in Stage 2 of Phase 2A shall bring additional berthing position. Two quay cranes and four RTGs were put to operations in 2019.

As at December 31, 2020, the estimated handling capacity of CMSA is 1,250,000 TEUs with eight quay cranes supported by seven reach stackers, seven empty container handlers, 21 RTGs, 26 forklifts, 50 prime movers, and 54 chassis.

Honduras - Puerto Cortés. On February 1, 2013, ICTSI won and was awarded the contract for the Design, Financing, Construction, Maintenance, Operation and Exploitation of the Specialized Container and General Cargo Terminal of Puerto Cortés in the Republic of Honduras for a period of 30 years through a public hearing held in Tegucigalpa, Honduras. OPC started its commercial operations in December 2013. The terminal has a 1,150-meter pier with four berthing positions and depth from 12.5 to 14 meters, 21.7-hectare container yard, 1,744 reefer plugs, a 7,600-square meter CFS and has an estimated annual capacity of 1,000,000 TEUs. As of December 31, 2020, OPC has three quay cranes, four mobile harbor cranes, two empty container handlers, 19 reach stackers, 24 forklifts, 47 prime movers and 61 chassis.

Mexico - Port of Tuxpan. On 27 May 2015, the Group acquired 100.0% of TMT from Grupo TMM, S.A.B. and Inmobiliaria TMM, S.A. de C.V. TMT is a Mexican company with a concession to construct and operate a maritime container terminal in the Port of Tuxpan, Mexico and is the owner of land with an area of 29.1 hectares where the maritime container terminal will be constructed.

Brazil - ICTSI Rio Brasil Terminal 1 S.A. ICTSI Rio is located in a prime location in the state of Rio de Janeiro - Brazil´s largest economic region, having the advantage of being near to major oil and gas industrial zones and surrounding import-export hubs. The terminal has a handling capacity of about 530,000 TEUs, with a total area of 99,203 square meters of yard and a quay length of 715 meters, that will be extended to 800 meters by the end of 2022 as part of the second phase of the expansion as required under the concession contract. The terminal is equipped with five ship-to-shore cranes, two of which are super post-Panamax, and 16 RTGS, 12 of which are electric, and is connected by an on-dock railway. The terminal delivers services at high productivity and safety standards and is capable of handling efficiently vessels of up to 335 meters of length overall (LOA), 48.5 meters of beam with a maximum draft of 14.6 meters. To be able to receive the next generation of vessels expected to be deployed at the Brazilian coast, with 366 meters of LOA, 52 meters of beam and maximum draft of 15.2 meters, Rio de Janeiro Port Authority has started the studies to upgrade the maritime access channel. To address the future growth in demand, ICTSI Rio Brasil 1 is capable of expanding its area up to 248,000 square meters and its quay length up to 910 meters with a handling capacity of 1,200,000 TEUs.

EMEA

Poland – Port of Gdynia. BCT has a lease contract to operate the Container Terminal in Gdynia, Poland. The terminal covers an area of 57 hectares and its facilities include a 790-meter long wharf with five berths (four of which are for container loading and unloading operations and one of which is equipped with a hydraulic ramp for roll-on roll-off operations), a container stacking yard, a cargo handling zone, two warehouses and a rail facility with three rail tracks. The estimated handling capacity of BCT is 1,200,000 TEUs per year. As of December 31, 2020, BCT has six quay cranes, two mobile harbor cranes, two rail-mounted gantries, three reach stackers, 18 RTGs, 21 forklifts, 32 chassis, 33 prime movers, and 2 straddle carriers, that handle loading and unloading of containerized cargo at the terminal.

Madagascar - Port of Toamasina. MICTSL manages, operates and develops the Port of Toamasina, Madagascar. The terminal covers an area of 24 hectares and its facilities include two berths with a combined length of 307 meters and a depth in excess of up to 12 meters. The estimated handling capacity of MICTSL is 400,000 TEUs per year. As of December 31, 2020, MICTSL has four mobile harbor cranes, three empty container handlers, four forklifts, three reach stackers, nine RTGs, 18 prime movers and 18 chassis.

Georgia - Port of Batumi. BICTL operates a container terminal and a ferry and dry bulk handling facility in the Port of Batumi, in Georgia. BICTL covers an area of 13.6 hectares, has two berths with a combined length of 465 meters and depth between 8 and 11.3 meters. The estimated handling capacity of BICTL is 150,000 TEUs per year. As of December 31, 2020, BICTL has two mobile harbor cranes, two empty container handlers, five reach stackers, ten forklifts and seven prime movers.

Croatia - Brajdica Container Terminal. In March 2011, ICTSI, through its wholly owned subsidiary, ICBV, entered into a Share Purchase Agreement with Luka Rijeka D.D., a Croatian company to acquire a 51% interest in AGCT. AGCT operates the Brajdica Container Terminal in Rijeka, Croatia with a concession period of 30 years until 2041. The port includes a 17-hectare yard, with a combined 790-meter quay and depth of 10.5 to 14.8 meters. The current capacity is 600,000 TEUs per year with 252 reefer plugs. As of December 31, 2020, AGCT has four quay cranes, six RTGs, two rail-mounted gantries, four reach stackers, four forklifts, 14 prime movers and 21 chassis to support its operations.

Iraq - Port of Umm Qasr. 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 a period of 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 commercial operations in the third quarter of 2018 while the rehabilitation works are expected to be completed in the second 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 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. The Port covers an area of 78.2 hectares, 16.0 hectares of which is still undeveloped. The Port has six berths with length of 1,100 meters and depth of up to 14 meters. As of December 31, 2020, the terminal has seven quay cranes, nine empty container handlers, ten RTGs, 21 forklifts, 6 reach stackers, 18 chassis and 22 prime movers.

Congo - River Port in Matadi, Democratic Republic of Congo. On January 23, 2014, ICTSI, through its subsidiary, ICTSI Cooperatief, forged a business partnership with SIMOBILE for the establishment and formation of a joint venture company, ICTSI DR Congo (IDRC). IDRC 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. SIMOBILE is a concessionaire of a parcel of land along the Congo river in the district of Mbengu, Township of Matadi in the Democratic Republic of Congo, intended for port use. Phase 1 of the facility consists of two berths that can handle 175,000 TEUs and 350,000 metric tons. Phase 1 was completed in the fourth quarter of 2016.

Development of Phase 2 of the facility started in the first quarter of 2020 and is expected to be completed in the second 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. As at December 31, 2020, the empty container yard expansion was completed while development of the full container yard is ongoing. As of December 31, 2020, IDRC has three mobile harbor cranes, two empty container handlers, two forklifts, five reach stackers, 13 prime movers and 13 chassis.

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 Autonome de Kribi (PAK). On July 28, 2020, the 25-year concession contract was officially signed by Kribi Multipurpose Terminal (KMT), a Cameroonian subsidiary of ICTSI, and PAK.

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) that is the extension of Quay 1.1, and 23 hectares of yard (including facilities to be provided by PAK) that are temporarily and currently 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.

Unlike other traditional ports in the country located in Douala that are limited by the depth of the channel and hampered by road congestion, the Port of Kribi provides 16 meters of deep-water access without road congestions. KMT can accommodate the longest vessels plying the water as of today.

The current terminal capacity is 1.5 million tons and will increase to 5 million tons by 2024 upon turnover of the sub-phase 2 completion of Phase 2 of the terminal development. As of December 31, 2020, the KMT has two quay cranes, 10 forklifts, and one weighbridge.

2.2 Other Properties Owned by ICTSI and Subsidiaries

Location	Descriptions/Owner	Encumbrance
Cabuyao, Laguna, Philippines	20-hectare property that was original site of the inland container depot project/ IWI Container Terminal Holdings, Inc. (IWI CTHI, formerly ICTSI Warehousing, Inc.)[1]	None
Calamba, Laguna, Philippines	25-hectare property which is the site of LGICT's one-stop inland container terminal/ICTSI	None
Bauan, Batangas, Philippines	20-hectare (approximately) property in Batangas acquired from AG&P in December 1997/BIPI[2]	None
Tanza, Cavite, Philippines	6-hectare property located in Tanza, Cavite acquired by Cavite Gateway Terminal, Inc.[1] (CGT) from Capital Resources Corporation and the Heirs of Francisco Joaquin for use in the gateway terminal business of CGT.	A small portion of the property was mortgaged by the sellers to Asia Pacific Lending Corporation (APLC)[3].
Gdynia, Poland	3.5 hectares of lot with a building owned by BCT was acquired from local real estate company. These properties are being leased to third parties.	None
Central Matadi, DR Congo	13.3 hectares of land owned by IDRC, 10.47 hectares of which is where the terminal is built, while 2.83 hectares is for future terminal expansion. 2.8 hectares of land purchased in 2020 as part of the ongoing Phase 2 terminal expansion.	10.47 hectares was mortgaged to Rawbank DRC

[1] *100% owned by ICTSI*
[2] *80% owned by IWI CTHI*
[3] *The sellers have represented that the mortgages in favor APLC have already been discharged or terminated, although the annotation of the mortgages on the titles to the property could not be cancelled due to the dissolution of APLC.*

2.3 Estimated Capital Expenditures and Sources of Financing

The Group's capital expenditures for 2021 are expected to be approximately US$250.0 million. The estimated capital expenditure budget will be utilized mainly for the completion of MICT expansion, ongoing expansion project at IDRC; new expansion project at VICT; equipment acquisitions and upgrades; and for maintenance requirements. The Group expects to fund these capital expenditures through a combination of available cash, internally-generated funds, third party loans and other fund raising activities, if necessary.

Item 3. Legal Proceedings

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

MICT

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

On November 26, 2010, the PPA, through the Office of the Solicitor General, filed a Petition for *Certiorari* and Prohibition with Application for the Issuance of a Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction (WPI) assailing City Council Resolution No. 141 before the Supreme Court.

The Supreme Court granted a TRO enjoining the Mayor of Manila and the City Council of Manila from stopping or suspending the implementation of the MICT Berth 6 Project of the PPA. The Supreme Court also granted MICT's motion to intervene in the case of PPA vs. City of Manila and City Council of Manila. The Supreme Court, in a Resolution dated August 14, 2019, dismissed this case for being moot and academic since the Berth 6 construction has been completed and is currently operational.

Notwithstanding the pendency of the foregoing legal proceedings at the time of completion, the MICT Berth 6 Project was inaugurated by the President of the Republic of the Philippines in July 2012.

In 2013, a case was filed by Malayan Insurance Co., Inc. (MICO) against ICTSI before the Regional Trial Court of Manila, Branch 55, for damages allegedly sustained by the assured cargo of Philippine Long Distance Telephone Company (PLDT) consisting of telecommunications equipment. The amount of claim is ₱223.8 million (approximately US$4.5 million) plus legal interest and attorney's fees of ₱1.0 million (US$20.1 thousand).

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

PICT

In 2007, the Trustees of the Port of Karachi (KPT) filed a civil suit against Pakistan International Container Terminal (PICT) in the Honorable High Court of Sindh (HCS) claiming a sum of approximately US$2.0 million along with the interest, as default payment of wharfage and penalty thereon, for the alleged mis-declaration of the category of goods on the import of Ship to Shore Cranes and Rubber Tyre Gantry Cranes in 2004. The HCS has rendered a judgment and decree in favor of PICT and ordered that KPT is not entitled to the amount of wharfage charges claimed by it. In June 2017, KPT filed an appeal against the aforesaid judgment before the Divisional Bench of HCS. Upon advice of PICT's legal advisor, management believes that there is no merit in this claim.

Also in 2007, PICT has filed an interpleader civil suit before HCS against the Deputy District Officer, Excise and Taxation (DDO) and the Trustees of KPT in respect of demand raised by the DDO on PICT to pay property tax out of the Handling, Marshalling and Storage (HMS) charges payable to KPT amounting to approximately US$0.2 million for the period from 2003 to 2007. In compliance with the Order of HCS, PICT deposited the amount with Nazir of HCS, out of the amount withheld by PICT from HMS charges billed by KPT. In 2014, another demand was made by DDO amounting to approximately US$0.7 million for the period from 2008 to 2014. On an application filed by PICT for directions, HCS ordered for deposit of the aforementioned amount out of HMS charges billed by KPT and PICT subsequently complied with the order of HCS. In 2015, HCS issued further orders directing PICT to deposit the remaining HMS charges due and payable with Nazir of HCS in quarterly installments and PICT complied accordingly. The decision of the suit is still pending, and PICT's legal advisor believes that there may be no adverse implication for depositing the payments with Nazir of HCS due to KPT in view of complying with the HCS's order.

PICT is involved in several tax proceedings. However, PICT's management and its legal counsels believe that the said cases will be decided in favor of PICT.

TSSA

In 2008, a civil suit was filed by former customer Interfood Comercio (Interfood) against TSSA for damages to perishable cargo amounting to BRL7.0 million (approximately US$3.0 million). Interfood's cargo (garlic and birdseed) was declared improper for human and animal consumption due to long storage period at TSSA before it was claimed and such cargo was destroyed by Brazilian customs authorities. The lower court and Court of Appeals ruled in favor of Interfood. An amount of BRL12.0 million (approximately US$3.1 million) in TSSA's bank account has been garnished by the lower court. The provision aggregating BRL13.8 million (US$3.6 million), BRL13.5 million (US$3.5 million) and BRL13.5 million (US$2.6 million) were recognized as part of "Accounts payable and other current liabilities" account in the consolidated balance sheets as at December 31, 2018, 2019 and 2020, respectively. In July 2016, the State Court rendered a decision against TSSA. The said judgment, however, is still subject to a last appeal with the Supreme Court in Brasilia. In September 2019, the State Court issued a decision that rendered TSSA a credit against Interfood for the amount of BRL3.5 million (US$0.7 million). This decision is still subject to confirmation by the Supreme Court in Brasilia.

TICT

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

BICTL

In 2015, BICTL filed a case against Revenue Service with the Tbilisi City Court for the cancellation of the tax assessment in the amount of US$860.7 thousand (GEL2.3 million). The case involves Value-Added Tax (VAT) on fees collected by BICTL for services rendered in relation to the export of scrap materials. The Revenue Service alleged that such fees are subject to VAT while BICTL believes that it has good legal basis to treat the services as a VAT zero-rated sale of services. In March 2016, the Tbilisi City Court rendered a decision in favor of Revenue Service. BICTL has appealed the said decision with the appellate court. The Tbilisi Court of Appeals considered the arguments and position of BICTL and on May 26, 2018 partially satisfied the claim of BICTL, and major part of the penalty (around 83%) was cancelled.

The decision of the Court of Appeals was appealed by BICTL to the Supreme Court of Georgia in May 2019. The decision also was appealed by the Ministry of Finance and Revenue Service.

The Supreme Court is currently hearing the case. BICTL expects the hearings to conclude within the year 2021.

ICTSI Oregon

Due to continuing labor disruptions caused by the International Longshore and Warehouse Union and ILWU Local 8 (collectively "ILWU") in Portland, Oregon commencing in June 2012 and continuing over several years, ICTSI Oregon filed a claim in federal court for damages caused by the ILWU's unlawful secondary activity under the National Labor Relations Act. In connection with this claim, the National Labor Relations Board (NLRB) sought and obtained two federal court injunctions against the ILWU prohibiting illegal work stoppages and a finding of contempt of court against the ILWU for injunction violations. The federal district court initially stayed ICTSI Oregon's damage claim for unlawful secondary activity pending completion of administrative proceedings before the NLRB. The NLRB's administrative proceedings were completed favorably to ICTSI Oregon in 2015. However, the ILWU appealed to the United States (US) Court of Appeals for the District of Columbia Circuit in Washington D.C. On November 6, 2017, the US Court of Appeals rejected the ILWU's appeals and upheld two NLRB decisions declaring that the ILWU engaged in deliberate work stoppages and slowdowns, made false safety claims, and engaged in other illegal coercive conduct against ICTSI Oregon and its customers.

As a result of the US Court of Appeals decisions, the federal district court in Oregon lifted the stay in early 2018 and scheduled a trial of ICTSI Oregon's damage claim commencing in October 2019. After a two-week trial in Portland, Oregon, a jury verdict was rendered on November 4, 2019 in favor of ICTSI Oregon against ILWU for unlawful labor practices. The jury verdict awarded damages to ICTSI Oregon in the total sum of US$93.6 million.

The ILWU then filed a motion for judgment as a matter of law and for a new trial. On March 5, 2020, the District Court issued its Opinion and Order denying the ILWU's motion for judgment as a matter of law. The District Court also denied the ILWU's motion for new trial on all issues except for damages, which it denied conditioned upon ICTSI Oregon accepting reduced damages in the amount of

US$19.1 million. The District Court stated that, if ICTSI Oregon does not accept this reduced judgment amount, then ILWU's motion for a new trial is granted in part, limited to damages. On March 19, 2020, ICTSI Oregon notified the District Court of its decision to decline acceptance of the reduced judgment and to instead proceed to retrial.

On April 1, 2020, the ILWU then filed: (1) a motion for an interlocutory appeal of the District Court's March 5, 2020 order to the US Court of Appeals for the Ninth Circuit; and (2) a motion for reconsideration of the District Court's decision to limit the retrial to only damages. On May 28, 2020, the District Court granted the ILWU's motion to certify the order denying the ILWU's Motion for Judgment as a Matter of Law for interlocutory review to the Ninth Circuit Court of Appeals. However, the District Court denied the ILWU's motion to reconsider its previous order that the new trial in this case would be limited to only damages. Federal law states that the party seeking to appeal must file a Petition to Appeal the Certified Order with the appellate court within 10 days of the District Court's certification order. On June 5, 2020, the ILWU filed a Petition to Appeal with the Ninth Circuit. On June 15, 2020, ICTSI Oregon filed its Answer Opposing ILWU's Petition to Appeal, and in the Alternative, Conditional Cross-Petition Requesting Review of Additional Issues. By this pleading, ICTSI Oregon opposed ILWU's request for an appeal to the Ninth Circuit and instead sought a prompt retrial of its claim before the District Court, limited to damages. However, in the event that the Ninth Circuit decided to accept the ILWU's appeal for consideration, ICTSI Oregon requested that the Ninth Circuit also review and reverse the District Court's decision to set aside the jury's verdict of US$93.6 million and reduce it to US$19. million.

On September 17, 2020, a panel of three judges of the Ninth Circuit Court of Appeals issued its decision granting the ILWU's petition for permission to appeal. The Ninth Circuit also granted ICTSI Oregon's conditional petition to appeal that portion of the trial court's order reducing the jury's verdict from US$93.6 million to US$19.1 million. ILWU filed its opening brief with the Ninth Circuit on January 27, 2021 and ICTSI Oregon's response brief is due on March 29, 2021. The current schedule calls for briefing to be completed by May 2021. However, these dates are subject to change. Oral arguments before the Ninth Circuit are estimated to be held in the fourth quarter of 2021 or the first quarter of 2022 and that, if the Ninth Circuit orders a retrial of ICTSI Oregon's damage claim against the ILWU, a second jury trial will be conducted before the District Court either in late 2022 or sometime in 2023.

SPIA

In February 2018, Conalvias Construcciones S.A.S., (Conalvias) filed an arbitration case at the Arbitration Center of the Chamber of Commerce of Bogota against SPIA for the unlawful termination of the Construction of Paving Works and Utilities contract ("the Contract"), and for several breaches committed by SPIA under the Contract. In August 2019, the arbitral tribunal ceased its functions due to the lack of payment of the arbitrators' fees by the parties.

On June 11, 2019, Colombia's Superintendence of Companies (the "Bankruptcy Court") ordered the commencement of Conalvías' liquidation proceeding. On July 31, 2019, SPIA timely filed its claim before the Bankruptcy Court to be acknowledged as contingent creditor and as fifth class creditor on Conalvías liquidation proceeding. SPIA's contingent claim and fifth class claim amounted to COP105.6 billion (US$32.1 million) and COP27.7 billion (US$8.4 million), respectively. SPIA's claims were not included because no judicial proceeding was currently ongoing between the parties in the Project of Claims submitted by the Liquidator before the Bankruptcy Court. SPIA objected the Liquidator's Project of Claims, requesting to be acknowledged as creditor. Among other arguments, SPIA stated that it was already acknowledged as a creditor in the reorganization proceeding. On February 13, 2020, the Liquidator sent a settlement proposal in which SPIA's claim is acknowledged as a fifth class postponed contingent claim. From February 25 until April 8, 2020, the Bankruptcy Court suspended the judicial terms as a measure to contain the COVID-19 outbreak in Colombia.

On April 17, 2020, the Bankruptcy Court served SPIA of the Inventory of Assets of Conalvias submitted by the Liquidator. The value of the assets is approximately COP68.2 billion (US$19.9 million). On August 25, 2020, the Bankruptcy Court summoned the parties to the Hearing to Rule on the Objections against the Project of Claims and the Inventory. On September 30, 2020 during the Hearing to Rule on the Objections against the Project of Claims and the Inventory the Bankruptcy Court ruled that: (a) regarding the claim for COP27.7 billion (US$8.1 million), the Bankruptcy Court accepted our objection and ordered the inclusion of this amount as a fifth-class claim; (b) regarding the claim for COP105.6 billion (US$30.8 million; the amount of the counterclaim filed in the arbitration proceeding), it was recognized as a postponed claim of the reorganization proceeding. As a next step, the Liquidator will file before the Bankruptcy Court the adjudication agreement.

Item 4. Submission of Matters to a Vote of Security Holders

None. There are no matters submitted during the fourth quarter of the fiscal year covered by the 17-A to a vote of security holders, through the solicitation of proxies or otherwise.

PART II – SECURITIES OF THE REGISTRANT

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

5.1 Market Information

Principal Market where Company's common equity is traded**:** Philippine Stock Exchange

Principal Market for the Company's common equity: Philippine Stock Exchange

As of the latest practicable trading date on March 2, 2021, the share prices of ICTSI were:

		In US Dollar	*In Philippine Peso*
Opening	:	US$2.50	₱121.3
High	:	2.51	121.9
Low	:	2.44	118.4
Closing	:	2.47	120.0

* *Amounts expressed in Philippine peso have been translated to USD using the closing exchange rate quoted from the Philippine Dealing System as at the end of March 2, 2021.*

The high and low share prices for each quarter within the last two years are:

Calendar Period	Price/Common Share* High		Low	
	In US Dollar	*In Philippine Peso*	*In US Dollar*	*In Philippine Peso*
2019				
Quarter 1	US$2.448	₱128.52	US$1.852	₱97.25
Quarter 2	2.898	148.50	2.369	121.40
Quarter 3	2.848	147.60	2.315	120.00
Quarter 4	2.666	135.00	2.281	115.50
2020				
Quarter 1	**US$2.674**	**₱135.50**	**US$1.303**	**₱66.05**
Quarter 2	**2.147**	**107.00**	**1.405**	**70.00**
Quarter 3	**2.268**	**110.00**	**1.918**	**93.00**
Quarter 4	**2.686**	**129.00**	**2.372**	**113.90**

* *Amounts expressed in Philippine peso have been translated to USD using the closing exchange rates quoted from the Philippine Dealing System as at end of each quarter in 2019 and 2020.*

5.2 Holder

The number of stockholders of record as of the latest practicable date on December 29, 2020 was 1,365. Common shares issued and outstanding as of the same date were 2,045,177,671 shares (including 2,406,962 treasury shares). While Preferred A and B shares outstanding as of the same date were 3,800,000 shares and 700,000,000 shares, respectively.

As of December 31, 2020, the public ownership level of the Company is at 51.21% based only on common shares. The public ownership level of the Company is at 38.14% if both common and Preferred B voting shares are considered.

The following are the Company's top 20 registered common stockholders as of December 31, 2020:

Name		No. of Shares Held	% of Total*
1.	PCD Nominee Corporation (Filipino)	834,688,998	30.39%
2.	PCD Nominee Corporation (Non-Filipino)	760,835,292	27.70%
3.	Bravo International Port Holdings, Inc.	279,675,000	10.18%
4.	Achillion Holdings, Inc.	80,000,000	2.91%
5.	Sureste Realty Corporation	23,016,176	0.84%
6.	Enrique Razon	18,143,687	0.66%
7.	Enrique K. Razon Jr. as voting trustee	15,936,201	0.58%
8.	A. Soriano Corporation	11,850,637	0.43%
9.	Stephen Paradies	4,087,473	0.15%
10.	Razon Industries, Inc.	3,758,133	0.14%
11.	Felicia S. Razon	868,725	0.03%
12.	Cosme Maria De Aboitiz	527,343	0.02%
13.	Ma. Consuela R. Medrano &/or Victorino S. Medrano Jr	250,000	0.01%
14.	Jose Sy Ching	220,000	0.01%
15.	Ong Tiong	213,360	0.01%
16.	Silverio J. Tan	200,000	0.01%
17.	Ma. Socorro S. Gatmaitan	196,000	0.01%
18.	Alberto Mendoza &/or Lawrence Mendoza	192,457	0.01%
19.	CBNA MLA OBO AC 6011800001	170,870	0.01%
20.	Ma. Henrietta R. Santos	155,053	0.01%

As of December 31, 2020, 700,000,000 Preferred B shares (25.49%)* are held by Achillion Holdings, Inc. and 3,800,000 Preferred A shares (0.14%)* are held by International Container Terminal Holdings, Inc.

*Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shares of *2,746,570,709* (which excludes treasury shares) as of December 31, 2020.

5.3 Dividends and Dividend Policy

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

	2018	2019	**2020**
Date of Board approval	April 19, 2018	April 11, 2019	**March 20, 2020**
Cash dividends (regular) per share	US$0.050 (₱2.50)	US$0.056 (₱2.92)	**US$0.065 (₱3.31)**
Cash dividends (special) per share	–	US$0.040 (₱2.08)	–
Record date	May 4, 2018	April 29, 2019	**April 3, 2020**
Payment date	May 11, 2018	May 7, 2019	**April 16, 2020**

Dividends may be declared only out of the unrestricted retained earnings. A board resolution is required for declaration of dividends. In addition, approval of stockholders representing at least two-thirds of the outstanding capital stock is required for the payment of stock dividends. Dividends are payable to all common stockholders, on the basis of outstanding shares held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to stockholders whose names are recorded in the stock and transfer book as of the record date fixed by the Board. Preferred A shareholders are entitled to dividends at rates to be fixed by the Board. As of December 31, 2020, the Board has not set the dividend rate for Preferred A shares. On the other hand, Preferred B shareholders shall earn no dividends.

Moreover, retained earnings were reduced by distributions paid out by Royal Capital B.V., a subsidiary of ICTSI, to holders of Securities aggregating US$60.3 million in 2018, US$60.7 million in 2019, and US$55.7 million in 2020. Please refer also to Note 15, *Equity,* to the 2020 Audited Annual Consolidated Financial Statements.

Of the total retained earnings of US$460.1 million, US$301.0 million, and US$216.9 million, as of December 31, 2018, 2019, and 2020, respectively, undistributed cumulative earnings of subsidiaries in retained earnings position amounting to US$1,110.5 million, US$1,356.5 million, and US$1,579.1 million, as of December 31, 2018, 2019, and 2020, respectively, are not available for dividend distribution. As at December 31, 2020, the retained earnings is restricted for dividend declaration to the extent of the cost of treasury shares held amounting to US$4.4 million.

On March 6, 2018, the Board of the Parent Company approved the release of US$150.0 million from the appropriated retained earnings back to unappropriated retained earnings due to completion of the project in VICT in Australia. On April 11, 2019, the Board of the Parent Company approved the release of US$125.0 million from the appropriated retained earnings back to unappropriated retained earnings due to the partial completion of the new berth in ICTSI and the partial completion of the expansion projects in CMSA, OPC and ICTSI Iraq. On December 9, 2019, the remaining appropriated retained earnings of the Parent Company amounting to US$87.1 million was released back to unappropriated retained earnings due to the substantial completion of the expansion projects in CMSA, OPC and ICTSI Iraq.

Total appropriated retained earnings of the Parent Company amounted to US$212.1 million in 2018 and nil in 2019 and 2020, respectively.

As of December 31, 2020, the unappropriated retained earnings of the Parent Company that is available for dividend declaration amounted to US$100.0 million.

5.4 Recent Sale of Unregistered Securities

There is no sale of unregistered securities in 2018, 2019 and 2020.

5.5 Description of Registrant's Securities

ICTSI's capital stock is comprised of common and preferred shares. Common shares are listed and traded in the Philippine Stock Exchange. Preferred shares comprising of preferred A and B shares are not traded. Details and movement in the shares of stock of ICTSI are disclosed in Note 15, *Equity*, to the 2020 Audited Annual Consolidated Financial Statements.

The stockholders of ICTSI, in a special stockholders meeting held on August 11, 2010, approved the creation of a class of voting low par value preferred shares. The stockholders representing at least 2/3 of the outstanding capital stock of ICTSI approved the amendment of the articles of incorporation of ICTSI to reclassify the existing 1,000,000,000 authorized Preferred Shares with a par value of US$0.048 (₱1.00) per share into: (a) 993,000,000 Preferred A Shares with a par value of US$0.048 (₱1.00) per share, inclusive of the outstanding Preferred Shares, and (b) 7,000,000 Preferred shares which were further reclassified into 700,000,000 Preferred B Shares with a par value of US$0.0002 (₱0.01). The creation of a class of low par value voting preferred shares was authorized by the Board on June 18, 2010.

The Preferred A shares, which were subscribed to by International Container Terminal Holdings, Inc., are non-voting, entitled to dividend at rates to be fixed by the Board, non-cumulative, convertible to common shares under such terms to be provided by the Board, redeemable at such price and terms determined by the Board and have preference over common shares in the distribution of the assets of the Parent Company (see Note 15.3 to the 2020 Audited Annual Consolidated Financial Statements). As at March 2, 2021, the Board has not fixed the dividend rate and terms of conversion of Preferred A shares.

The Preferred B shares were issued to Achillion Holdings, Inc. (Achillion). As at March 2, 2021, Preferred B shares have the following features: voting; issued only to Philippine Nationals; not convertible into common shares; earn no dividend and redeemable at the option of the Board.

PART III – FINANCIAL INFORMATION

Item 6. Management's Discussion and Analysis or Plan of Operations

The following discussion and analysis relate to the consolidated financial position and results of operations of ICTSI and its wholly and majority-owned subsidiaries (collectively known as "ICTSI Group") and should be read in conjunction with the accompanying audited consolidated financial statements and related notes as of and for the year ended December 31, 2020. References to "ICTSI", "the Company", and "Parent Company" pertain to ICTSI Parent Company, while references to "the Group" pertain to ICTSI and its subsidiaries.

6.1 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 twenty-foot equivalent units (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 32 terminal operations, including concessions and port development projects, in 19 countries worldwide. There are ten terminal operations in the Philippines (including an inland container terminal, a barge terminal and combined terminal operations in Subic), two each in Indonesia, Papua New Guinea (PNG) and Brazil, one each in China, Ecuador, Poland, Georgia, Madagascar, Croatia, Pakistan, Mexico, Honduras, Iraq, Argentina, Colombia, Democratic Republic (DR) of Congo, Australia and Cameroon; and an existing concession to construct, develop and operate a port 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 - Mindanao Container Terminal, Phividec Industrial Estate, Tagaloan, Philippines (MICTSI)
  - Manila - Manila North Harbor Port, Inc., North Harbor, Manila, Philippines (MNHPI)
  - 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)
- Pakistan - Port of Karachi, Karachi, Pakistan (PICT)
- Australia - Webb Dock Container Terminal 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)
  - 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)

- Americas
  - Brazil - Suape Container Terminal, Suape, Brazil (TSSA) and Terminal de Contêineres 1, Port of Rio de Janeiro City, Brazil (ICTSI Rio)
  - 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)

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

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) that is the extension of Quay 1.1, and 23 hectares of yard (including facilities to be provided by PAK) that are temporarily and currently 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.

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.

Manila North Harbour Port, Inc., Philippines. On September 21, 2017, the BOD of ICTSI granted the authority to acquire shares in MNHPI. On the same date, ICTSI signed a Share Purchase Agreement (SPA) with Petron Corporation for the acquisition of 10,449,000 MNHPI shares, representing 34.83% of the total issued and outstanding shares of MNHPI for a consideration of Php1.75 billion (US$33.8 million). The completion of the SPA was subject to several conditions, one of which was the approval of the acquisition by the Philippine Ports Authority (PPA) which was obtained on October 20, 2017. The SPA was completed on October 30, 2017. An additional investment cost of Php2.45 billion (US$47.3 million) was incurred in relation to this acquisition.

On September 5, 2018, ICTSI signed an SPA with Harbour Centre Port Terminal, Inc. (HCPTI) for the acquisition of 4,550,000 shares in MNHPI from HCPTI. The subject shares represent 15.17% of the total issued and outstanding shares of MNHPI. The consideration is Php910.0 million (US$17.3 million). The Philippine Competition Commission and the PPA approved the acquisition of shares on March 15, 2019 and April 26, 2019, respectively. With the approval of the PPA, ICTSI's shareholdings in MNHPI increased from 34.83% to 50.00% effective on April 26, 2019. An additional investment cost of Php2.70 billion (US$50.3 million) was incurred in relation to this acquisition.

Port of Motukea and Port of Lae, Papua New Guinea. In September 2017, ICTSI received a notification from PNG Ports Corporation Limited (PNGPCL), a Papua New Guinea (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 through its wholly-owned 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 and other related contracts took effect on June 1, 2018 after all the parties have complied with the agreed conditions precedent.

Port of Guayaquil, Guayaquil, Ecuador. On December 3, 2019, ICTSI, through its subsidiary, CGSA which operates the Port of Guayaquil in Ecuador, signed an extension to its Concession Agreement with the La Autoridad Portuaria de Guayaquil which extended the original Concession Agreement until December 31, 2046, from the original term until July 31, 2027.

Davao Sasa Port, 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 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 Rol-on/Roll-off (RoRo) Services at Ports under the Jurisdiction of the Philippine Ports Authority (PPA)," dated February 9, 2021. As of March 2, 2021, DIPPSCOR has not received a new hold-over authority.

Makar Wharf, Port of General Santos, 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 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 Rol-on/Roll-off (RoRo) Services at Ports under the Jurisdiction of the Philippine Ports Authority (PPA)," dated February 9, 2021. As at March 2, 2021, SCIPSI has not received a new hold-over authority.

Port of Port Sudan, Republic of the 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 Republic of the Sudan and serves as the international gateway for more than 95% of 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 million (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 upfront fee of EUR410 million (US$470.2 million). 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 the 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 (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 recently 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.

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

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 will be 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.

6.2 Results of Operations and Key Performance Indicators

6.2.1 Results of Operations

The following table shows a summary of the results of operations for the year ended December 31, 2020 as compared with the same period in 2019 and 2018 as derived from the accompanying audited consolidated financial statements:

Table 6.1 Audited Consolidated Statements of Income

	For the Years Ended December 31				
In thousands, except % change data	2018	2019	**2020**	% Change *2018 vs 2019*	% Change *2019 vs 2020*
Gross revenues from port operations	US$1,385,785	US$1,481,412	**US$1,505,500**	6.9	1.6
Revenues from port operations, net of port authorities' share	1,207,631	1,294,313	**1,330,462**	7.2	2.8
Total income (net revenues, interest and other income)	1,263,588	1,343,157	**1,370,906**	6.3	2.1
Total expenses (operating, financing and other expenses)	975,011	1,149,729	**1,176,133**	17.9	2.3
EBITDA[1]	755,406	830,144	**876,829**	9.9	5.6
EBIT[2]	529,430	595,179	**646,692**	12.4	8.7
Net income attributable to equity holders of the parent	207,477	100,367	**101,764**	(51.6)	1.4
Earnings per share					
Basic	US$0.071	US$0.020	**US$0.020**	(71.1)	(2.6)
Diluted	0.071	0.020	**0.020**	(71.1)	(2.6)

[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 PFRSs. 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 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 PFRSs results and uses EBITDA only as supplementary information.

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

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

Table 6.2 EBITDA Computation

	For the Years Ended December 31				
In thousands, except % change data	2018	2019	**2020**	% Change 2018 vs 2019	% Change 2019 vs 2020
Net income attributable to equity holders of the parent	US$207,477	US$100,367	**US$101,764**	(51.6)	1.4
Non-controlling interests	28,329	32,301	**37,879**	14.0	17.3
Provision for income tax	52,771	60,761	**55,129**	15.1	(9.3)
Income before income tax	288,577	193,429	**194,772**	(33.0)	0.7
Add (deduct):					
Depreciation and amortization	225,976	234,965	**230,137**	4.0	(2.1)
Interest and other expenses	296,810	450,594	**492,364**	51.8	9.3
Interest and other income	(55,957)	(48,844)	**(40,444)**	(12.7)	(17.2)
EBITDA	US$755,406	US$830,144	**US$876,829**	9.9	5.6

6.2.2 Key Performance Indicators

The five (5) 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 twenty-foot equivalent unit (TEU) and gross revenue growth, which are both financial in nature. These KPIs are discussed in detail in the succeeding paragraphs.

2020 Compared with 2019

Gross moves per hour per crane ranged to 16.0 to 32.5 moves per hour in 2020 from 15.5 to 36.8 moves per hour in 2019. Crane availability ranged to 78.0 percent to 97.7 percent in 2020 from 83.8 percent to 98.3 percent in 2019. Berth utilization was at 21.8 percent to 74.5 percent in 2020 and 24.6 percent to 78.7 percent in 2019.

2019 Compared with 2018

Gross moves per hour per crane ranged to 15.5 to 36.8 moves per hour in 2019 from 14.3 to 30.7 moves per hour in 2018. Crane availability ranged to 83.8 percent to 98.3 percent in 2019 from 75.7 percent to 99.7 percent in 2018. Berth utilization was at 24.6 percent to 78.7 percent in 2019 and 19.2 percent to 84.6 percent in 2018.

2018 Compared with 2017

Gross moves per hour per crane ranged to 14.3 to 30.7 moves per hour in 2018 from 16.2 to 31.5 moves per hour in 2017. Crane availability ranged to 75.7 percent to 99.7 percent in 2018 from 81.6 percent to 99.4 percent in 2017. Berth utilization was at 19.2 percent to 84.6 percent in 2018 and 18.1 percent to 90.7 percent in 2017.

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.

6.3 Comparison of Operating Results for the Years Ended December 31, 2019 and 2020

6.3.1 TEU Volume

The below table presents the volume (in TEU) handled by the Group for the years ended December 31, 2019 and 2020:

Table 6.3 Volume

	For the Years Ended December 31		
	2019	**2020**	% Change
Asia	5,403,839	**5,295,039**	(2.0)
Americas	2,979,852	**3,092,480**	3.8
EMEA	1,794,327	**1,805,865**	0.6
	10,178,018	**10,193,384**	0.2

The Group's consolidated volume increased marginally by 0.2 percent to 10,193,384 TEUs for the year ended December 31, 2020 from 10,178,018 TEUs handled for the same period in 2019 mainly due to contribution of new terminal, ICTSI Rio; improvement in trade activities in the second half of 2020; and new contracts with shipping lines and services at certain terminals; tapered by decline in global trade activities mainly in the first half of 2020 due to the impact of COVID-19 pandemic and lockdown restrictions. Excluding contribution of new businesses, particularly ICTSI Rio, consolidated volume would have decreased by 1.6 percent in 2020.

Volume from the Asia segment decreased by 2.0 percent to 5,295,039 TEUs for the year ended December 31, 2020 from 5,403,839 TEUs for the same period in 2019 as trade activities declined at most of the Philippine and rest of Asia terminals, due to the impact of COVID-19 pandemic and lockdown restrictions; partially tapered by new services at VICT and PICT. The Asia operations accounted for 53.1 percent and 51.9 percent of the consolidated volume for the years ended December 31, 2019 and 2020, respectively.

Volume from the Americas segment increased by 3.8 percent to 3,092,480 TEUs for the year ended December 31, 2020 from 2,979,852 TEUs for the same period in 2019 mainly due to contribution of a new terminal, ICTSI Rio, increased trade activities in TSSA, CMSA, and CGSA; tapered by decline in trade activities at OPC due to the impact of COVID-19 pandemic and lockdown restrictions. The Americas operations accounted for 29.3 percent and 30.3 percent of the consolidated volume for the years ended December 31, 2019 and 2020, respectively. Excluding contribution of ICTSI Rio, volume from the Americas segment would have decreased by 2.1 percent in 2020.

Volume from the EMEA segment increased marginally by 0.6 percent to 1,805,865 TEUs for the year ended December 31, 2020 from 1,794,327 TEUs for the same period in 2019 mainly due to increased trade activities at ICTSI Iraq and AGCT; tapered by the impact of COVID-19 pandemic resulting to lower trade volumes at MICTSL, BICTL, BCT and IDRC. The EMEA operations accounted for 17.6 percent and 17.7 percent of the Group's consolidated volume for the years ended December 31, 2019 and 2020, respectively.

6.3.2 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 years ended December 31, 2019 and 2020:

Table 6.4 Total Income

(In thousands, except % change data)	For the Years Ended December 31 2019	2020	% Change
Gross revenues from port operations	US$1,481,412	**US$1,505,500**	1.6
Port authorities' share in gross revenues	187,099	**175,038**	(6.4)
Net revenues	1,294,313	**1,330,462**	2.8
Interest income	22,764	**19,289**	(15.3)
Foreign exchange gain	13,126	**4,891**	(62.7)
Other income	12,954	**16,264**	25.6
	US$1,343,157	**US$1,370,906**	2.1

For the year ended December 31, 2020, net revenues stood at 97.0 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.4 percent, 0.4 percent and 1.2 percent, respectively. For the same period in 2019, net revenues stood at 96.4 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.7 percent, 1.0 percent and 1.0 percent, respectively.

6.3.2.1 Gross Revenues from Port Operations

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

The below table illustrates the consolidated gross revenues for the years ended December 31, 2019 and 2020:

Table 6.5 Gross Revenues from Port Operations

(In thousands, except % change data)	For the Years Ended December 31 2019	2020	% Change
Asia	US$748,585	**US$751,072**	0.3
Americas	422,754	**448,570**	6.1
EMEA	310,073	**305,858**	(1.4)
	US$1,481,412	**US$1,505,500**	1.6

The Group's consolidated gross revenues from port operations increased by 1.6 percent to US$1,505.5 million for the year ended December 31, 2020 from US$1,481.4 million for the same period in 2019 mainly due to the contribution of a new terminal, ICTSI Rio; and higher revenues from ancillary services, tariff adjustments and new services at certain terminals, partially tapered by decline in trade activities due to the impact of COVID-19 pandemic and lockdown restrictions. Excluding contribution of new businesses (ICTSI Rio, KMT and YICT Domestic) consolidated gross revenues would have decreased by 1.2 percent in 2020.

Gross revenues from the Asia segment increased marginally by 0.3 percent to US$751.1 million for the year ended December 31, 2020 from US$748.6 million for the same period in 2019 mainly due to new services and volume growth at VICT; and favorable translation impact of the appreciation of Philippine peso (PHP)-based revenues at Philippine terminals; tapered by decline in trade activities at most of the terminals due to the impact of COVID-19 pandemic and lockdown restrictions; and unfavorable translation impact of the depreciation of Australian Dollars (AUD) and Pakistan Rupee (PKR)-based revenues at VICT and PICT, respectively. The Asia operations captured 50.5 percent and 49.9 percent of the consolidated gross revenues for the years ended December 31, 2019 and 2020, respectively. Excluding contribution of YICT Domestic, gross revenues from the Asia segment would have increased by 0.2 percent in 2020.

Gross revenues from the Americas segment increased by 6.1 percent to US$448.6 million for the year ended December 31, 2020 from US$422.8 million for the same period in 2019 mainly due to the contribution of ICTSI Rio, new services in CMSA, and tariff adjustments at certain terminals; tapered by volume decline due to the impact of COVID-19 pandemic and lockdown restrictions; unfavorable translation impact of the depreciation of Mexican Pesos (MXN) and Brazilian Real (BRL)-based revenues at CMSA and TSSA, respectively. The Americas operations accounted for 28.5 percent and 29.8 percent of the consolidated gross revenues for the years ended December 31, 2019 and 2020, respectively. Excluding contribution of ICTSI Rio, gross revenues from the Americas segment would have decreased by 3.3 percent in 2020.

Gross revenues from the EMEA segment decreased by 1.4 percent to US$305.9 million for the year ended December 31, 2020 from US$310.1 million for the same period in 2019 mainly from lower trade activities due to the impact of COVID-19 pandemic and lockdown restrictions; tapered by revenue growth in ICTSI Iraq and AGCT; and tariff adjustments at certain terminals. The EMEA operations stood at 20.9 percent and 20.3 percent of the consolidated gross revenues for the years ended December 31, 2019 and 2020, respectively. Excluding contribution of KMT, gross revenues for the EMEA segment would have decreased by 1.5 percent in 2020.

6.3.2.2 Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities by certain terminals, declined by 6.4 percent to US$175.0 million for the year ended December 31, 2020 from US$187.1 million for the same period in 2019 mainly as a result of lower volume and revenues at certain terminals.

6.3.2.3 Interest Income, Foreign Exchange Gain and Other Income

Consolidated interest income decreased by 15.3 percent to US$19.3 million for the year ended December 31, 2020 from US$22.8 million for the same period in 2019 mainly due to lower interest income earned from advances to SPIA, a joint venture associate.

Foreign exchange gain decreased to US$4.9 million for the year ended December 31, 2020 from US$13.1 million for the same period in 2019 mainly due to the impact of the change in functional currency of CMSA from USD to MXN in 2019, and unfavorable 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 by 25.6 percent to US$16.3 million for the year ended December 31, 2020 from US$13.0 million for the same period in 2019 mainly due to gain from insurance reimbursement at OPC; higher rental income at VICT and BCT; and reversal of accrued expenses at certain terminals. Other income includes the Group's rental, dividend income, and other sundry income accounts.

6.3.3 Total Expenses

The below table shows the breakdown of total expenses for 2019 and 2020.

Table 6.6 Total Expenses

	For the Years Ended December 31		
(In thousands, except % change data)	2019	**2020**	% Change
Manpower costs	US$230,009	**US$239,632**	4.2
Equipment and facilities-related expenses	109,445	**102,018**	(6.8)
Administrative and other operating expenses	124,716	**111,983**	(10.2)
Total cash operating expenses	464,170	**453,633**	(2.3)
Depreciation and amortization	234,965	**230,137**	(2.1)
Interest expense and financing charges on borrowings	108,201	**109,693**	1.4
Interest expense on lease liabilities	102,439	**97,402**	(4.9)
Interest expense on concession rights payable	40,537	**52,870**	30.4
Equity in net loss of joint ventures and an associate	19,747	**12,269**	(37.9)
Foreign exchange loss and others	179,670	**220,129**	22.5
	US$1,149,729	**US$1,176,133**	2.3

Total cash operating expenses of the Group decreased by 2.3 percent to US$453.6 million for the year ended December 31, 2020 from US$464.2 million for the same period in 2019 mainly due to the continuing group-wide cost reduction and optimization measures; favorable translation impact of BRL-based expenses at TSSA and MXN-based expenses at CMSA, tapered by the contribution of new terminal, ICTSI Rio. Excluding contribution of new businesses (ICTSI Rio, KMT, and YICT Domestic) consolidated cash operating expenses would have decreased by 7.1 percent in 2020.

6.3.3.1 Manpower Costs

Manpower costs increased by 4.2 percent to US$239.6 million for the year ended December 31, 2020 from US$230.0 million for the same period in 2019 primarily driven by the contribution of new terminal, ICTSI Rio, and the government-mandated and contracted salary rate adjustments at certain terminals; tapered by the slowdown of operations due to the impact of COVID-19 pandemic and lockdown restrictions and the continuing cost monitoring and cost optimization measures. Excluding contribution of new businesses (ICTSI Rio, KMT, and YICT Domestic), consolidated manpower costs would have decreased by 1.2 percent in 2020.

Manpower costs accounted for 49.5 percent and 52.8 percent of consolidated cash operating expenses for the years ended December 31, 2019 and 2020, respectively.

6.3.3.2 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 decreased by 6.8 percent to US$102.0 million for the year ended December 31, 2020 from US$109.4 million for the same period in 2019 mainly due to lower fuel costs driven by lower fuel prices, decrease in equipment rental, and decrease in repairs and maintenance as a result of lower volume in some terminals. Excluding contribution of new businesses (ICTSI Rio, KMT, and YICT Domestic), consolidated equipment and facilities-related expenses would have decreased by 10.4 percent in 2020.

Equipment and facilities-related expenses represented 23.6 percent and 22.5 percent of consolidated cash operating expenses for the years ended December 31, 2019 and 2020, respectively.

6.3.3.3 Administrative and Other Operating Expenses

Administrative and other operating expenses decreased by 10.2 percent to US$112.0 million for the year ended December 31, 2020 from US$124.7 million for the same period in 2019 due to reduction in transportation and travel costs, professional fees, sponsorships, and other office expenses as a result of continuing group-wide cost reduction and optimization measures implemented, partially tapered by increase in IT-related expenses and donations mainly to ICTSI Foundation, Inc. Excluding contribution of new businesses (ICTSI Rio, KMT, and YICT Domestic), consolidated administrative and other operating expenses would have decreased by 15.1 percent in 2020.

Administrative and other operating expenses stood at 26.9 percent and 24.7 percent of consolidated cash operating expenses for the years ended December 31, 2019 and 2020, respectively.

6.3.3.4 Depreciation and Amortization

Depreciation and amortization expense decreased by 2.1 percent to US$230.1 million for the year ended December 31, 2020 from US$235.0 million for the same period in 2019 mainly due to lower amortization expense on the concession rights assets at CGSA as a result of the extension of its concession period in December 2019 by an additional 19 years; and at Tecplata arising from the reduced carrying value of its concession right assets following the non-recurring impairment charge in December 2019, partially tapered by the contribution of new terminal, ICTSI Rio, and higher depreciation expense on property and equipment at ICTSI Parent.

6.3.3.5 Interest and Financing Charges on Borrowings

Interest and financing charges on borrowings increased by 1.4 percent to US$109.7 million for the year ended December 31, 2020 from US$108.2 million for the same period in 2019 primarily due to availment of senior notes at ICTSI Parent in June 2020 and capitalization of borrowing costs in December 2019, tapered by repayment of loans at VICT and ICTSI Global Finance B.V. (IGFBV).

6.3.3.6 Interest Expense on Lease Liabilities

Interest expense on lease liabilities decreased by 4.9 percent to US$97.4 million for the year ended December 31, 2020 from US$102.4 million for the same period in 2019 mainly due to favorable translation impact of BRL-based interest expense at TSSA and MXN-based interest expense at CMSA; partially tapered by the unfavorable translation impact of AUD-based interest expense at VICT.

6.3.3.7 Interest Expense on Concession Rights Payable

Interest on concession rights payable increased by 30.4 percent to US$52.9 million for the year ended December 31, 2020 from US$40.5 million for the same period in 2019 mainly due to the liability for concession rights recognized at new terminals, ICTSI Rio and KMT; and higher interest expense on CGSA as a result of the extension of its concession period in December 2019 by an additional 19 years.

6.3.3.8 Equity in Net Loss of Joint Ventures and An Associate

Equity in net loss of joint ventures and an associate decreased by 37.9 percent to US$12.3 million for the year ended December 31, 2020 from US$19.7 million for the same period in 2019 mainly due to the Company's share in lower net loss of SPIA and the higher net income at MNHPI.

6.3.3.9 Foreign Exchange Loss and Others

Foreign exchange loss and others increased to US$220.1 million for the year ended December 31, 2020 from US$179.7 million for the same period in 2019 mainly due to the non-recurring impairment charges recognized in 2020 totaling US$180.3 million, composed primarily of additional impairment charge amounting to US$100.0 million on the concession rights of Tecplata (US$156.0 million in 2019) and other nonfinancial assets as a result of the lower projected cash flows arising from the current unfavorable economic conditions; increase in foreign exchange loss arising from unfavorable translation impact of certain currencies against US dollar; and COVID-19 related and restructuring costs. Foreign exchange loss mainly results from the translation or restatement as well as from the settlement of foreign currency-denominated monetary assets and liabilities.

6.3.4 EBITDA and EBIT

Consolidated EBITDA increased by 5.6 percent to US$876.9 million for the year ended December 31, 2020 from US$830.1 million for the same period in 2019 primarily due to higher revenues and lower cash operating expenses resulting from continuing group-wide cost reduction and optimization measures and positive contribution of a new terminal, ICTSI Rio. Excluding the contribution of new businesses, consolidated EBITDA would have increased by 3.3 percent in 2020. EBITDA margin increased to 58.2 percent in 2020 from 56.0 percent in 2019.

Meanwhile, consolidated EBIT increased by 8.7 percent to US$646.7 million for the year ended December 31, 2020 from US$595.2 million for the same period in 2019 mainly due to stronger EBITDA and lower depreciation and amortization charges. Excluding contribution of new businesses, consolidated EBIT would have increased by 7.5 percent in 2020. EBIT margin increased to 43.0 percent in 2020 from 40.2 percent in 2019.

6.3.5 Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax marginally increased by 0.7 percent to US$194.8 million for the year ended December 31, 2020 from US$193.4 million for the same period in 2019 primarily due to higher revenues, lower cash operating expenses, decrease in equity in net loss of joint ventures and an associate; partially tapered by increase in interest on concession rights payable and borrowings and foreign exchange loss and others. Excluding contribution of new businesses and the non-recurring items, consolidated income before income tax would have increased by 7.5 percent in 2020. The ratio of income before income tax to consolidated gross revenues stood at 13.1 percent and 12.9 percent in 2019 and 2020, respectively.

Consolidated provision for current and deferred income taxes decreased by 9.3 percent to US$55.1 million for the year ended December 31, 2020 from US$60.8 million for the same period in 2019 mainly due to recognition of tax benefit on loss carry-over at ICTSI Rio and partly due to lower taxable income at certain terminals; tapered by lower income tax benefit on improved net operating results at VICT. Effective income tax rate in 2019 and 2020 stood at 31.4 percent and 28.3 percent, respectively.

6.3.6 Net Income

Consolidated net income increased by 5.3 percent to US$139.6 million for the year ended December 31, 2020 from US$132.7 million for the same period in 2019. Excluding contribution of new businesses and the non-recurring items, consolidated net income would have still increased by 5.3 percent in 2020.

The ratio of consolidated net income to gross revenues stood at 9.0 percent and 9.3 percent in 2019 and 2020, respectively.

Consolidated net income attributable to equity holders increased by 1.4 percent to US$101.8 million for the year ended December 31, 2020 from US$100.4 million for the same period in 2019. Excluding contribution of new businesses and the non-recurring items, net income attributable to equity holders would have increased by 3.6 percent in 2020.

Basic and diluted earnings per share amounted to US$0.020 in 2019, likewise US$0.020 in 2020.

6.4 Comparison of Operating Results for the Years Ended December 31, 2018 and 2019

6.4.1 TEU Volume

The below table presents the volume (in TEU) handled by the Group for the years ended December 31, 2018 and 2019:

Table 6.7 Volume

	For the Years Ended December 31		
	2018	**2019**	% Change
Asia	5,237,452	**5,403,839**	3.2
Americas	2,935,281	**2,979,852**	1.5
EMEA	1,563,888	**1,794,327**	14.7
	9,736,621	**10,178,018**	4.5

The Group's consolidated volume increased by 4.5 percent to 10,178,018 TEUs for the year ended December 31, 2019 from 9,736,621 TEUs handled for the same period in 2018 mainly due to improvement in trade activities; new contracts with shipping lines and services; continuing volume ramp-up at certain terminals; and contribution of new terminal, ICTSI Rio. Excluding contribution of ICTSI Rio, consolidated volume would have increased by 4.4 percent in 2019.

Volume from the Asia segment, consisting of terminals in the Philippines, China, Indonesia, Pakistan, Australia and Papua New Guinea grew by 3.2 percent to 5,403,839 TEUs for the year ended December 31, 2019 from 5,237,452 TEUs for the same period in 2018 mainly due to new services at VICT; and continuing volume ramp-up at SBITC/ICTSI Subic, SPICTL and MITL, tapered by reduced trade volumes at PICT, YICT and OJA. The Asia operations accounted for 53.8 percent and 53.1 percent of the consolidated volume for the years ended December 31, 2018 and 2019, respectively.

Volume from the Americas segment, consisting of terminals in Brazil, Ecuador, Honduras, Mexico and Argentina increased by 1.5 percent to 2,979,852 TEUs for the year ended December 31, 2019 from 2,935,281 TEUs for the same period in 2018 mainly due to new services at CMSA; higher trade volumes at TSSA; and contribution of new terminal, ICTSI Rio, tapered by lower trade volumes at OPC and CGSA. The Americas operations accounted for 30.1 percent and 29.3 percent of the consolidated volume for the years ended December 31, 2018 and 2019, respectively. Excluding contribution of ICTSI Rio, volume from the Americas segment would have increased by 1.0 percent in 2019.

Volume from the EMEA segment, consisting of terminals in Iraq, DR Congo, Poland, Georgia, Madagascar and Croatia, increased by 14.7 percent to 1,794,327 TEUs for the year ended December 31, 2019 from 1,563,888 TEUs for the same period in 2018 mainly due to new services at BCT and AGCT; improvement in trade activities at ICTSI Iraq; and increase in trade volumes at IDRC and BICTL. The EMEA operations accounted for 16.1 percent and 17.6 percent of the Group's consolidated volume for the years ended December 31, 2018 and 2019, respectively.

6.4.2 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 years ended December 31, 2018 and 2019:

Table 6.8 Total Income

	For the Years Ended December 31		
(In thousands, except % change data)	2018	**2019**	% Change
Gross revenues from port operations	US$1,385,785	**US$1,481,412**	6.9
Port authorities' share in gross revenues	178,154	**187,099**	5.0
Net revenues	1,207,631	**1,294,313**	7.2
Interest income	24,089	**22,764**	(5.5)
Foreign exchange gain	3,577	**13,126**	267.0
Other income	28,291	**12,954**	(54.2)
	US$1,263,588	**US$1,343,157**	6.3

For the year ended December 31, 2019, net revenues stood at 96.4 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.6 percent, 1.0 percent and 1.0 percent, respectively. For the same period in 2018, net revenues stood at 95.6 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.9 percent, 0.3 percent and 2.2 percent, respectively.

6.4.2.1 Gross Revenues from Port Operations

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

The below table illustrates the consolidated gross revenues for the years ended December 31, 2018 and 2019:

Table 6.9 Gross Revenues from Port Operations

	For the Years Ended December 31		
(In thousands, except % change data)	2018	**2019**	% Change
Asia	US$694,300	**US$748,585**	7.8
Americas	407,071	**422,754**	3.9
EMEA	284,414	**310,073**	9.0
	US$1,385,785	**US$1,481,412**	6.9

The Group's consolidated gross revenues from port operations increased by 6.9 percent to US$1,481.4 million for the year ended December 31, 2019 from US$1,385.8 million for the same period in 2018 mainly due to volume growth; tariff adjustments at certain terminals; new contracts with shipping lines and services; increase in revenues from ancillary services; and contribution of new terminal, ICTSI Rio. Excluding contribution of ICTSI Rio, consolidated gross revenues would have increased by 6.7 percent in 2019.

Gross revenues from the Asia segment increased by 7.8 percent to US$748.6 million for the year ended December 31, 2019 from US$694.3 million for the same period in 2018 mainly due to volume growth; tariff adjustments at certain terminals; favorable container mix; favorable translation impact of the appreciation of Philippine peso (PHP)-based revenues at Philippine terminals, partially tapered by lower trade volumes at PICT and YICT; and unfavorable translation impact of the depreciation of AUD-based revenues at VICT. The Asia operations captured 50.1 percent and 50.5 percent of the consolidated gross revenues for the years ended December 31, 2018 and 2019, respectively.

Gross revenues from the Americas segment increased by 3.9 percent to US$422.8 million for the year ended December 31, 2019 from US$407.1 million for the same period in 2018 mainly due to volume growth; tariff adjustments at certain terminals; increase in storage and ancillary revenues; and contribution of new terminal, ICTSI Rio, tapered by lower revenues from general cargoes at CGSA; and unfavorable translation impact of the depreciation of Brazilian Reais (BRL)-based revenues at TSSA. The Americas operations accounted for 29.4 percent and 28.5 percent of the consolidated gross revenues for the years ended December 31, 2018 and 2019, respectively. Excluding contribution of ICTSI Rio, gross revenues from the Americas segment would have increased by 3.2 percent in 2019.

Gross revenues from the EMEA segment increased by 9.0 percent to US$310.1 million for the year ended December 31, 2019 from US$284.4 million for the same period in 2018 primarily due to volume growth; tariff adjustments at certain terminal; and increase in revenues from general cargoes at ICTSI Iraq, partially tapered by lower storage revenues at ICTSI Iraq and unfavorable translation impact of the depreciation of Euro (EUR)-based revenues at MICTSL and AGCT. The EMEA operations stood at 20.5 percent and 20.9 percent of the consolidated gross revenues for the years ended December 31, 2018 and 2019, respectively.

6.4.2.2 Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities by certain terminals, grew by 5.0 percent to US$187.1 million for the year ended December 31, 2019 from US$178.1 million for the same period in 2018 as a result of volume growth and stronger revenues at these terminals.

6.4.2.3 Interest Income, Foreign Exchange Gain and Other Income

Consolidated interest income decreased by 5.5 percent to US$22.8 million for the year ended December 31, 2019 from US$24.1 million for the same period in 2018 mainly due to lower interest income earned from advances to SPIA, a joint venture associate.

Foreign exchange gain increased to US$13.1 million for the year ended December 31, 2019 from US$3.6 million for the same period in 2018 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 decreased by 54.2 percent to US$13.0 million for the year ended December 31, 2019 from US$28.3 million for the same period in 2018 mainly due to the absence of a non-recurring gain from pre-termination of interest rate swap; and reversal of accrued taxes and provisions at CMSA in 2018. Other income includes the Group's rental, dividend income, and other sundry income accounts.

6.4.3 Total Expenses

The below table shows the breakdown of total expenses for 2018 and 2019.

Table 6.10 Total Expenses

	For the Years Ended December 31		
(In thousands, except % change data)	2018	**2019**	% Change
Manpower costs	US$217,154	**US$230,009**	5.9
Equipment and facilities-related expenses	110,738	**109,445**	(1.2)
Administrative and other operating expenses	124,334	**124,716**	0.3
Total cash operating expenses	452,226	**464,170**	2.6
Depreciation and amortization	225,976	**234,965**	4.0
Interest expense and financing charges on borrowings	101,310	**108,201**	6.8
Interest expense on lease liabilities	103,486	**102,439**	(1.0)
Interest expense on concession rights payable	37,545	**40,537**	8.0
Equity in net loss of joint ventures and an associate	22,222	**19,747**	(11.1)
Foreign exchange loss and others	32,246	**179,670**	457.2
	US$975,011	**US$1,149,729**	17.9

Total cash operating expenses of the Group increased by 2.6 percent to US$464.2 million for the year ended December 31, 2019 from US$452.2 million for the same period in 2018 mainly due to volume growth; government-mandated and contracted salary rate adjustments at certain terminals; unfavorable translation impact of PHP-based expenses at Philippine terminals; and contribution of new terminal, ICTSI Rio, partially tapered by continuous monitoring of cost optimization measures; and favorable translation impact of PKR-based expenses at PICT, AUD-based expenses at VICT and BRL-based expenses at TSSA. Excluding contribution of ICTSI Rio, consolidated cash operating expenses would have increased by 2.3 percent in 2019.

6.4.3.1 Manpower Costs

Manpower costs increased by 5.9 percent to US$230.0 million for the year ended December 31, 2019 from US$217.2 million for the same period in 2018 primarily due to volume growth; government-mandated and contracted salary rate adjustments at certain terminals; and contribution of new terminal, ICTSI Rio, partially tapered by continuous monitoring of cost optimization measures. Excluding contribution of ICTSI Rio, consolidated manpower costs would have increased by 5.5 percent in 2019.

Manpower costs accounted for 48.0 percent and 49.5 percent of consolidated cash operating expenses for the years ended December 31, 2018 and 2019, respectively.

6.4.3.2 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 decreased by 1.2 percent to US$109.4 million for the year ended December 31, 2019 from US$110.7 million for the same period in 2018 mainly due to the net effect of lower fuel and power cost and increase in repairs and maintenance and contribution of new terminal, ICTSI Rio. Excluding contribution of ICTSI Rio, consolidated equipment and facilities-related expenses would have decreased by 1.4 percent in 2019.

Equipment and facilities-related expenses represented 24.5 percent and 23.6 percent of consolidated cash operating expenses for the years ended December 31, 2018 and 2019, respectively.

6.4.3.3 Administrative and Other Operating Expenses

Administrative and other operating expenses increased marginally by 0.3 percent to US$124.7 million for the year ended December 31, 2019 from US$124.3 million for the same period in 2018 due to increase in information technology-related costs; increase in business development expenses; and contribution of new terminal, ICTSI Rio, tapered by reduction in travel cost, professional fees and offices expenses. Excluding contribution of ICTSI Rio, consolidated administrative and other operating expenses would have decreased marginally by 0.1 percent in 2019.

Administrative and other operating expenses stood at 27.5 percent and 26.9 percent of consolidated cash operating expenses for the years ended December 31, 2018 and 2019, respectively.

6.4.3.4 Depreciation and Amortization

Depreciation and amortization expense increased by 4.0 percent to US$235.0 million for the year ended December 31, 2019 from US$226.0 million for the same period in 2018 mainly due to higher depreciation arising from expansion projects at MICT, ICTSI Iraq, and OPC; port equipment acquisitions at SPICTL and MITL; and contribution of new terminal, ICTSI Rio.

6.4.3.5 Interest and Financing Charges on Borrowings

Interest and financing charges on borrowings increased by 6.8 percent to US$108.2 million for the year ended December 31, 2019 from US$101.3 million for the same period in 2018 primarily due to higher average outstanding loan balance during the period arising from term loans obtained and refinancing of senior guaranteed perpetual securities redeemed in 2019, tapered by interest reduction from pre-termination of the Project Finance Facility at CMSA in May 2018.

6.4.3.6 Interest Expense on Lease Liabilities

Interest expense on lease liabilities decreased by 1.0 percent to US$102.4 million for the year ended December 31, 2019 from US$103.5 million for the same period in 2018 mainly due to favorable translation impact of BRL-based interest expense at TSSA.

6.4.3.7 Interest Expense on Concession Rights Payable

Interest on concession rights payable increased by 8.0 percent to US$40.5 million for the year ended December 31, 2019 from US$37.5 million for the same period in 2018 mainly due to the concession right liabilities recognized at SPICTL and MITL in the second quarter of 2018.

6.4.3.8 Equity in Net Loss of Joint Ventures and An Associate

Equity in net loss of joint ventures and an associate decreased by 11.1 percent to US$19.7 million for the year ended December 31, 2019 from US$22.2 million for the same period in 2018 mainly due to the decrease in the Company's share in net loss at SPIA driven by volume growth and higher EBITDA. Equity in net loss of joint ventures and an associate in 2019 includes the Group's share in net income of MNHPI and net loss of FAMI.

6.4.3.9 Foreign Exchange Loss and Others

Foreign exchange loss and others increased to US$179.7 million for the year ended December 31, 2019 from US$32.2 million for the same period in 2018 mainly due to the non-recurring impairment charge on the concession rights of Tecplata amounting to US$156.0 million as a result of the lower projected cash flows on its updated business plan caused by the prevailing and challenging economic conditions in Argentina; the non-recurring acceleration of debt issue costs incurred associated with the availment of the Euro-denominated term loan which was partially prepaid in July 2019, partially tapered by the impairment charge on the goodwill of DIPSSCOR in 2018; write-off of debt issue cost from pre-termination of project finance facility at CMSA in 2018; and decrease in foreign exchange loss arising from favorable translation impact of certain currencies against US dollar. Foreign exchange loss mainly results from the translation or restatement as well as from the settlement of foreign currency-denominated monetary assets and liabilities.

6.4.4 EBITDA and EBIT

Consolidated EBITDA increased by 9.9 percent to US$830.1 million for the year ended December 31, 2019 from US$755.4 million for the same period in 2018 mainly due to strong revenues; and positive contribution of new terminal, ICTSI Rio. Excluding the contribution of ICTSI Rio, consolidated EBITDA would have increased by 9.8 percent in 2019. EBITDA margin increased to 56.0 percent in 2019 from 54.5 percent in 2018.

Meanwhile, consolidated EBIT increased by 12.4 percent to US$595.2 million for the year ended December 31, 2019 from US$529.4 million for the same period in 2018 mainly due to stronger EBITDA, tapered by higher depreciation. Excluding contribution of ICTSI Rio, consolidated EBIT would have increased by 12.3 percent in 2019. EBIT margin increased to 40.2 percent in 2019 from 38.2 percent in 2018.

6.4.5 Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax decreased by 33.0 percent to US$193.4 million for the year ended December 31, 2019 from US$288.6 million for the same period in 2018 mainly as a result of the non-recurring impairment charge on the concession rights at Tecplata; and higher depreciation, tapered by strong operating income; and decrease in equity in net loss at SPIA. Excluding contribution of ICTSI Rio and the non-recurring items, consolidated income before income tax would have increased by 21.3 percent in 2019. The ratio of income before income tax to consolidated gross revenues stood at 20.8 percent and 13.1 percent in 2018 and 2019, respectively.

Consolidated provision for current and deferred income taxes increased by 15.1 percent to US$60.8 million for the year ended December 31, 2019 from US$52.8 million for the same period in 2018 mainly due to higher taxable income at most of the terminals. Effective income tax rate in 2018 and 2019 stood at 18.3 percent and 31.4 percent, respectively.

6.4.6 Net Income

Consolidated net income decreased by 43.7 percent to US$132.7 million for the year ended December 31, 2019 from US$235.8 million for the same period in 2018. Excluding contribution of ICTSI Rio and the non-recurring items, consolidated net income would have increased by 22.1 percent in 2019.

The ratio of consolidated net income to gross revenues stood at 17.0 percent and 9.0 percent in 2018 and 2019, respectively.

Consolidated net income attributable to equity holders decreased to US$100.4 million for the year ended December 31, 2019 from US$207.5 million for the same period in 2018. Excluding contribution of ICTSI Rio and the non-recurring items, net income attributable to equity holders would have increased by 23.2 percent in 2019.

Basic and diluted earnings per share decreased to US$0.020 in 2019 from US$0.071 in 2018.

6.5 Comparison of Operating Results for the Years Ended December 31, 2017 and 2018

6.5.1 TEU Volume

The below table presents the volume (in TEU) handled by the Group for the years ended December 31, 2017 and 2018:

Table 6.11 Volume

	For the Years Ended December 31		
	2017	**2018**	% Change
Asia	4,815,905	**5,237,452**	8.8
Americas	2,855,580	**2,935,281**	2.8
EMEA	1,481,973	**1,563,888**	5.5
	9,153,458	**9,736,621**	6.4

The Group's consolidated volume increased by 6.4 percent to 9,736,621 TEUs for the year ended December 31, 2018 from 9,153,458 TEUs handled for the same period in 2017 mainly due to improvement in trade activities; new contracts with shipping lines and services; and contribution of new terminals, VICT, SPICTL and MITL. Excluding new terminals, consolidated volume would have increased by 2.6 percent in 2018.

Volume from the Asia segment, consisting of terminals in the Philippines, China, Indonesia, Pakistan, Australia and Papua New Guinea grew by 8.8 percent to 5,237,452 TEUs for the year ended December 31, 2018 from 4,815,905 TEUs for the same period in 2017 mainly due to improvement in trade activities at most of the Philippine terminals; new services at YICT; and contribution of new terminals, VICT, SPICTL and MITL, tapered by decreased vessel calls at PICT. Excluding new terminals, volume from Asia operations would have increased by 1.5 percent in 2018. The Asia operations accounted for 52.6 percent and 53.8 percent of the consolidated volume for the years ended December 31, 2017 and 2018, respectively.

Volume from the Americas segment, consisting of terminals in Brazil, Ecuador, Honduras and Mexico increased by 2.8 percent to 2,935,281 TEUs for the year ended December 31, 2018 from 2,855,580 TEUs for the same period in 2017 mainly due to new contracts with shipping lines and services and increased transshipments at CMSA; and higher trade volumes at OPC, slightly tapered by reduced transshipments at CGSA. The Americas operations accounted for 31.2 percent and 30.1 percent of the consolidated volume for the years ended December 31, 2017 and 2018, respectively.

Volume from the EMEA segment, consisting of terminals in Iraq, DR Congo, Poland, Georgia, Madagascar and Croatia, increased by 5.5 percent to 1,563,888 TEUs for the year ended December 31, 2018 from 1,481,973 TEUs for the same period in 2017 mainly due to new shipping lines and services at BCT; and increased trade volumes at AGCT, BICTL and IDRC, slightly tapered by market decline in Iraq resulting to decrease in trade volumes at ICTSI Iraq. The EMEA operations accounted for 16.2 percent and 16.1 percent of the Group's consolidated volume for the years ended December 31, 2017 and 2018, respectively.

6.5.2 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 years ended December 31, 2017 and 2018:

Table 6.12 Total Income

	For the Years Ended December 31		
(In thousands, except % change data)	2017	**2018**	% Change
Gross revenues from port operations	US$1,244,438	**US$1,385,785**	11.4
Port authorities' share in gross revenues	169,220	**178,154**	5.3
Net revenues	1,075,218	**1,207,631**	12.3
Interest income	21,853	**24,089**	10.2
Foreign exchange gain	5,048	**3,577**	(29.1)
Other income	23,606	**28,291**	19.8
	US$1,125,725	**US$1,263,588**	12.2

For the year ended December 31, 2018, net revenues stood at 95.6 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.9 percent, 0.3 percent and 2.2 percent, respectively. For the same period in 2017, net revenues stood at 95.5 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.9 percent, 0.5 percent and 2.1 percent, respectively.

6.5.2.1 Gross Revenues from Port Operations

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

The below table illustrates the consolidated gross revenues for the years ended December 31, 2017 and 2018:

Table 6.13 Gross Revenues from Port Operations

	For the Years Ended December 31		
(In thousands, except % change data)	2017	**2018**	% Change
Asia	US$591,246	**US$694,300**	17.4
Americas	401,382	**407,071**	1.4
EMEA	251,810	**284,414**	12.9
	US$1,244,438	**US$1,385,785**	11.4

The Group's consolidated gross revenues from port operations increased by 11.4 percent to US$1,385.8 million for the year ended December 31, 2018 from US$1,244.4 million for the same period in 2017 mainly due to volume growth; new contracts with shipping lines and services; increase in revenues from non-containerized cargoes, storage and ancillary services; tariff adjustments; and contribution of new terminals, VICT, SPICTL and MITL. Excluding new terminals, consolidated gross revenues would have increased by 6.6 percent in 2018.

Gross revenues from the Asia segment reported a growth of 17.4 percent to US$694.3 million for the year ended December 31, 2018 from US$591.2 million for the same period in 2017 mainly due to volume growth at most of the Philippine terminals and YICT; and contribution of new terminals, VICT, SPICTL and MITL, partially tapered by lower trade volumes at PICT; and unfavorable translation impact of the depreciation of PHP-based revenues at Philippine terminals. Excluding new terminals, gross revenues from Asia operations would have increased by 7.5 percent in 2018. The Asia operations captured 47.5 percent and 50.1 percent of the consolidated gross revenues for the years ended December 31, 2017 and 2018, respectively.

Gross revenues from the Americas segment increased by 1.4 percent to US$407.1 million for the year ended December 31, 2018 from US$401.4 million for the same period in 2017 mainly due to volume growth, higher storage revenues at CMSA; and higher storage and ancillary revenues combined with tariff adjustments at OPC, tapered by lower transshipments at CGSA; and unfavorable translation impact of the depreciation of BRL-based revenues at TSSA. The Americas operations accounted for 32.3 percent and 29.4 percent of the consolidated gross revenues for the years ended December 31, 2017 and 2018, respectively.

Gross revenues from the EMEA segment increased by 12.9 percent to US$284.4 million for the year ended December 31, 2018 from US$251.8 million for the same period in 2017 primarily due to volume growth at AGCT, BICTL and IDRC; increase in general cargoes and storage revenues at ICTSI Iraq; new shipping lines and services combined with increase in revenues from general cargoes at BCT; and favorable translation impact of the appreciation of EUR-based revenues at MICTSL and AGCT. The EMEA operations stood at 20.2 percent and 20.5 percent of the consolidated gross revenues for the years ended December 31, 2017 and 2018, respectively.

6.5.2.2 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 5.3 percent to US$178.2 million for the year ended December 31, 2018 from US$169.2 million for the same period in 2017 as a result of volume growth and stronger revenues at these terminals.

6.5.2.3 Interest Income, Foreign Exchange Gain and Other Income

Consolidated interest income increased by 10.2 percent to US$24.1 million for the year ended December 31, 2018 from US$21.9 million for the same period in 2017 mainly due to higher interest income earned from advances to SPIA, a joint venture associate.

Foreign exchange gain decreased by 29.1 percent to US$3.6 million for the year ended December 31, 2018 from US$5.0 million for the same period in 2017 mainly due to the unfavorable 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 by 19.8 percent to US$28.3 million for the year ended December 31, 2018 from US$23.6 million for the same period in 2017 mainly due to a non-recurring gain from pre-termination of interest rate swap; and reversal of accrued taxes and provisions at CMSA in 2018, tapered by the absence of the non-recurring gain from reimbursement of costs incurred in relation to the termination of the sub-concession agreement at LICTSLE in 2017; and recognition of income tax credit at OPC in 2017. Other income includes the Group's rental, dividend income, and other sundry income accounts.

6.5.3 Total Expenses

The below table shows the breakdown of total expenses for 2017 and 2018.

Table 6.14 Total Expenses

	For the Years Ended December 31		
(In thousands, except % change data)	2017	**2018**	% Change
Manpower costs	US$207,584	**US$217,154**	4.6
Equipment and facilities-related expenses	93,083	**110,738**	19.0
Administrative and other operating expenses	111,109	**124,334**	11.9
Total cash operating expenses	411,776	**452,226**	9.8
Depreciation and amortization	196,402	**225,976**	15.1
Interest expense on lease liabilities	87,123	**103,486**	18.8
Interest expense and financing charges on borrowings	100,413	**101,310**	0.9
Interest expense on concession rights payable	33,106	**37,545**	13.4
Equity in net loss of joint ventures and an associate	36,337	**22,222**	(38.8)
Foreign exchange loss and others	46,807	**32,246**	(31.1)
	US$911,964	**US$975,011**	6.9

Total cash operating expenses of the Group increased by 9.8 percent to US$452.2 million for the year ended December 31, 2018 from US$411.8 million for the same period in 2017 mainly due to start-up costs at new terminals, VICT, SPICTL and MITL; increase in prices of fuel; higher fuel and power consumption driven by volume growth, and equipment rentals at certain terminals, partially tapered by continuous monitoring of cost optimization measures; and favorable translation impact of PHP-based expenses at Philippine terminals and BRL-based expenses at TSSA. Excluding new terminals, consolidated cash operating expenses would have increased by 3.7 percent in 2018.

6.5.3.1 Manpower Costs

Manpower costs increased by 4.6 percent to US$217.2 million for the year ended December 31, 2018 from US$207.6 million for the same period in 2017 primarily due to cost contribution of new terminals, VICT, SPICTL and MITL; and government-mandated and contracted salary rate adjustments at certain terminals, partially tapered by continuous monitoring of cost optimization measures. Excluding new terminals, consolidated manpower costs would have decreased by 1.3 percent in 2018.

Manpower costs accounted for 50.4 percent and 48.0 percent of consolidated cash operating expenses for the years ended December 31, 2017 and 2018, respectively.

6.5.3.2 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 19.0 percent to US$110.7 million for the year ended December 31, 2018 from US$93.1 million for the same period in 2017 mainly due to cost contribution of new terminals, VICT, SPICTL and MITL; increase in prices of fuel; and higher fuel and power consumption driven by volume growth, and equipment rentals at certain terminals. Excluding new terminals, consolidated equipment and facilities-related expenses would have increased by 12.5 percent in 2018.

Equipment and facilities-related expenses represented 22.6 percent and 24.5 percent of consolidated cash operating expenses for the years ended December 31, 2017 and 2018, respectively.

6.5.3.3 Administrative and Other Operating Expenses

Administrative and other operating expenses increased by 11.9 percent to US$124.3 million for the year ended December 31, 2018 from US$111.1 million for the same period in 2017 mainly due to cost contribution of new terminals, VICT, SPICTL and MITL; increase in information technology-related costs; and increase in legal fees, partially tapered by continuous monitoring of cost optimizations measures. Excluding new terminals, consolidated administrative and other operating expenses would have increased by 5.4 percent in 2018.

Administrative and other operating expenses stood at 27.0 percent and 27.5 percent of consolidated cash operating expenses for the years ended December 31, 2017 and 2018, respectively.

6.5.3.4 Depreciation and Amortization

Depreciation and amortization expense increased by 15.1 percent to US$226.0 million for the year ended December 31, 2018 from US$196.4 million for the same period in 2017 mainly due to contribution of new terminals, VICT, SPICTL and MITL; and higher depreciation arising from expansion projects at ICTSI Iraq, CMSA and OPC.

6.5.3.5 Interest Expense on Lease Liabilities

Interest expense on lease liabilities increased by 18.8 percent to US$103.5 million for the year ended December 31, 2018 from US$87.1 million for the same period in 2017 mainly due to higher lease liability at VICT.

6.5.3.6 Interest and Financing Charges on Borrowings

Interest and financing charges on borrowings increased marginally by 0.9 percent to US$101.3 million for the year ended December 31, 2018 from US$100.4 million for the same period in 2017 primarily due to lower capitalized borrowing costs on qualifying assets; and new loans, partially tapered by interest reduction from pre-termination of the Project Finance Facility at CMSA. Capitalized borrowing costs on qualifying assets amounted to US$10.4 million in 2017 at a capitalization rate ranging from 2.4 percent to 6.7 percent and US$4.3 million in 2018 at a capitalized rate ranging from 3.5 percent to 7.0 percent.

6.5.3.7 Interest Expense on Concession Rights Payable

Interest on concession rights payable increased by 13.4 percent to US$37.5 million for the year ended December 31, 2018 from US$33.1 million for the same period in 2017 mainly due to the concession right liabilities recognized at new terminals, SPICTL and MITL.

6.5.1.8 Equity in Net Loss of Joint Ventures and An Associate

Equity in net loss of joint ventures and an associate decreased by 38.8 percent to US$22.2 million for the year ended December 31, 2018 from US$36.3 million for the same period in 2017 mainly due to the decrease in the Company's share in net loss at SPIA driven by volume growth and positive EBITDA. Equity in net loss of joint ventures and an associate in 2018 is net of the Group's share in net income of MNHPI, a 34.83%-owned associate.

6.5.3.9 Foreign Exchange Loss and Others

Foreign exchange loss and others decreased to US$32.2 million for the year ended December 31, 2018 from US$46.8 million for the same period in 2017 mainly due to lower restructuring and separation costs at certain terminals; and decrease in foreign exchange loss arising from favorable translation impact of certain currencies against US dollar, partially tapered by non-recurring impairment charge on the goodwill of DIPSSCOR in 2018; and write-off of debt issue cost from pre-termination of project finance facility at CMSA in 2018. Foreign exchange loss mainly results from the translation or restatement as well as from the settlement of foreign currency-denominated monetary assets and liabilities.

6.5.4 EBITDA and EBIT

Consolidated EBITDA increased by 13.9 percent to US$755.4 million for the year ended December 31, 2018 from US$663.4 million for the same period in 2017 mainly due to strong revenues combined with positive contribution of new terminals, SPICTL and MITL. Excluding the new terminals, consolidated EBITDA would have increased by 8.6 percent in 2018. EBITDA margin increased to 54.5 percent in 2018 from 53.3 percent in 2017.

Meanwhile, consolidated EBIT increased by 13.4 percent to US$529.4 million for the year ended December 31, 2018 from US$467.0 million for the same period in 2017 mainly due to stronger EBITDA, tapered by higher depreciation charges. Excluding the new terminals, consolidated EBIT would have increased by 10.3 percent in 2017. EBIT margin increased to 38.2 percent in 2018 from 37.5 percent in 2017.

6.5.5 Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax increased by 35.0 percent to US$288.6 million for the year ended December 31, 2018 from US$213.8 million for the same period in 2017 as a result of strong operating income; decrease in equity in net loss at SPIA; and lower restructuring and separation costs, tapered by increase in depreciation charges; and the impact of the non-recurring items. Excluding new terminals and the non-recurring items, consolidated income before income tax would have increased by 30.6 percent in 2018. The ratio of income before income tax to consolidated gross revenues stood at 17.2 percent and 20.8 percent in 2017 and 2018, respectively.

Consolidated provision for current and deferred income taxes increased to US$52.8 million for the year ended December 31, 2018 from US$29.8 million for the same period in 2017 mainly due to higher taxable income at most of the terminals. Effective income tax rate in 2017 and 2018 stood at 14.0 percent and 18.3 percent, respectively.

6.5.6 Net Income

Consolidated net income increased by 28.2 percent to US$235.8 million for the year ended December 31, 2018 from US$183.9 million for the same period in 2017. Excluding new terminals and the non-recurring items, consolidated net income would have increased by 27.8 percent in 2018.

The ratio of consolidated net income to gross revenues stood at 14.8 percent and 17.0 percent in 2017 and 2018, respectively.

Consolidated net income attributable to equity holders grew by 31.0 percent to US$207.5 million for the year ended December 31, 2018 from US$158.4 million for the same period in 2017. Excluding new terminals and the non-recurring items, net income attributable to equity holders would have increased by 29.9 percent in 2018.

Basic and diluted earnings per share increased to US$0.071 in 2018 from US$0.058 in 2017 and to US$0.071 in 2018 from US$0.057 in 2017, respectively, mainly due to higher net income, partially tapered by increase in distributions to holders of perpetual capital securities from issuance of senior guaranteed perpetual capital securities in January 2018.

6.6 Trends, Events or Uncertainties Affecting Recurring Revenues and Profits

The Group is exposed to a number of trends, events or uncertainties which can affect its recurring revenues and profits. These include levels of general economic activity and containerized trade volume in countries where it operates, as well as certain cost items, such as labor, fuel and power. In addition, the Group operates in a number of jurisdictions other than the Philippines and collects revenues in various currencies. Continued appreciation of the US dollar relative to other major currencies, particularly the Philippine peso, Brazilian Reais, Mexican peso, and the Australian Dollars, may have a negative impact on 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, the Office of the President of the Philippines issued a Memorandum directive on March 13, 2020 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 (ECQ) throughout the island of Luzon until April 12, 2020, which was extended to April 30, 2020. Through several extensions continuing as of March 2, 2021, Metro Manila and certain areas of the country were placed under different categories of community quarantine depending on the risk classification of the area.

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 COVID-19 pandemic does not have significant impact to the collectability of the Group's trade receivables in 2020. The customers' payment terms were not extended due to the pandemic. The overdue trade receivables however increased in the first two months of strict community lockdowns but have greatly improved in the succeeding months and the good momentum was sustained up to December 31, 2020. 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.

6.7 Financial Position

Table 6.15 Consolidated Balance Sheets

	As of December 31				
(In thousands, except % change data)	2018	2019	**2020**	% Change *2018 vs 2019*	% Change *2019 vs 2020*
Total assets	US$5,453,474	US$5,750,878	**US$6,195,324**	5.5	7.7
Current assets	673,439	468,394	**969,217**	(30.4)	106.9
Total equity	1,947,941	1,634,526	**1,861,620**	(16.1)	13.9
Total equity attributable to equity holders of the parent	1,782,437	1,469,908	**1,680,616**	(17.5)	14.3
Total interest-bearing debt	1,307,054	1,662,629	**1,767,307**	27.2	6.3
Current liabilities	445,682	655,088	**490,528**	47.0	(25.1)
Total liabilities	3,505,534	4,116,351	**4,333,704**	17.4	5.3
Current assets/total assets	12.3%	8.1%	**15.6%**		
Current ratio	1.51	0.72	**1.98**		
Debt-equity ratio[1]	0.67	1.02	**0.95**		

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

Total assets increased by 7.7 percent to US$6.2 billion as of December 31, 2020 from US$5.8 billion as at December 31, 2019 mainly due to cash generated from operations as well as proceeds from debt and equity financing activities; recognition of concession rights on fixed fees of new terminal, KMT; capital expenditures arising from expansion projects at MICT, CMSA, ICTSI Iraq and CGSA; and yard expansion at IDRC. These investments were funded mainly by cash generated from the Group's operations and debt financing. The increase in total asset is, however, tapered by the nonrecurring impairment charge on the concession rights at Tecplata and other nonfinancial assets. Noncurrent assets stood at 91.9 percent and 84.4 percent of the total consolidated assets as of December 31, 2019 and December 31, 2020, respectively.

Current assets increased by 106.9 percent to US$969.2 million as of December 31, 2020 from US$468.4 million as of December 31, 2019 mainly attributable to cash and cash equivalents due to cash generated from operations; and mainly due to net cash proceeds from issuances of new senior notes at ICTSI Parent and senior unsecured perpetual capital securities; partially tapered by settlement of senior notes at ICTSI Parent, pre-termination of loan at IGFBV, repayment of loan at VICT; and deployment of cash to fund capital expenditures. Current assets accounted for 8.1 percent and 15.6 percent of the total consolidated assets of the Group as of December 31, 2019 and December 31, 2020, respectively. Current ratio stood at 0.72 and 1.98 as of December 31, 2019 and December 31, 2020, respectively. Current ratio as of December 31, 2020 increased mainly due to the payment of matured senior notes at the Parent Company and cash proceeds from debt and equity financing activities.

Total equity increased by 13.9 percent to US$1.9 billion as of December 31, 2020 from US$1.6 billion as of December 31, 2019 primarily due to issuance of senior unsecured perpetual capital securities at RCBV; net income generated for the period; and sale of treasury shares, tapered by payment of dividends; and distributions to holders of perpetual capital securities.

Total liabilities increased by 5.3 percent to US$4.3 billion as of December 31, 2020 from US$4.1 billion as of December 31, 2019 mainly due to issuance of new senior notes at ICTSI Parent; and recognition of concession rights payable at KMT, tapered by settlement of senior notes at ICTSI Parent, pre-termination of loan at IGFBV, repayment of loan at VICT. Financial leverage, the ratio of total interest-bearing debt to total assets, stood at 28.9 percent and 28.5 percent as of December 31, 2019 and December 31, 2020, respectively.

Meanwhile, current liabilities decreased by 25.1 percent to US$490.5 million as of December 31, 2020 from US$655.1 million as of December 31, 2019 mainly due to the settlement of the current portion of the senior notes at ICTSI Parent.

6.7.1 Material Variances Affecting the Balance Sheet

Balance sheet accounts as of December 31, 2020 with variances of plus or minus 5.0 percent against December 31, 2019 balances are discussed, as follows:

Noncurrent Assets
1. Right-of-use assets increased by 6.3 percent to US$612.1 million as of December 31, 2020 mainly due to the recognition of additional right-of-use asset at CMSA.
2. Deferred tax assets increased by 6.7 percent to US$342.8 million as of December 31, 2020 mainly due to recognition of tax benefit on loss carry-over at ICTSI Rio, tapered by the utilization of deferred tax asset on loss carry-over at CMSA.
3. Other noncurrent assets decreased by 12.5 percent to US$362.3 million mainly due to non-recurring impairment charge on non-financial assets, tapered by increase in advances to suppliers.

Current Assets
4. Cash and cash equivalents increased by 212.9 percent to US$734.8 million as of December 31, 2020 mainly due to cash generated from operations; net cash proceeds from issuances of new senior notes at ICTSI Parent amounting to US$391.9 million and senior unsecured perpetual capital securities net of redemption and related accrued distributions at RCBV amounting to US$227.0 million, tapered by settlement of outstanding balance of senior notes at ICTSI Parent amounting to US$179.3 million and pre-termination of loans at IGFBV amounting to US$110.0 million, payment of loan in VICT and deployment of cash to fund capital expenditures.
5. Prepaid expenses and other current assets decreased by 7.4 percent to US$66.8 million as of December 31, 2020 mainly due to utilization of prepaid taxes particularly at ICTSI Parent.

Equity
6. Cost of common shares held by subsidiaries increased by 12.7 percent to US$83.7 million as of December 31, 2020 mainly due to the acquisition of ICTSI common shares by its wholly-owned subsidiary, IWI CTHI during the period.
7. Treasury shares decreased by 94.7 percent to US$4.4 million as of December 31, 2020 mainly due to the sale of 40 million treasury shares in November 2020.

8. Retained earnings decreased by 27.9 percent to US$216.9 million as of December 31, 2020 mainly due to cash dividends declared during the period; and distribution to holders of perpetual capital securities, tapered by net income attributable to equity holders of the parent for the period amounting to US$101.8 million.
9. Perpetual capital securities increased by 22.4 percent to US$1.2 billion as of December 31, 2020 mainly due to the issuance of US$300.0 million senior unsecured perpetual capital securities, tapered by the redemption of securities amounting to US$66.5 million.
10. Other comprehensive loss increased by 13.8 percent to US$185.1 million as of December 31, 2020 mainly due to increase in unrealized mark-to-market loss on interest rate swap arrangements, partially offset by increase in share on other comprehensive gain of joint ventures.
11. Equity attributable to non-controlling interests increased by 10.0 percent to US$181.0 million as of December 31, 2020 mainly due to net income attributable to non-controlling interests for the period amounting to US$37.9 million; and favorable translation adjustments at YICT, tapered by cash dividends declared to non-controlling interests during the period.

Noncurrent Liabilities

12. Noncurrent portion of long-term debt increased by 20.1 percent to US$1.7 billion as of December 31, 2020 mainly due to issuance of new senior notes at ICTSI Parent amounting to US$391.9 million, net of debt issuance costs, partially tapered by pre-termination of loans at IGFBV and payment of loans at VICT.
13. Noncurrent portion of concession rights payable increased by 6.3 percent to US$692.6 million as of December 31, 2020 mainly due to recognition of concession rights payable at KMT.
14. Other noncurrent liabilities increased by 30.2 percent to US$62.7 million as of December 31, 2020 arising mainly from unrealized loss on mark-to-market valuation from interest rate swap arrangements at IGFBV and VICT. These unrealized losses are directly charged to equity under other comprehensive loss.

Current Liabilities

15. Loans payable increased by 100.0 percent to US$2.8 million as of December 31, 2020 mainly due to loan availed of at MITL.
16. Current portion of long-term debt decreased by 78.8 percent to US$49.8 million as of December 31, 2020 mainly due to the settlement of senior notes at ICTSI Parent.
17. Current portion of concession rights payable increased by 17.8 percent to US$10.7 million as of December 31, 2020 due to higher concession fees scheduled for payment in the next twelve months.
18. Current portion of lease liabilities increased by 5.7 percent to US$20.6 million as of December 31, 2020 due to higher lease fees scheduled for payment in the next twelve months.
19. Income tax payable increased by 10.2 percent to US$43.3 million as of December 31, 2020 mainly due to higher taxable income at certain terminals.
20. Current portion of derivative liabilities increased to US$9.7 million as of December 31, 2020 due to higher unrealized loss on mark-to-market valuation from interest rate swap arrangements at IGFBV and VICT expected to be realized in the next twelve months.

Balance sheet accounts as of December 31, 2019 with variances of plus or minus 5.0 percent against December 31, 2018 balances are discussed, as follows:

Noncurrent Assets

21. Intangible assets increased by 10.8 percent to US$2.1 billion as of December 31, 2019 mainly due to consolidation of new terminal, ICTSI Rio; expansion projects at MICT and ICTSI Iraq; and recognition of concession rights on the extension of concession contract at CGSA, tapered by the non-recurring impairment charge on the concession rights at Tecplata.
22. Investment in and advances to joint ventures and associates increased by 16.3 percent to US$443.2 million as of December 31, 2019 mainly due to acquisition of the additional 15.17 percent stake in MNHPI.

23. Other noncurrent assets increased to US$413.8 million as of December 31, 2019 mainly due to payment of upfront fee related to the concession contract at AGT.

Current Assets

24. Cash and cash equivalents decreased by 47.5 percent to US$234.8 million as of December 31, 2019 due to payment of upfront fee related to the concession contract at AGT; acquisition of new terminal, ICTSI Rio; and deployment of cash to fund capital expenditures, tapered by strong cash inflows generated from operations.
25. Spare parts and supplies increased by 8.9 percent to US$37.1 million as of December 31, 2019 primarily due to consolidation of new terminal, ICTSI Rio; and acquisition of port equipment spare parts at ICTSI Iraq.

Equity

26. Treasury shares increased by 42.8 percent to US$83.0 million as of December 31, 2019 mainly as a result of acquisition of 13,034,730 treasury shares in 2019, partially tapered by stock awards vested and issued in 2019.
27. Retained earnings decreased by 34.6 percent to US$301.0 million as of December 31, 2019 mainly due to dividends declared and paid during the period; and distribution to holders of perpetual capital securities, partially tapered by net income attributable to equity holders of the parent for the year.
28. Perpetual capital securities decreased by 11.7 percent to US$1.0 billion as of December 31, 2019 due to the redemption of the US$139.7 million senior guaranteed perpetual securities in May 2019.

Noncurrent Liabilities

29. Noncurrent portion of long-term debt increased by 17.0 percent to US$1.4 billion as of December 31, 2019 mainly due to net availments of term loan facilities at IGFBV amounting to US$381.6 million and ICTSI Middle East DMCC amounting to US$42.5 million (EUR38.0 million); refinancing of maturing bridge loans at SPICTL and MITL, partially tapered by reclassification of the maturing senior notes at the Parent Company to current portion of long-term debt amounting to US$179.3 million.
30. Noncurrent portion of concession rights payable increased by 22.8 percent to US$651.7 million as of December 31, 2019 mainly due to recognition of concession rights payables at ICTSI Rio and CGSA.
31. Deferred tax liabilities increased by 11.3 percent to US$164.2 million as of December 31, 2019 mainly due to income tax effect of the consolidation of ICTSI Rio; excess of fair value over book value of net assets of certain terminals; and difference in depreciation and amortization periods of port infrastructure classified as concession rights at certain terminals.
32. Other noncurrent liabilities increased to US$48.1 million as of December 31, 2019 arising mainly from unrealized loss on mark-to-market valuation from interest rate swap at IGFBV and VICT.

Current Liabilities

33. Loans payable decreased to nil as of December 31, 2019 due to refinancing of maturing bridge loans at SPICTL and MITL; and full repayment of loan at BCT.
34. Accounts payable and other current liabilities increased by 12.9 percent to US$347.6 million as of December 31, 2019 mainly due to the consolidation of new terminal, ICTSI Rio; the liability on the increased stake in MNHPI; and port equipment payables at MICT.
35. Current portion of long-term debt increased to US$235.1 million as of December 31, 2019 primarily due to the reclassification of the senior notes scheduled for repayment in the next twelve months at the Parent Company to current liabilities, partially tapered by full repayment of loan at OPC.
36. Current portion of concession rights payable decreased by 14.3 percent to US$9.1 million as of December 31, 2019 mainly arising from lower concession fees scheduled for payment in the next twelve months at CGSA.
37. Current portion of lease liabilities increased to US$19.5 million as of December 31, 2019 mainly arising from higher lease scheduled for payment at CMSA and TSSA in the next twelve months.

38. Income tax payable increased by 24.3 percent to US$39.3 million as of December 31, 2019 mainly due to higher taxable income at ICTSI Iraq.
39. Current portion of derivative liabilities increased to US$4.5 million as of December 31, 2019 due to unrealized loss on mark-to-market valuation from interest rate swap at IGFBV and VICT.

6.8 Liquidity and Capital Resources

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

6.8.1 Liquidity

The table below shows the Group's consolidated cash flows for the years ended December 31, 2018, 2019 and 2020:

Table 6.16 Consolidated Cash Flows

	For the Year Ended December 31				
(In thousands, except % change data)	2018	2019	**2020**	% Change *2018 vs 2019*	% Change *2019 vs 2020*
Net cash provided by operating activities	US$695,787	US$758,842	**US$803,669**	9.1	5.9
Net cash used in investing activities	(327,900)	(659,588)	**(203,700)**	101.2	(69.1)
Net cash used in financing activities	(185,937)	(305,198)	**(107,216)**	64.1	(64.9)
Effect of exchange rate changes on cash	(14,298)	(6,301)	**7,245**	(55.9)	(215.0)
Net increase (decrease) in cash and cash equivalents	167,652	(212,245)	**499,998**	(226.6)	(335.6)
Cash and cash equivalents, beginning	279,427	447,079	**234,834**	60.0	(47.5)
Cash and cash equivalents, end	US$447,079	US$234,834	**US$734,832**	(47.5)	212.9

Consolidated cash and cash equivalents increased by 212.9 percent to US$734.8 million as of December 31, 2020 from US$234.8 million for the same period in 2019 mainly due to lower net cash used in investing and financing activities in 2020.

Net cash provided by operating activities increased by 5.9 percent to US$803.7 million for year ended December 31, 2020 from US$758.8 million for the same period in 2019 mainly due to stronger results of operations in 2020, and continuous improvement in working capital management.

Net cash used in investing activities for the year ended December 31, 2020 amounted to US$203.7 million which consists mainly of capital expenditures of US$198.7 million. The capital expenditures for the year ended December 31, 2020 include mainly the expansions at MICT, CMSA, ICTSI Iraq, CGSA, and IDRC, and upfront fee payment at KMT. The Group finances these requirements through existing cash, cash generated from operations, external borrowings and/or equity issuances, as necessary. Net cash used in investing activities for the year ended December 31, 2019 amounted to US$659.6 million which consists mainly of payment of upfront fee related to the concession contract at AGT; acquisition of new terminal, ICTSI Rio; additional investment at MNHPI; and capital expenditures of US$240.8 million.

Net cash used in financing activities for the year ended December 31, 2020 amounted to US$107.2 million which consists mainly of settlement of senior notes at ICTSI Parent amounting to US$179.3 million; pre-termination of loan at IGFBV amounting to US$110.0 million; repayment of loans at VICT, CGSA, IDRC, YICT, SPICTL and MITL; and payment of dividends and distributions to perpetual securities holders, tapered by cash received from issuances of new senior notes at ICTSI Parent amounting to US$391.9 million and senior unsecured perpetual capital securities amounting to US$227.0 million, net of debt issuance costs and the amount paid for the redemption of US$66.5 million outstanding perpetual securities, including premium and related accrued distribution; and sale of 40,000,000 treasury shares amounting to US$95.4 million. Meanwhile, the net cash used in financing activities for the same period in 2019 includes mainly of the US$390.0 million and US$42.4 million

(EUR37.4 million) net proceeds from a loan availments at IGFBV and ICTSI Middle East, respectively, tapered by the repayment of loans; redemption of the perpetual capital securities amounting to US$139.7 million; payment of dividends and debt servicing costs and distributions to perpetual securities holders; and acquisition of non-controlling interest at BIPI.

6.8.2 Capital Resources

The table below illustrates the Group's capital sources as of December 31, 2018, 2019 and 2020:

Table 6.17 Capital Sources

	As of December 31				
(In thousands, except % change data)	2018	2019	**2020**	% Change *2018 vs 2019*	% Change *2019 vs 2020*
Loans payable	US$35,718	US$–	**US$2,828**	(100.0)	100.0
Current portion of long-term debt	50,848	235,116	**49,808**	362.4	(78.8)
Long-term debt, net of current portion	1,220,487	1,427,513	**1,714,671**	17.0	20.1
Total short and long-term debt	1,307,053	1,662,629	**1,767,307**	27.2	6.3
Equity	1,947,941	1,634,526	**1,861,620**	(16.1)	13.9
	US$3,254,994	US$3,297,155	**US$3,628,927**	1.3	10.1

The Group's total debt and equity capital increased by 10.1 percent as of December 31, 2020 primarily due to net income generated during the period; debt and equity financing activities to fund acquisitions, expansion projects, capital expenditures, and other general corporate requirements, tapered by repayment of loans; dividends declared and distributions on perpetual capital securities during the period; and unrealized mark-to-market loss on derivatives.

6.8.2.1 Debt Financing

The table below provides the breakdown of the Group's outstanding loans as of December 31, 2020:

Table 6.18 Outstanding Loans

(In thousands)	Company	Final Maturity	Interest Rate	Amount
Long-term Debt				
Medium-Term Note (MTN) Programme				
Unsecured US Dollar Bond	ITBV	2023-2025	Fixed	US$767,583
Senior Notes				
Unsecured US Dollar Bond	ICTSI Parent	2030	Fixed	392,207
Project Finance Facilities				
Secured AUD Term Loans	VICT	2023-2031	Fixed*	224,743
US dollar and Foreign Currency-denominated Term Loans and Securities				
Secured US Dollar Term Loan	IGFBV	2026	Fixed*	283,298
Secured Euro Term Loan	ICTSI Middle East DMCC	2022	Floating	46,393
Secured US Dollar Term Loans	IDRC	2022-2023	Fixed	22,022
Secured PGK Term Loan	SPICTL	2024	Floating	13,415
Secured PGK Term Loan	MITL	2024	Floating	10,406
Secured US Dollar Term Loans	CGSA	2021	Fixed*	4,412
				1,764,479
Short-term Debt				
PGK Loan	MITL	2021	Floating	2,828
Total Debt				1,767,307
Less current portion and short-term				52,636
Long-term debt, net of current portion				**US$1,714,671**

**Under interest rate swap agreement*

As a result of the debt management initiatives in 2020, as of December 31, 2020, 92.6% percent of the Group's total debt capital will only be due starting 2023.

The table below is a summary of debt maturities, net of unamortized debt issuance cost, of the Group as of December 31, 2020:

Table 6.19 Outstanding Debt Maturities

(In thousands)	Amount
2021	US$49,808
2022	80,109
2023	490,415
2024	21,146
2025 and onwards	1,123,001
Total	US$1,764,479

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 was 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 December 31, 2020, the carrying value of notes under the MTN programme amounted to US$767.6 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 net proceeds of the Senior Notes amounting to US$391.9 million were used to refinance and extend the maturity of the Group's liabilities and for general corporate purposes. As at December 31, 2020, the carrying value of the Senior Notes amounted to US$392.2 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 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). The total outstanding balance of the loans amounted to US$224.7 million (AUD292.1 million), net of debt issuance costs, as at December 31, 2020.

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 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 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. VICT pays an annual fixed interest of 2.885 to 2.9730 percent for the loans maturing in 2026 and 2031, respectively. The market valuation loss on the outstanding interest rate swaps amounted to AUD1.5 million (US$1.1 million), AUD14.4 million (US$10.1 million), and AUD19.7 million (US$15.2 million) as at December 31, 2018, 2019, and 2020, respectively. The effective portion of the change in the fair value of the interest rate swap amounting to AUD4.3 million (US$3.3 million), net of AUD1.8 million (US$1.4 million) deferred tax, AUD9.1 million (US$6.4 million), net of AUD3.9 million (US$2.7 million) deferred tax, and AUD3.7 million (US$3.5 million), net of AUD1.6 million (US$1.5 million) deferred tax, for the years ended December 31, 2018, 2019 and 2020, respectively, was taken to equity under other comprehensive loss.

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. As at December 31, 2020, the outstanding balance of the term loan facility amounted to US$283.3 million, net of debt issuance costs.

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 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, 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 December 31, 2019 and 2020, the market valuation loss on the outstanding interest rate swaps amounted to US$10.8 million and US$28.2 million, respectively. The effective portion of the change in the fair value of the interest rate swap amounting to US$7.6 million, net of US$3.2 million deferred tax, and US$11.8 million, net of US$5.6 million deferred tax, for the years ended December 31, 2019 and 2020, respectively, was taken to equity under other comprehensive loss.

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 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 (EUR195.0 million) and US$30.0 million (EUR26.8 million), respectively, was made on the EUR260.0 million term loan facility. As at December 31, 2020, the outstanding balance of the loans amounted to US$46.4 million (EUR38.0 million), net of debt issuance costs.

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. As at December 31, 2020, the outstanding balance of the loan amounted to US$11.5 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. As at December 31, 2020, the outstanding balance of the loan amounted to US$1.7 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. As at December 31, 2020, the outstanding balance of the loan amounted to US$8.9 million.

ICTSI. On April 14, 2020, ICTSI availed of 18-month loans from MBTC totaling to US$29.6 million (Php1.5 billion) with interest based on the prevailing market rate. ICTSI fully prepaid the loans on October 6, 2020.

On March 24, 2020, ICTSI Parent availed of 18-month loan from Metropolitan Bank and Trust Co. (MBTC) amounting to US$100.0 million with interest based on prevailing market rate. ICTSI fully paid the loan on June 18, 2020.

SPICTL and MITL. On April 13, 2018, Australia and New Zealand (ANZ) Banking Group (PNG) Limited granted PGK-denominated bridge loan facilities to SPICTL and MITL amounting to US$31.1 million (PGK101.0 million) and US$25.2 million (PGK82.0 million), respectively, with interest based on ANZ's published Indicator Lending Rate minus an agreed margin and initial tenor of six months from drawdown date. The loans availed by SPICTL and MITL in April 2018 and May 2018, respectively, were both extended further and matured on December 2, 2019.

On November 27, 2019, SPICTL and MITL, as borrowers, and 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. The outstanding balance of the term loans of SPICTL and MITL amounted to US$13.4 million (PGK47.4 million) and US$10.4 million (PGK36.8 million), respectively.

CGSA. On March 29, 2016, CGSA (as "Borrower"), Metropolitan Bank and Trust Company (as "Lender") 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. On May 30, 2017, CGSA fully paid the loan under Tranche II. In 2020, CGSA has paid a total amount of US$7.6 million of the loan under Tranche I. As at December 31, 2020, the outstanding balance of the loan with MBTC amounted to US$1.9 million.

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, CGSA availed of US$2.5 million from the facility. The loan remained outstanding as at December 31, 2020.

On January 28, 2021, CGSA availed of another US$2.0 million from the facility.

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. As at December 31, 2018, 2019 and 2020, the market valuation gain on the outstanding interest rate swaps amounted to US$0.3 million, US$23.1 thousand, and US$5.8 thousand, respectively. The effective portion of the change in the fair value of the interest rate swap amounting to US$1.2 thousand, net of US$0.5 thousand deferred tax, US$161.7 thousand, net of US$69.2 thousand deferred tax and US$20.2 thousand, net of US$8.7 thousand deferred tax, for the years ended December 31, 2018, 2019 and 2020, respectively, was taken to equity under other comprehensive loss.

YICT. On April 26, 2017, YICT obtained a US$21.8 million (RMB150.0 million) loan from Agricultural Bank of China at an interest rate published by People's Bank of China (PBOC) minus an agreed margin and a final maturity in November 2023 to refinance its maturing loan. In 2020, YICT fully paid the remaining balance of US$4.3 million (RMB30.0 million) of the loan.

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. As at December 31, 2020, the outstanding balance of the loan amounted to US$2.8 million (PGK10.0 million).

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 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 paid the loans on June 18, 2020.

6.8.2.2 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 December 31, 2020, 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 December 31, 2020, except as discussed above.

6.8.2.3 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, were 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.

6.9 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.

6.9.1 *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 to mitigate residual exposures. Changes in exchange rates affect the US dollar value of the Group's revenues and costs that are denominated in foreign currencies.

The Group's non-US dollar currency-linked revenues was 51.0 percent and 51.8 percent of gross revenues for the periods ended December 31, 2019 and 2020, respectively. Foreign currency-linked revenues include the following: (1) arrastre charges of MICT; and (2) non-US dollar revenues of international subsidiaries. ICTSI incurs expenses in foreign currency for the operating and start up requirements of its international subsidiaries. Concession fees payable to port authorities in certain countries are either denominated in or linked to the US dollar.

The below table provides the currency breakdown of the Group's revenue for the year ended December 31, 2020:

Table 6.20 Revenue Currency Profile

Subsidiary	USD/EUR Composition	Local Currency
ICTSI	40% USD	60% PhP
VICT		100% AUD
PICT	82% USD	18% PKR
PNG		100% PGK
YICT		100% RMB
SBITC/ICTSI Subic	46% USD	54% USD
MICTSI		100% PhP
SCIPSI		100% PhP
DIPSSCOR		100% Php
LGICT	13% USD	87% PhP
BIPI		100% PhP
OJA	73% USD	27% IDR
PTMTS		100% IDR
HIPS		100% PhP
CGT		100% PhP
CMSA	37% USD	63% MXN
CGSA	100% USD	
OPC	100% USD	
TSSA		100% BRL
ICTSI Rio	51% USD	49% BRL
Tecplata	100% USD	
Logipuerto	100% USD	
ICTSI Iraq	100% USD	
IDRC	95% USD	5% CDF
MICTSL	100% EUR	
BCT	63% USD/12% EUR	25% PLN
AGCT	80% EUR	20% HRK
BICTL	100% USD	
KMT		100% XAF

6.9.2 *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.

6.9.3 Liquidity Risk

The Group manages its liquidity profile to be able to finance its working capital and capital expenditure requirements through internally generated cash and proceeds from debt and/or equity. As part of the liquidity risk management, the Group maintains strict control of its cash and makes sure that excess cash held by subsidiaries are up streamed timely to the Parent Company. The Group also monitors the receivables and payables 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.

Item 7. Consolidated Financial Statements

The Group's 2020 consolidated financial statements and accompanying notes are incorporated herein by reference.

Item 8. Changes in and Disagreements with Accountants of Accounting and Financial Disclosure

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

8.1 Information on Independent Accountant

The principal external auditor is the firm SGV & Co. The Group has engaged Mr. Roel E. Lucas, partner of SGV & Co., for the audit of the Group's books and accounts in 2020.

8.2 External Audit Fees and Services

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

	2018	2019	**2020**
Audit Fees	US$1,283.9	US$1,439.3	**US$1,458.0**
Audit-related Fees	409.3	–	**572.5**
Tax Fees	288.6	325.1	**266.0**
Other Fees	348.9	1,125.3	**227.8**

Audit Fees include the audit of the Group's annual financial statements.

Audited-Related Fees include the review of interim financial statements and issuance of comfort letters for the capital market raising transactions of the Group.

Tax fees paid to SGV & Co./Ernst & Young are for tax compliance, tax advisory services and transfer-pricing studies. The increase in 2019 was mainly due to increased number of engagements on tax advisory and on tax planning for the restructuring of the subsidiaries.

Other fees include due diligence services related to business development, sustainability reporting and other various one-time engagements. The increase in 2019 was mainly due to the Group's initiatives to seek for new project opportunities.

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

The reappointment of SGV & Co. as the Company's external auditors was approved by the stockholders in a meeting held on June 18, 2020.

PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS

Item 9. Directors and Executive Officers

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

The members of the Board of Directors and executive officers of ICTSI[1] are:

Office	Name	Citizenship	Age
Chairman of the Board and President	Enrique K. Razon, Jr.	Filipino	61
Director	Cesar A. Buenaventura[2]	Filipino	91
Director	Octavio Victor R. Espiritu[3]	Filipino	77
Director	Joseph R. Higdon[4]	American	79
Director	Jose C. Ibazeta	Filipino	78
Director	Stephen A. Paradies	Filipino	67
Director	Andres Soriano III	American	69
Executive Vice President & Chief Risk Officer	Christian Martin R. Gonzalez[5]	Filipino	45
Senior Vice President, Chief Financial Officer & Compliance Officer	Rafael D. Consing, Jr.	Filipino	52
Senior Vice President, Finance	Jose Joel M. Sebastian[6]	Filipino	57
Vice President and Treasurer	Gigi Iluminada T. Miguel	Filipino	51
Vice President for Global Financial Controller	Sandy A. Alipio[7]	Filipino	50
Vice President, Head of Financial Management and Budget	Caroline C. Causon[8]	Filipino	43
Corporate Secretary	Rafael T. Durian	Filipino	87
Asst. Corporate Secretary	Silverio Benny J. Tan	Filipino	64
Asst. Corporate Secretary	Benjamin M. Gorospe III	Filipino	53

[1]*As of December 31, 2020*
[2]*Independent Director*
[3]*Independent Director*
[4]*Independent Director*
[5]*Effective March 20, 2020*
[6]*Retired effective September 30, 2020*
[7]*Effective October 1, 2020*
[8]*Effective June 18, 2020*

The following are the Regional Heads and Global Corporate Officers for the ICTSI group of companies:

Office	Name	Citizenship	Age
Senior Vice President, Regional Head - Latin America	Anders Kjeldsen	Danish	51
Senior Vice President, Regional Head-Europe & Middle East and Africa	Hans-Ole Madsen	Danish	55
Senior Vice President, Head of Global Commercial	Tico Wieske	Dutch	57
Vice President, Head of Global Corporate Human Resources	Michael Robin Cruickshanks	British	63
Vice President, Chief Information Officer	Brian Hibbert	British	53
Vice President, Senior Administration Officer	Vivien F. Miñana	Filipino	56
Vice President, Head of Global Engineering - Infrastructure and Project Delivery	Nathan A. Clarke[1]	Australian	39
Vice President, Head of Global Engineering - Equipment Maintenance	Johan Swart	South African	62

[1]*Appointment effective on January 1, 2020*

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

<u>*Directors*</u>

Enrique K. Razon, Jr*., age 61, Filipino*

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

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

In addition, he is a member of the US-Philippines Society, the ASEAN Business Club, and Philippines, Inc.

The De La Salle University in the Philippines has conferred on Mr. Razon the degree of Doctor of Science in Logistics *honoris causa*.

**Publicly-listed Corporation*

***Cesar A. Buenaventura, O.B.E.**, age 91, Filipino*

Mr. Buenaventura was elected an Independent Director of ICTSI* last February 12, 2019. On June 18, 2020, he was appointed as the member of Audit Committee, Environment, Social and Governance Sub-Committee, Board Risk Oversight Committee, Related Party Transactions Committee and a Chairman of Corporate Governance Committee. He is the Director and Chairman of Mitsubishi Hitachi Power Systems Phils Inc. and Buenaventura Echauz and Partners, Inc., Director and Vice Chairman of DMCI Holdings, Inc.*, Director of Semirara Mining and Power Corp.*, iPeople, Inc.*, Petroenergy Resources Corp.*, Concepcion Industrial Corp.* Pilipinas Shell Petroleum Corp.*, DM Consunji Inc., and The Country Club. He is likewise a Trustee and Chairman of Pilipinas Shell Foundation Inc., and Trustee of Bloomberry Cultural Foundation and ICTSI Foundation, Inc. He was formerly a Director of Philippine American Life Insurance Co., AG&P Co. of Manila, Ayala Corporation*, First Philippine Holdings Corp.*, Philippine Airlines*, Philippine National Bank*, Benguet Corporation*, Asian Bank, Ma. Cristina Chemical Industries, Paysetter International Inc., Maibarara Geothermal Inc., and Manila International Airport Authority.

His career started with Engineer David Consunji in 1951. Mr. Buenaventura then moved to the Shell Group of Companies in 1956 where he served as the first Filipino CEO and Chairman from 1975 until his retirement in 1990. He served 2 more years in the capacity of non-executive chairman until 1992. He was appointed member of the Monetary Board of Central Bank of the Philippines representing the private sector from 1981 until 1987.

Mr. Buenaventura is the founding chairman of the Pilipinas Shell Foundation Inc., and founding member of the Board of Trustees of the Makati Business Club. He was a member of the Board of Regents of the University of the Philippines from 1987 to 1994, the Board of Trustees of the Asian Institute of Management from 1994 to 2007, and President of Benigno Aquino S. Foundation from 1985-2010.

He is a recipient of many awards, among which are – Most Distinguished Alumnus, College of Engineering, University of the Philippines in 1977, the Management Man of the year by the Management Association of the Philippines in 1985, Outstanding Professional in Engineering by the Professional Regulatory Commission in 1997, Outstanding Fulbrighter in the field of business by the Philippine Fulbright Association in 2008, recipient of Centennial Award as one of the UP's Top 100 Alumni Engineering Graduates.

In 1991, Mr. Buenaventura was made Honorary Officer of the Order of the British Empire (OBE) by Her Majesty Queen Elizabeth II. Mr. Buenaventura received his Bachelor of Science degree in Civil Engineering from the University of the Philippines and his Master's degree in Civil Engineering majoring in Structures from Lehigh University Bethlehem, Pennsylvania in 1954, as a Fulbright scholar.

**Publicly-listed Corporation*

***Octavio Victor R. Espiritu**, age 77, Filipino*

Mr. Espiritu has been an Independent Director of ICTSI* since April 2002. On June 18, 2020, he was appointed as Chairman of the Audit Committee and a member of the Corporate Governance Committee, Nomination Sub-Committee, Remuneration Sub-Committee, Board Risk Oversight Committee and Related Party Transactions Committee of ICTSI. He is also a Director of Bank of the Philippine Islands, Philippine Dealing System Holdings Corp. and Subsidiaries, and Phil Stratbase Consultancy Inc. Formerly, Mr. Espiritu was a three-term former President of the Bankers Association of the Philippines, a former President and Chief Executive Officer (CEO) of Far East Bank and Trust Company, and Chairman of the Board of Trustees of the Ateneo de Manila University for fourteen (14) years.

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

**Publicly-listed Corporation*

Joseph R. Higdon*, age 79, American*

Mr. Higdon has been an Independent Director of ICTSI* since April 2007. On June 18, 2020, he was appointed as member of the Corporate Governance Committee, Related Party Transaction Committee and Board Risk Oversight Committee and a chairman of Environment, Social and Governance Sub-Committee of ICTSI. He is also a board advisor to SM Investments Corporation*, Security Bank Corporation*. In addition, he is a director of Philippine Equity Partners.

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

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

**Publicly-listed Corporation*

Jose C. Ibazeta*, age 78, Filipino*

Mr. Ibazeta has been a Director of ICTSI* since December 1987. On June 18, 2020, he was appointed as Chairman of the Nomination Sub-Committee of ICTSI.

Formerly, he was named a Trustee and Vice-President of ICTSI Foundation in 2009, He also served as ICTSI's Treasurer until February 2007, and he was appointed as President and Chief Executive Officer of the Power Assets and Liabilities Management Corporation (PSALM) by the President of the Republic of the Philippines. He served as PSALM President and CEO from February 1, 2007 to March 30, 2010. In April 2010, he declined his nomination as Director of ICTSI by reason of his appointment as Acting Secretary of the Department of Energy, a position he held from April 1, 2010 until June 30, 2010. He was re-elected a Director of ICTSI* in August 2010.

In addition, Mr. Ibazeta is a Consultant to the Chairman of the Board of A Soriano Corporation*. He is a Director of A Soriano Corporation, Anscor Consolidated Corporation, AFC Agribusiness Corporation, Anscor Holdings, Inc., Minuet Realty Corporation, Phelps Dodge Philippines Energy Products Corporation, Seven Seas Resorts and Leisure, Inc, Island Aviation, Inc, and Vicinetum Holdings, Inc. He is also the Chairman and President of Island Aviation, Inc, President of Seven Seas Resorts and Leisure, Inc, and Pamalican Resort, Inc. Mr. Ibazeta is also the founding Chairman and a Director of Philippine Stratbase Consultancy, Inc.

At AGP Group Holdings, PTE, Ltd, Mr. Ibazeta is a member of the Board, the Executive Committee and the Compliance Steering Committee as well as Chairman of the Audit Committee. He is Chairman of the AG&P Estate Management, Inc, member of the Board of Atlantic, Gulf & Pacific Company of Manila, Inc, AG&P FieldCOM, Inc, and Gas Entec Co, Ltd. He is the Treasurer and a member of the Board of AGP Philippines Holdings, Inc.

Mr. Ibazeta is a member of the Board of Trustees of Radio Veritas and St James the Great Parish Foundation. He received his Bachelor of Science in Economics degree from the Ateneo de Manila University in 1963 and his Masters Degree in Business Administration from the University of San Francisco, USA in 1968. He completed all academic requirements and passed the comprehensive exams for an MBC in Banking and Finance from the New York University in 1975.

**Publicly-listed Corporation*

***Stephen A. Paradies**, age 67, Filipino*

Mr. Paradies has been a Director of ICTSI* since December 1987. On June 18, 2020, he was appointed Chairman of the Board Risk Oversight Committee and member of the Audit Committee, Nomination Sub-Committee, Remuneration Sub-Committee, and Environment, Social And Governance Sub-Committee of ICTSI.

He is also a Board Director of IWI Container Terminal Holdings, Inc., Sociedad Puerto Industrial Aguadulce S.A., Apex Mining Co. Inc., Union Investments Corp., Sureste Properties Inc., Prime Metro BMD Corp., Prime Metro Power Holdings Inc., Prime Metro Infrastructure Holdings Inc., MORE Palawan Power Corp., Amber Electric & Power Corp., and The Country Club Inc. Mr. Paradies is also Trustee of Bloomberry Cultural Foundation Inc. and a Board Chairman of Napagapa Beverages, Inc. and MORE Electric & Power Corp.

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

**Publicly-listed Corporation*

***Andres Soriano III**, age 69, American*

Mr. Soriano has been a Director of ICTSI* since July 1992. Currently he is the Chairman of the Remuneration Sub-Committee.

In addition, Mr. Soriano is the Chairman and Chief Executive of A. Soriano Corporation*, the Chairman and President of Anscor Consolidated Corp., the Chairman of The Andres Soriano Foundation, Inc., Phelps Dodge International Philippines, Inc., Phelps Dodge Philippines Energy Products Corp., Seven Seas Resorts and Leisure, Inc., and Pamalican Resort, Inc.

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

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

**Publicly-listed Corporation*

Executive Officers

Christian Martin R. Gonzalez*, age 45, Filipino*

Mr. Gonzalez is the Executive Vice President and Chief Risk Officer of ICTSI*. He is the Global Corporate Head of ICTSI Group and also served as Vice President, Regional Head - Asia Pacific.

Prior to his current role, he served as the Director General and Chief Executive Officer (CEO) of Madagascar International Container Terminal Services Ltd. (MICTSL), which operates the port in Toamasina, Madagascar, and thereafter, appointed as the Vice President and Head of Asia Pacific Region & Manila International Container Terminal.

When he first joined the ICTSI Group in 1997, he worked in various Operations departments before he was appointed as the Assistant Manager for Special Projects of ICTSI Ltd. He was named MICT Operations Manager in 2003. In 2006, he was designated as the Chief Operating Officer and later CEO of MICTSL in 2009. In 2010, he was designated as a Director of Bloomberry Resorts and Hotels, Inc. and The Country Club. In 2012, Mr. Gonzalez was appointed as the Head of ICTSI's Business Development for Asia region. He was also appointed as the President of ICTSI Foundation, Inc. on April 15, 2016. He is currently the Chairman and President of Subic Bay International Terminal Holdings, Inc., ICTSI Subic, Inc.,, President of ICTSI Asia Pacific Business Services, Inc., Chairman and President of Intermodal Terminal Holdings, Inc., President of IW Cargo Handlers, Inc., and the Chairman of Cordilla Properties Holdings, Inc., ICTSI Far East Pte. Ltd., Mindanao International Container Terminal Services, Inc. and ICTSI Ltd.; President Commissioner of PT ICTSI Jasa Prima Tbk.; an alternate member of Sociedad Portuario Industrial Aguadulce S.A.; a Director of Bauan International Port, Inc., Davao Integrated Port & Stevedoring Services Corp., Hijo International Port Services, Inc., South Cotabato Integrated Ports Services, Inc., ICTSI Honduras Ltd., ICTSI (Hong Kong) Ltd., International Container Terminal Services Private Limited, Abbotsford Holdings, Inc., IWI Container Terminal Holdings, Inc., ICTSI Project Delivery Services Co. Pte. Ltd., ICTSI South Asia Pte. Ltd., Asiastar Consultants Limited, Manila North Harbour Port, Inc., Bloomberry Resorts Corporation*, Sureste Properties, Inc., and Prime Metroline Transit Corporation; and a Commissioner of PT Makassar Terminal Services.

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

**Publicly-listed Corporation*

Rafael D. Consing, Jr.*, age 52, Filipino*

Mr. Consing is the Senior Vice President and Chief Financial Officer of ICTSI*. He was appointed to the said position on October 5, 2015 and was subsequently appointed as the Compliance Officer on February 9, 2016. Prior to such role, he was the Vice President and Treasurer of ICTSI*. Concurrently, he is a Director and Treasurer of the following ICTSI subsidiaries, Subic Bay International Terminal Corp., Subic Bay International Terminal Holdings, Inc., ICTSI Subic Inc., Cordilla Properties Holdings, Inc., IW Cargo Handlers, Inc., IWI Container Terminal Holdings, Inc., Cavite Gateway Terminal, Inc.; an alternate member of Sociedad Puerto Industrial Aguadulce S.A. He is also a Director of Hijo International Port Services, Inc. Falconer Aircraft Management, Inc., Tecplata S.A., Contecon Manzanillo S.A., Terminal Maritima de Tuxpan, S.A. de C.V., Operadora Portuaria Centroamericana S.A. de C.V., ICTSI Oregon, Inc., Global Procurement Ltd., ICTSI Honduras Ltd., Aeolina Investments Limited, Crixus Limited, ICTSI Georgia Corp., ICTSI QFC LLC, ICTSI Project Delivery Services Co. Pte. Ltd., ICTSI South Asia Pte. Ltd., ICTSI Mauritius Ltd., Consultports S.A. de C.V., Asiastar Consultants Limited, ICTSI Far East Pte. Ltd., and Manila North Harbour Port, Inc.; the Chairman of Laguna Gateway Inland Container Terminal, Inc., CGSA

Transportadora S.L. and SPIA Spain S.L.; a Director and the Deputy Chairman of ICTSI Ltd. and International Container Terminal Holdings, Inc.; a Director A of ICTSI Capital B.V., Royal Capital B.V., ICON Logistiek B.V., ICTSI Americas B.V., ICTSI Cameroon B.V., Tecplata B.V., Global Container Capital B.V., CGSA B.V., SPIA Colombia B.V., CMSA B.V., TSSA B.V., ICTSI Treasury B.V., ICTSI Cooperatief U.A., ICTSI Oceania B.V., ICTSI Tuxpan B.V., ICTSI Africa B.V., ICTSI Global Cooperatief U.A., and ICTSI Global Finance B.V.; a Commissioner of PT ICTSI Jasa Prima Tbk.; and a Treasurer of Intermodal Terminal Holdings, Inc.

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

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

**Publicly-listed Corporation*

Jose Joel M. Sebastian, *age 57, Filipino*

Mr. Sebastian was the Senior Vice President, Finance until September 30, 2020. He was appointed to the said position on October 5, 2015. He joined ICTSI* as the Vice President and Controller in September 2008. Concurrently, he is a Director and the President of International Container Terminal Holdings, Inc., ICTSI Ltd., and ICTSI Georgia Corp.; the Deputy Chairman of CGSA Transportadora S.L. and SPIA Spain S.L.; a Director and Treasurer of Bauan International Ports, Inc and ICTSI Asia Pacific Business Services, Inc., a Director of ICTSI Capital B.V., Royal Capital B.V., ICON Logistiek B.V., ICTSI Americas B.V., ICTSI Cameroon B.V., Tecplata B.V., Global Container Capital B.V., CGSA B.V., SPIA Colombia B.V., CMSA B.V., TSSA B.V., ICTSI Treasury B.V., ICTSI Cooperatief U.A., ICTSI Oceania B.V., ICTSI Tuxpan B.V., ICTSI Africa B.V., ICTSI Global Cooperatief U.A., and ICTSI Global Finance B.V.; and a Director of Cordilla Properties Holdings, Inc., , Tartous International Container Terminal, JSC., International Container Terminal Services Private Limited, ICTSI DR Congo S.A., PT ICTSI Jasa Prima Tbk, Global Procurement Ltd., ICTSI Honduras Ltd., Lekki International Container Terminal Services LFTZ Enterprises, Tecon Suape S.A., Contecon Guayaquil S.A., Contecon Manzanillo S.A., Terminal Maritima de Tuxpan, S.A. de C.V., Aeolina Investments Limited, Crixus Limited, ICTSI (M.E.) DMCC, ICTSI Middle East DMCC, ICTSI QFC LLC, ICTSI South Asia Pte. Ltd., ICTSI Project Delivery Services Co. Pte. Ltd., Consultports, S.A. de C.V., ICTSI South Pacific Limited, Motukea International Terminal Limited, South Pacific International Container Terminal Limited, Operadora Portuaria Centroamericana S.A. de C.V., and Tungsten RE Ltd.

Mr. Sebastian started his professional career with SyCip Gorres Velayo & Co. (a member firm of Ernst & Young Global Limited) in 1984 and was admitted to the partnership in 1999. His expertise is in financial audits of publicly-listed companies in the telecommunications, port services, shipping, real estate, retail, power generation and distribution, manufacturing, media and entertainment industries. Mr. Sebastian is a member of the Auditing and Assurance Standards Council in the Philippines since 2015 representing the private industry.

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

**Publicly-listed Corporation*

Gigi Iluminada T. Miguel*, age 51, Filipino*

Ms. Miguel was appointed on May 2, 2018 as the Vice President and Treasurer of ICTSI*. Prior to such role, she was the Liability and Capital Director of ICTSI. Concurrently, she is also a Director of Pakistan International Container Terminal, Manila North Harbour Port, Inc. and a Director and Treasurer of Falconer Aircraft Management, Inc. Prior to joining ICTSI, she was already a seasoned banker, having been connected with China Banking Corporation.

Ms. Miguel received her Masters Degree in Business Administration from Ateneo Graduate School of Business, and is a graduate of BS Applied Mathematics from the University of the Philippines.

**Publicly-listed Corporation*

Sandy A. Alipio, *age 50, Filipino*

Mr. Alipio is the Vice President for Global Financial Controller of ICTSI* effective October 1, 2020. Before his current role, he was also the Chief Risk Officer and Vice President for Business Process, Strategy and Controls from March 6, 2019 up to September 30, 2020. Prior to this, he was Vice President for Audit and Compliance from February 2014 to March 2019.

He is currently a Director for ICTSI DR Congo S.A.

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

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

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

**Publicly-listed Corporation*

Caroline C. Causon*, age 43, Filipino*

Ms. Causon is the Vice President of Financial Management and Budget of the ICTSI* Group. She was appointed to the said position in April 2018. She is also currently a Director of Batumi International Container Terminal Ltd.

Prior to ICTSI, she handled various senior assurance and financial advisory roles at SyCip Gorres Velayo & Co. (a member firm of Ernst & Young Global Limited) and Manabat Sanagustin & Co. (a member firm of KPMG International).

Ms. Causon is a CFA Charterholder and a Certified Public Accountant. She graduated from the University of Santo Tomas with a degree in Bachelor of Science in Accountancy (Cum Laude) in 1999. She also attended the Management Development Program of the Asian Institute of Management in 2008.

**Publicly-listed Corporation*

Rafael T. Durian*, age 87, Filipino*

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

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

**Publicly-listed Corporation*

Silverio Benny J. Tan, *age 64, Filipino*

Atty. Tan is a partner in and was managing partner from 2013 to 2015, in the law firm of Picazo Buyco Tan Fider & Santos. He is a director and corporate secretary of Prime Strategic Holdings, Inc., Bravo International Port Holdings Inc., Alpha International Port Holdings Inc., Eiffle House Inc., Cyland Corp., OSA Industries Philippines Inc. and Negros Perfect Circles Food Corp. He is also a director of the following companies: Mapfre Insular Insurance Corporation, Celestial Corporation, Skywide Assets Ltd., Monte Oro Minerals (SL) Ltd., and Dress Line Holdings Inc. and its subsidiaries and affiliates. He is the corporate secretary of several companies including: Apex Mining Company Inc.*, Sureste Properties, Inc., Bloomberry Resorts and Hotels Inc., Bloomberry Resorts Corporation*, Lakeland Village Holdings Inc., Devoncourt Estates Inc., Monte Oro Resources & Energy Inc., and Pilipinas Golf Tournaments, Inc. He is the assistant corporate secretary of ICTSI*, International Container Terminal Holdings, Inc. and ICTSI Ltd., ICTSI Honduras Ltd. and a trustee and the auditor of the ICTSI Foundation, Inc.

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

**Publicly-listed Corporation*

Benjamin M. Gorospe III*, age 53, Filipino*

Atty. Gorospe was appointed as the Assistant Corporate Secretary of ICTSI* on September 17, 2013. He is also the Global Head for Tax and Regional Legal Manager for the Americas of ICTSI*. Atty. Gorospe is a Director and the Corporate Secretary of Davao Integrated Port & Stevedoring Services Corp., Mindanao International Container Terminal Services, Inc., Cordilla Properties Holdings, Inc.; the Assistant Secretary of International Container Terminal Holdings, Inc., Global Procurement Ltd., ICTSI Ltd., ICTSI Honduras Ltd. and ICTSI Georgia Corp.; a Corporate Secretary of Falconer Aircraft Management, Inc.; and a Director of ICTSI Far East Pte. Ltd., ICTSI South Asia Pte. Ltd., Tungsten RE Ltd.,and Consultports S.A. de C.V.

Atty. Gorospe joined ICTSI* in 2003 as a Tax Manager. Prior to this, he worked with the Tax Department of SyCip Gorres Velayo & Co. (a member firm of Ernst & Young Global Limited) for five years and with its Audit Department for one year.

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

**Publicly-listed Corporation*

<u>*Regional Heads and Global Corporate Officers for the ICTSI group of companies*</u>

***Anders Kjeldsen,** age 51, Danish*

Mr. Kjeldsen is the Senior Vice President, Regional Head - Latin America of the ICTSI* Group. Prior to joining ICTSI*, he served as Head of Latin America portfolio for APM Terminals until January 2017. Before moving to Latin America, he was appointed as portfolio Chief Operation Officer for Global Ports Investment PLC. (GPI, PLC.) in Russia for 3 years.

Mr. Kjeldsen is a director of Contecon Guayaquil S.A. and Tecon Suape S.A.; President of Tecplata S.A.; and Principal Member of Sociedad Puerto Industrial Aguadulce S.A.

Prior to his role in GPI PLC., Mr. Kjeldsen was CEO of APM Terminals West Med where he was responsible for a total of 5 million TEU capacity, being the business units in Algeciras and Tangier. He joined the A.P. Moller-Maersk Group in 1991. During the last 29 years, he worked in most disciplines of the container terminal industry. He has been involved in the Port industry in most parts of the world including Denmark, Germany, Netherlands, Spain and Russia.

Mr. Kjeldsen is an officer from the Danish Army and undertook several executive development programs at Wharton and IMD.

**Publicly-listed Corporation*

***Hans-Ole Madsen,** age 55, Danish*

Mr. Hans-Ole Madsen is the Senior Vice President, Regional Head - Europe and Middle East and Africa of the ICTSI* Group. Concurrently, he is the Chairman of ICTSI DR Congo S.A., Pakistan International Container Terminal Limited and Madagascar International Container Terminal Services, Ltd, a Deputy Chairman of Adriatic Gate Container Terminal; and a Director of the following ICTSI subsidiaries: Baltic Container Terminal Ltd., Batumi International Container Terminal LLC, Basra Gateway Terminal, Inc., ICTSI (M.E.) DMCC, ICTSI Middle East DMCC, ICTSI Nigeria, and Kribi Multipurpose Terminal SAS.

Mr. Madsen has more than 30 years of international experience within the port, shipping & logistic industry.

**Publicly-listed Corporation*

***Tico Wieske**, age 57, Dutch*

He is the Senior Vice President and Head of Global Commercial of the ICTSI* Group.

Mr. Wieske is a Director of Victoria International Container Terminal Limited and Yantai International Container Terminal Limited.

Before joining ICTSI*, he held various senior positions within APM Terminals including Global Head of Key Client Management Asia Carriers of APM Terminals based in Hongkong. And prior to this, Chief Commercial Officer APM Terminals for the Asia Pacific Region as well as Africa Middle India Sub-Continent region. He represented APM Terminals in various boards including, ACT Aqaba Container Terminal in Jordan, APMT Port of Bahrain, SAGT South Asia Gate Way Terminals in Colombo Sri Lanka, SETV Abidjan Ivory Coast, DIT Douala Cameron and MPS in Tema, Ghana.

Mr. Wieske started his career in shipping in the Netherlands before joining former Container Shipping Company Sea Land Service Inc. and earned his B.A. Economics degree in J. van Zwijndregt in Hague, the Netherlands.

**Publicly-listed Corporation*

Michael Robin Cruickshanks, *age 63, British*

Mr. Cruickshanks is the Vice President for Global Corporate Human Resources of the ICTSI* Group. Mr. Cruickshanks has extensive experience within the field of human resources in the industries of investment banking and logistics. Prior to ICTSI, Mr. Cruickshanks was the HR advisor to National Commercial Bank in Jeddah, Saudi Arabia. He also worked for global Swiss-based logistics company Panalpina World Transport in the role of Global Head of Compensation and Benefits, covering 16,000 plus employees in over 90 countries. Mr. Cruickshanks also held the position of Managing Director, Compensation and Benefits for the Dutch investment bank, Rabobank International. From 1993 - 1999, he was based in Madrid, Spain and New York, U.S.A. for Santander Investment to serve as Global Head of Compensation & Benefits as well as parallel generalists role supporting front line staff.

Mr. Cruickshanks holds a BSc (Honours) degree in Zoology from Newcastle University as well as Post-graduate Diploma in Business Information Technology.

**Publicly-listed Corporation*

Brian Mark Hibbert*, Age 53, British*

Mr. Hibbert was appointed as Chief Information Officer of the ICTSI* Group on October 1, 2018 after heading operational technology within the Group for several months. He is currently a Director for Victoria International Container Terminal Limited.

Prior to joining ICTSI, Brian served as Head of Operations Technology and Transformation Leader in a global capacity for APM Terminals and as Vice President of Product Management for web-based logistics start-up International Asset Systems, Inc. in Oakland, CA. USA. Brian also served in multiple leadership roles between 1995 to 2008 as a member of the original pioneering team that grew Navis LLC, a terminal systems provider, into the market leading position it maintains today.

Brian was educated in the United Kingdom at Palmers College and later studied Product Management and Marketing at Caltech in Pasadena, California. He graduated from the APM Terminals Magnum program held in conjunction with Esade of Barcelona in 2013.

**Publicly-listed Corporation*

Vivien F. Miñana*, age 56, Filipino*

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

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

**Publicly-listed Corporation*

***Nathan A. Clarke**, age 39, Australian*

Mr. Clarke is Vice President, Head of Global Engineering - Infrastructure and Project Delivery of the ICTSI* Group effective January 1, 2020.

Mr. Clarke joined ICTSI's Global Engineering team as a project manager in 2011 and has since held several positions including Regional Infrastructure Manager (Asia-Pacific) and Director of Port Planning. Prior to this, Mr. Clarke served with engineering consultancy firm AECOM Technologies, Inc. as a maritime engineer from 2004, working on numerous port projects around Australia and the Asia-Pacific region.

Mr. Clarke holds a Bachelor of Engineering (Project Engineering and Management) with 1st Class Honours from the University of Sydney, Australia, and is currently completing a Masters of Business Administration through Charles Sturt University, Australia.

**Publicly-listed Corporation*

***Johan Swart**, age 62, South African*

Mr. Swart is Vice President, Head of Global Engineering - Equipment Maintenance of the ICTSI* Group effective March 6, 2019.

Prior to his current role, Mr. Swart served as Vice President for Maintenance at Global Container Terminals in Canada. From 2008 to 2015, he was Head of Engineering at APM Terminals in Ghana and Nigeria. He also spent 30 years working for Transnet Port Terminals in Cape Town, holding several positions such as Container Crane Commissioning Electrician, Technical Assistant - Electrical Engineering Container Cranes, Senior Technical Supervisor - Electrical Engineering Container Lifting Equipment and Technical Manager - Electrical and Mechanical.

Mr. Swart holds a National Technical Certificate in Electrical Engineering.

**Publicly-listed Corporation*

The Directors of the Company are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting, and until their respective successors have been elected and qualified.

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

9.1 Significant Employees

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

9.2 Family Relationships

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

9.3 Involvement in Certain Legal Proceedings

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

Item 10. Executive Compensation

The aggregate compensation paid to the Chairman of the Board and President, and four (4) highest paid executive officers named below, as a group, for 2020 amounted to US$2.6 million (2019: US$2.5 million). The estimated amount of compensation expected to be paid in 2021 to the Chairman of the Board and President and four (4) highest paid executive officers as a group, amounted to US$2.7 million.

Name and Principal Position	Year	Salary	Bonus and Others[2]	Total[3]
Enrique K. Razon, Jr. *Chairman of the Board and President* Christian R. Gonzales[4] *Executive Vice President & Chief Risk Officer* Rafael D. Consing, Jr. *Senior Vice-President, Chief Financial Officer and Compliance Officer* Jose Joel M. Sebastian[5] *Senior Vice-President, Finance* Sandy A. Alipio[6] *Vice-President, Global Financial Controller* Gigi Iluminada T. Miguel *Vice-President and Treasurer*				
Chairman of the Board and President and four (4) highest paid executive officers, as a group	2021 (Estimate)	US$0.4M	US$2.3M	US$2.7M
	2020 (Actual)	0.4M	2.2M	2.6M
	2019 (Actual)	0.4M	2.1M	2.5M
All officers and Directors, as a group, Unnamed[1]	2021 (Estimate)	1.4M	8.4M	9.8M
	2020 (Actual)	1.6M	8.4M	10.0M
	2019 (Actual)	1.6M	8.0M	9.6M

[1]*Including four (4) highest paid executive officers*

[2]*Mainly includes non-cash compensation based on Stock Incentive Plan paid out of the allocated Treasury Shares of ICTSI*

[3]*Includes total compensation paid in the Philippines by the registrant and its subsidiaries*

[4]*Promoted as Executive Vice President of ICTSI effective March 20, 2020*

[5]*Retired effective October 1, 2020*

[6]*Appointed to the new position effective October 1, 2020*

The members of the Board of Directors receive directors' fees as compensation in accordance with the Company's By-Laws. There are no material terms of any other arrangements or contracts where any director of ICTSI was compensated or is to be compensated, directly or indirectly, in 2019, 2020 or in the coming year, for any service provided as a director.

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

There are no existing compensatory plans or arrangements, including payments to be received from ICTSI by any named executive officer from a change-in-control of the Company, except for the automatic vesting of awarded shares under the Stock Incentive Plan referred to below.

Certain officers were granted awards under the Stock Incentive Plan (SIP) in 2018, 2019 and 2020. Discussion on the SIP is further disclosed in Note 20, *Share-based Payment Plan*, to the Annual Audited Consolidated Financial Statements.

Item 11. Security Ownership of Certain Beneficial Owners and Management

11.1 Security Ownership of Certain Record and Beneficial Owners

The following are known to the registrant to be directly or indirectly the record or beneficial owner of the more than five (5) percent of registrant's voting securities as of December 31, 2020:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage*
Common	PCD Nominee Corporation (Non-Filipino) 6764 Ayala Ave, Legazpi Village, Makati, Metro Manila	Deutsche Bank Manila - Clients' Acct. - Four/NEO 31st St. cor. 4th Ave. E-Square Zone, Crescent Park West, Bonifacio Global City, Taguig City, Metro Manila Represented by Michelle Mabansag, Head of Global Securities Operations, only holds a legal title as custodian in favor of various clients, and is not the beneficial owner of the lodged shares.	Foreign	267,970,564	9.76%
Common	PCD Nominee Corporation (Non-Filipino) 6764 Ayala Ave, Legazpi Village, Makati, Metro Manila	The Hongkong & Shanghai Banking Corp. Ltd. – Clients' Acct. - 4/F HSBC Centre 3058 Fifth Avenue, West Bonifacio Global City, Taguig, Metro Manila Represented by Maris Flores, Senior Vice President and Head, HSBC Securities Services and Kathy Dela Torre, Senior Vice President Client Services, only hold legal title as custodian in favor of various clients, and is not the beneficial owner of the lodged shares.	Foreign	257,931,651	9.39%
Common	PCD Nominee Corporation (Filipino) 6764 Ayala Ave, Legazpi Village, Makati, Metro Manila	AB Capital Securities, Inc., Units 1911-1912, 19/F, PSE Tower, 5th Avenue corner 28th St., Bonifacio Global City, Taguig, Metro Manila Represented by Lamberto M. Santos, President; Ericsson C. Wee, First Vice, President;, only hold legal title as custodian in favor of various clients, and is not the beneficial owner of the lodged shares.	Filipino	491,115,047	17.88%
Common	Bravo International Port Holdings, Inc. 104 H.V. dela Costa St., 17-19 Floors Liberty Center Salcedo Village, Makati, Metro Manila	Bravo International Port Holdings, Inc. represented by Enrique K. Razon, Jr., its President	Filipino	279,675,000	10.18%
Preferred B	Achillion Holdings, Inc. 104 H.V. dela Costa St., 17-19 Floors Liberty Center Salcedo Village, Makati, Metro Manila	Achillion Holdings, Inc. represented by Enrique K. Razon, Jr., its President	Filipino	700,000,000	25.49%

** Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shares of 2,746,570,709 (which excludes treasury shares) as of December 31, 2020.*

11.2 Security Ownership of Management as of December 31, 2020

Title of Class	Name	Number of shares and nature of beneficial ownership		Citizenship	Percentage [1]
Common & Preferred B	Enrique K. Razon, Jr.[2]	1,682,230,747	Direct & Indirect	Filipino	61.25%[3]
Common	Stephen A. Paradies	4,346,603	Direct	Filipino	0.16%
Common	Jose C. Ibazeta	2,347,650	Direct	Filipino	0.09%
Common	Andres Soriano III	650,481	Direct & Indirect	American	0.02%
Common	Octavio Victor R. Espiritu	300,000	Direct	Filipino	0.01%
Common	Silverio Benny J. Tan	273,000	Direct	Filipino	0.01%
Common	Joseph R. Higdon	156,000	Direct	American	0.01%
Common	Christian R. Gonzalez	143,426	Direct	Filipino	0.01%
Common	Sandy A. Alipio	120,028	Direct	Filipino	0.00%
Common	Gigi Iluminada T. Miguel	47,326	Direct	Filipino	0.00%
Common	Benjamin M. Gorospe III	37,004	Direct	Filipino	0.00%
Common	Caroline C. Causon	17,379	Direct	Filipino	0.00%
Common	Cesar Buenaventura	10,001	Direct	Filipino	0.00%
Common	Rafael T. Durian	1,000	Direct	Filipino	0.00%
Common	Rafael D. Consing, Jr.	0	-	Filipino	-

[1] *Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shares of 2,746,570,709 (which excludes treasury shares) as of December 31, 2020.*
[2] *Shares in the name of Enrique K. Razon, Jr. and Razon Group.*
[3] *The percentage ownership of Enrique K. Razon, Jr. and the Razon Group is at 61.33% if based on the total number of issued and outstanding common shares and preferred B voting shares of 2,742,770,709 (which excludes treasury shares and preferred A non-voting shares) as of December 31, 2020.*

11.3 Voting Trust Holders of 5% or More

None

11.4 Changes in Control

None

Item 12. Certain Relationships and Related Transactions

Transactions with Related Parties

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

Related Party	Relationship	Nature of Transaction	2018 Amount	2018 Outstanding Receivable (Payable) Balance	2019 Amount	2019 Outstanding Receivable (Payable) Balance	**2020 Amount**	**2020 Outstanding Receivable (Payable) Balance**
					(In Millions)			
ICBV								
SPIA	Joint venture	Interest-bearing loans [i]	US$2.80	US$–	US$–	US$–	**US$–**	**US$–**
		Interest income (converted into interest-bearing loan) [i]	13.35	–	–	–	**–**	**–**
		Interest receivable [i]	14.35	–	–	–	**–**	**–**
SPIA Spain S.L.								
SPIA	Joint venture	Interest-bearing loans [i]	(1.29)	270.99	(103.21)	167.78	**(7.24)**	**160.54**
		Interest income (converted into interest-bearing loan) [i]	4.41	53.26	(29.94)	43.36	**4.82**	**55.42**
		Interest receivable [i]	4.95	9.73	16.69	6.37	**13.12**	**6.68**
YICT								
YPH	Non-controlling shareholder	Port fees [ii]	0.32	0.15	0.18	–	**0.02**	**–**
		Trade transactions [iii]	0.87	(0.07)	0.01	–	**(0.70)**	**(0.03)**
YPHT	Common shareholder	Outsourced services[iv]	–	–	–	–	**1.10**	**1.17**
YPG	Common shareholder	Port fees [ii]	3.86	0.90	2.86	0.55	**2.63**	**1.00**
		Trade transactions [iii]	1.74	(0.20)	1.24	(0.02)	**(1.54)**	**(0.01)**
SCIPSI								
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.19	(0.02)	0.18	(0.02)	**0.19**	**(0.04)**
AGCT								
Luka Rijeka D.D. (Luka Rijeka)	Non-controlling shareholder	Provision of services [v]	0.32	(0.03)	0.44	(0.04)	**0.44**	**–**
PICT								
Premier Mercantile Services (Private) Limited	Common Shareholder	Stevedoring and storage charges [vi]	2.09	(0.01)	2.22	(0.12)	**2.74**	**(0.19)**
		Container handling revenue [vi]	–	–	0.04	0.01	**0.11**	**0.02**
Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited	Common shareholder	Container handling revenue [vii]	0.13	–	0.22	0.01	**0.06**	**–**
LGICT								
NCT Transnational Corp.	Non-controlling shareholder	Management fees	0.45	(0.03)	0.48	(0.10)	**0.49**	**(0.22)**
		Maintenance and repairs	0.13	(0.02)	0.13	(0.04)	**0.05**	**(0.04)**
		Trade transactions	–	–	–	–	**0.02**	**(0.01)**
BIPI								
Atlantic Gulf and Pacific Co. of Manila, Inc. (AG&P)	Common shareholder	Rent expense	0.09	(0.03)	0.07	(0.03)	–	–
		Utilities	0.03	(0.01)	0.03	–	–	–
IDRC								
Ledya SARL	Non-controlling shareholder	Management fees	1.43	(0.53)	2.39	–	**2.26**	**(0.61)**
Parent Company								
Prime Metro BMD Corporation	Common shareholder	Construction services [viii]	4.73	5.73	35.10	(1.01)	**21.85**	**(1.99)**
		Dredging services [viii]	1.41	0.40	2.60	–	**5.36**	**–**
		Sublease[ix]	0.21	0.06	0.38	0.18	**0.32**	**0.08**

Related Party	Relationship	Nature of Transaction	2018 Amount	2018 Outstanding Receivable (Payable) Balance	2019 Amount	2019 Outstanding Receivable (Payable) Balance	**2020 Amount**	**2020 Outstanding Receivable (Payable) Balance**
					(In Millions)			
Prime Metro Power Holdings Corporation	Common shareholder	Reimbursement of operating expenses	0.04	0.04	0.03	0.01	**0.05**	**0.04**
		Sublease(ix)	–	–	0.09	0.04	**0.08**	**–**
Prime Metro Infrasturcture Holdings Corporation	Common shareholder	Reimbursement of operating expenses	–	–	0.07	–	–	–
		Sublease(ix)	–	–	0.09	0.04	**0.08**	**(0.01)**
FAMI	Joint Venture	Reimbursement of operating expenses	0.02	0.02	0.02	0.01	**0.13**	**(0.01)**
		Management fees	–	–	0.09	(0.02)	**0.87**	**0.19**
CGT								
Prime Metro BMD Corporation	Common shareholder	Contract administration and site management services (x)	0.61	(0.25)	0.16	(0.04)	**0.11**	**–**

(i) On October 1, 2018, ICBV assigned to SPIA Spain S.L. all its outstanding interest-bearing loans, including interest converted into 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, rental and other transactions paid by YICT to YPH and YPG.

(iv) Starting October 2020 and for a period of two years, YPHT outsources its domestic container terminal business to YICT.

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

(vi) 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.

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

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

(ix) 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.

(x) CGT has entered into contract with Prime Metro BMD Corporation for contract administration and site management services.

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

Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2018, 2019 and 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

PART V – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Compliance with Leading Practice on Corporate Governance

The Group continues to uphold principles and policies embodied in its Manual on Corporate Governance (CG Manual) which is available in the Group website. First adopted in 2013 and revised and submitted to the Philippine government through the Securities and Exchange Commission (SEC) in 2017 pursuant to SEC Memorandum Circular No. 19-2016 (or the Code of Corporate Governance for Publicly Listed Companies), the CG Manual serves as the framework of rules, systems and processes that governs the performance of the Board of Directors and Management and especially outlines their duties and responsibilities to stockholders. Last January 29, 2021, the Company, through its Compliance Officer, Mr. Rafael D. Consing, Jr., submitted a Certificate attesting to its full compliance with the objectives set forth in the CG Manual. The Company has not deviated from its CG Manual and further commits itself to principles and best practices of governance in the attainment of corporate goals.

The Group also complies with the annual submission of the SEC Integrated Annual Corporate Governance Report ("IACGR") which is a tool for disclosure by a publicly listed company (PLC) of its compliance or non-compliance with the SEC's recommendations in the Code of Corporate Governance for PLCs. Additionally, the Group also provides responses to the ASEAN Corporate Governance Scorecard ("ACGS") to benchmark against global standards on good corporate governance. Further supporting this quest for growth, the Group also consistently publishes a Corporate Governance Report as a component of the ICTSI Annual Report ever since its maiden report in 2013.

In line with its Purpose "to make ports around the world a driver for positive and sustainable growth," the Company established in 2020 an Environmental, Social and Governance (ESG) Sub-Committee under the Corporate Governance Committee. The ESG Sub-Committee is responsible for formulating policies and implementing programs which aim to develop and operate efficient and sustainable port facilities and deliver the highest possible benefits to Group's customers, partners, people, shareholders, and to the communities it serves.

Committed to enhance its Corporate Governance thrusts despite the challenges brought by the COVID-19 pandemic, the Group held the sixth in-house Advanced Corporate Governance Training last December 4, 2020, the first to be held virtually. With the pandemic still rearing its ugly head on the economy, raising unprecedented challenges for companies all over the world – the main topic centered on Risk Management in the Age of COVID-19 – and what can boards do to meet their corporate governance responsibilities and navigate uncharted and turbulent waters. ICTSI Board of Directors, led by Chairman Enrique K. Razon Jr., and Executive Officers, including Mr. Christian R. Gonzalez, Executive Vice President and Chief Risk Officer, Mr. Rafael D. Consing, Jr., Compliance Officer, Ms. Catherine R. Castro, Director, Head of Audit and Compliance, and Corporate Secretaries attended the training facilitated by the Institute of Corporate Directors. The appointments of Mr. Gonzalez as Chief Risk Officer and Ms. Castro as Head of Audit and Compliance were made last October 1, 2020.

In compliance with Section 52 of Revised Corporation Code and SEC Memorandum Circular No. 06-2020, the Group has adopted a policy on the attendance and participation of Directors and stockholders in regular and special meetings through teleconferencing, videoconferencing and other remote or electronic means of communication. On June 18, 2020, the Group held its first virtual Annual Stockholders Meeting through https://ictsi.com/2020asm.

To determine and measure the effectiveness of the Board and its compliance with the CG Manual, the Board of Directors has adopted a standard Board Self-Assessment System. The annual assessment covers the performance of the Board, the Chairman, each Director and each Board Committee. Following the recommendation both under the SEC IACGR and the ACGS, the Group commits to engage the services of an external facilitator every three years to evaluate and support the results of the self-assessments. For this purpose, in 2020, the Group engaged the services of the Good Governance Advocates and Practitioners to perform the evaluation.

The Group also prioritizes healthy external relations. Through the Investor's Relations Office, the Group effectively communicates and relates with all its stockholders as well as all stakeholders.

PART VI – EXHIBITS AND SCHEDULES

Item 14. Reports on SEC Form 17-C

The following is a summary of submissions of SEC Form 17-C filed during the year 2020:

Date Filed	Particulars
Jan 15, 2020	Change in Number of Issued and Outstanding Shares
Feb 17, 2020	SPICTL entered into agreements with local communities - Ahi and Labu
Feb 18, 2020	Notice of Annual Stockholders' Meeting
Feb 24, 2020	FY 2019 Investors' Briefing Notice
Mar 02, 2020	[Amend-1]Notice of Annual Stockholders' Meeting
Mar 05, 2020	Full Year 2019 Earnings Release
Mar 09, 2020	ICTSI Oregon Inc.'s statement on ILWU's post-verdict motions
Mar 10, 2020	Change in Number of Issued and Outstanding Shares
Mar 11, 2020	Acquisition of Issuer's shares by ICTSI Warehousing, Inc.
Mar 13, 2020	Acquisition of Issuer's shares by ICTSI Warehousing, Inc.
Mar 16, 2020	Acquisition of Issuer's shares by ICTSI Warehousing, Inc.
Mar 16, 2020	ICTSI Fully operational while focused on COVID-19 prevention
Mar 18, 2020	Acquisition of Issuer's shares by IWI Container Terminal Holdings, Inc. (formerly ICTSI Warehousing, Inc.)
Mar 20, 2020	Declaration of Cash Dividends
Mar 20, 2020	Postponement of Annual Stockholders' Meeting
Mar 20, 2020	[Amend-2]Notice of Annual Stockholders' Meeting (new date: May 21, 2020)
Mar 20, 2020	Promotion of Christian R. Gonzalez as Executive Vice President
Apr 17, 2020	Payment of Cash Dividends
Apr 22, 2020	[Amend-1]Postponement of Annual Stockholders' Meeting
Apr 22, 2020	[Amend-3]Notice of Annual Stockholders' Meeting (new date: June 18, 2020)
Apr 24, 2020	Clarification of News Report: "ICTSI cuts spending budget due to COVID"
Apr 30, 2020	1Q 2020 Investors' Briefing Notice
May 07, 2020	1Q 2020 Earnings Release
May 22, 2020	Notice of 2020 Annual Stockholders' Meeting with Virtual ASM Procedure
Jun 09, 2020	ICTSI Announces Appointment of Deal Managers for Senior Note Fund Raising Exercise
Jun 11, 2020	ICTSI Announces the Terms and Conditions of New Senior Notes
Jun 18, 2020	Results of the Annual Stockholders' Meeting
Jun 18, 2020	Results of Organizational Meeting of Board of Directors
Jul 06, 2020	ICTSI Announces Tender Offer Relating to Senior Guaranteed Perpetual Securities of Royal Capital B.V. and Guarantee of New Senior Perpetual Securities
Jul 08, 2020	ICTSI Announces the Terms and Conditions of New Senior Perpetual Capital Securities of its Subsidiary Royal Capital B.V.
Jul 16, 2020	ICTSI Announces Results of the Tender Offer Relating to Its Subsidiary's Perpetual Capital Securities and Extension of Offer Period
Jul 22, 2020	Acquisition of Issuer's shares by IWI Container Terminal Holdings, Inc.
Jul 23, 2020	Acquisition of Issuer's shares by IWI Container Terminal Holdings, Inc.
Jul 24, 2020	Acquisition of Issuer's shares by IWI Container Terminal Holdings, Inc.
Jul 24, 2020	2Q 2020 Investors' Briefing Notice
Jul 28, 2020	Acquisition of Issuer's shares by IWI Container Terminal Holdings, Inc.
Jul 28, 2020	Signing of Kribi Multi-Purpose Terminal Concession Contract

Date Filed	Particulars
Aug 06, 2020	2Q 2020 Earnings Release
Sep 29, 2020	Retirement and Change in Designation of Key Officers
Oct 02, 2020	Kribi Multipurpose Terminal Start of Operations
Oct 15, 2020	Change in Number of Issued and/or Outstanding Shares
Oct 27, 2020	3Q 2020 Investors' Briefing Notice
Nov 04, 2020	3Q 2020 Earnings Release
Nov 25, 2020	ICTSI Announces Placement of Treasury Shares
Nov 26, 2020	[Amend-1] ICTSI Announces Placement of Treasury Shares
Dec 17, 2020	PPA Administrative Orders on the Prescribed Empty Container Handling Fees and Storage Fees
Dec 21, 2020	[Amend-1] PPA Administrative Orders on the Prescribed Empty Container Handling Fees and Storage Fees

Note: Unless otherwise indicated, no financial statements were filed with the above reports.

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer, thereunto duly authorized, in the City of Manila on March 2, 2021.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.
Issuer

Pursuant to the requirements of the Securities Regulation Code, this annual report has been signed by the following persons in the capacities and on the dates indicated.

By:

Enrique K. Razon, Jr.
Chairman and President

Date: March 2, 2021

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

Date: March 2, 2021

Sandy A. Alipio

Sandy A. Alipio
Vice President, Global Financial
Controller

Date: March 2, 2021

Benjamin M. Gorospe III
Asst. Corporate Secretary

Date: March 2, 2021

SUBSCRIBED AND SWORN to before me this 2nd day of March 2021 affiants personally appeared before me, exhibiting to me their respective government issued identification cards with photographs as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Enrique K. Razon, Jr.	P6820100A	19 April 2018	Manila
Rafael D. Consing, Jr.	P0706112B	18 February 2019	Manila
Sandy A. Alipio	P9263478A	23 October 2018	Manila
Benjamin M. Gorospe III	P0034218A	24 August 2016	Manila

Doc. No. 578
Page No. 109
Book No. 12
Series of 2021.

ATTY. PEDRO D. GENATO
Notary Public Until Dec. 31, 2021
Notarial Commission 2020 044 Mla.
IBP # 092833 Pasig – 10-7-2019
PTR # 9823043 Mla. 1-4-2021
Roll # 12088, TIN # 132-436-687
MCLE Compl. No. VI- 0021170 until 4-14-2022

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

ISO 9001:2008 and ISO 14001:2004 certified

International Container Terminal Services, Inc.

EXCELLENCE UNCONTAINED

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of International Container Terminal Services, Inc. (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as of and for the years ended December 31, 2018, 2019 and 2020, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders, have audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders have expressed their opinion on the fairness of presentation upon completion of such audit.

Enrique K. Razon, Jr.	Rafael D. Consing, Jr.	Sandy A. Alipio
Chairman and President	Senior Vice-President and Chief Financial Officer	Vice President, Global Financial Controller

Signed this 2nd day of March 2021.

SUBSCRIBED AND SWORN to before me this 2nd day of March 2021 affiants personally appeared before me, exhibiting to me their respective government issued identification cards with photographs as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Enrique K. Razon, Jr.	P6820100A	19 April 2018	Manila
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Sandy A. Alipio	P9263478A	23 October 2018	Manila

Doc. No. 537
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Book No. 12
Series of 2021.

ATTY PEDRO D. GENATO
Notary Public Until Dec. 31, 2021
Notarial Commission 2020 044 Mla.
IBP # 092833 Pasig – 10-7-2019
PTR # 9823043 Mla. 1-4-2021
Roll # 12088, TIN # 132-436-687
MCLE Compl. No. VI- 0021170 until 4-14-202

ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road, Port of Manila
Manila 1012, Philippines
Telephone: 63 2 / 245 4101
Facsimile: 63 2 / 245 2245
Email: info@ictsi.com
URL: www.ictsi.com

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
International Container Terminal Services, Inc.
ICTSI Administration Building, Manila International
Container Terminal South Access Road, Manila

Opinion

We have audited the consolidated financial statements of International Container Terminal Services, Inc. (ICTSI) and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2018, 2019 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, 2019 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment Testing of Goodwill and Nonfinancial Assets with Impairment Indicators

Under PFRSs, the Group is required to annually perform an impairment test of the carrying amounts of goodwill and intangible assets not yet available for use. When indicators of impairment exist, the Group is also required to test for impairment its nonfinancial assets. The impairment testing is significant to our audit because the balance of goodwill and nonfinancial assets with impairment indicators of certain subsidiaries aggregating to US$450.2 million as of December 31, 2020 is material to the consolidated financial statements. In addition, management's assessment process involves significant judgment and estimation based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic. These assumptions used in the forecasted free cash flows include forecasted revenue growth, earnings before interest, tax, depreciation and amortization (EBITDA) margins at the cash-generating unit (CGU) level, capital expenditures and weighted average cost of capital, which are also affected by market or economic conditions in the country where the CGU operates.

The Group's disclosures about the impairment testing of goodwill and other nonfinancial assets are included in Notes 3 and 11 to the consolidated financial statements.

Audit Response

We involved our internal specialist to assist us in evaluating the assumptions and methodologies used by the Group in its value-in-use calculations. These assumptions used in the forecasted free cash flow, include revenue growth, EBITDA margins at the CGU level, capital expenditures and weighted average cost of capital. We reviewed the basis and assumptions for estimates of free cash flows, particularly those relating to the forecasted revenue growth and EBITDA margins at the CGU level, by comparing against historical performance of the CGU, or comparable country, regional or global market data or against the historical performance of other subsidiaries of the Group in the region, taking into consideration in all cases, the impact associated with coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of the goodwill and other nonfinancial assets.

Recognition and Measurement of Deferred Income Taxes

The Group operates port terminals in nineteen (19) countries through several domestic and foreign subsidiaries that are governed by varying and complex income tax laws and regulations. Accordingly, management's assessment process for the recognition and measurement of deferred tax assets and liabilities involves the exercise of significant judgments and estimates based on the use of assumptions that are sensitive to future market or economic conditions as well as the forecasted performance of the relevant subsidiaries in the Group. The estimation uncertainty increased due to the effect of the coronavirus pandemic on the macroeconomic factors used in developing the assumptions. As of December 31, 2020, the Group recognized deferred tax assets amounting to US$342.8 million and deferred tax liabilities amounting to US$159.0 million. Meanwhile, deferred tax liabilities have not been recognized for undistributed cumulative earnings amounting to US$1,579.1 million as of December 31, 2020 because the Parent Company has control over the distribution of these earnings.

The Group's disclosure about deferred tax assets and liabilities are included in Notes 3 and 22 to the consolidated financial statements.

Audit Response

We involved our internal specialists in the countries where the Group's port terminals are located to review management's recognition and calculations of deferred tax. We reviewed the management's assessment on the availability of future taxable income in reference to financial forecast and tax strategies to support the realizability of the amounts recognized. We evaluated management's forecast by comparing revenue growth and EBITDA margins. We reviewed the basis and assumptions for estimates of free cash flows, in particular those relating to the forecasted revenue growth and EBITDA margins, which we compared against historical performance and available comparable market data, taking into consideration the impact associated with coronavirus pandemic. We also reviewed the timing of the reversal of future taxable and deductible temporary differences. We also tested the significant consolidation adjustments related to deferred taxes arising from capitalization of borrowing costs at the consolidated level and fair value adjustments arising from business combination, among others. We also reviewed the basis for non-recognition of deferred tax liabilities on undistributed cumulative earnings of certain subsidiaries by reviewing the historical and forecasted dividend declaration made by those subsidiaries.

Accounting for the New Concession Agreement in 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 28, 2020, the 25-year concession contract was officially signed by Kribi Multipurpose Terminal (KMT), a Cameroonian subsidiary of ICTSI, and PAK. This matter is significant to our audit because the accounting for the concession contract under IFRIC 12, *Service Concession Arrangements*, includes judgments and estimates.

The disclosures related to the new concession agreement of KMT with PAK are included in Note 25.17 to the consolidated financial statements.

Audit Response

We obtained a copy of the concession agreement and management's assessment on the applicability of IFRIC 12. We reviewed the assessment made by management against the relevant terms of the concession agreement and the scoping requirements of IFRIC 12. We reviewed the calculation of the present value of concession fees, which includes inputs such as the discount rate, the timing of payment and the amount of concession fees. We reviewed the discount rate against market data at the commencement date of the concession agreement, considering the terms of the concession. We agreed the timing of the payment and the amount of concession fees with the provision of the concession agreement. We reviewed the mathematical accuracy of the computation and the conversion of the resulting amount into US dollars.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2020 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20 IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2020, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Roel E. Lucas.

SYCIP GORRES VELAYO & CO.

Roel E. Lucas

Roel E. Lucas
Partner
CPA Certificate No. 98200
SEC Accreditation No. 1079-AR-3 (Group A),
October 17, 2019, valid until October 16, 2022
Tax Identification No. 191-180-015
BIR Accreditation No. 08-001998-095-2019,
November 7, 2019, valid until November 6, 2022
PTR No. 8534314, January 4, 2021, Makati City

March 2, 2021

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2018	December 31, 2019	**December 31, 2020**
ASSETS			
Noncurrent Assets			
Intangibles (Notes 1, 5, 16, 21 and 25)	US$1,897,114,521	US$2,101,978,670	**US$2,043,267,378**
Property and equipment (Notes 1, 6, 16, 21 and 25)	1,367,163,957	1,419,359,207	**1,414,070,941**
Right-of-use assets (Notes 1, 7 and 21)	590,803,123	575,598,262	**612,137,861**
Investment properties (Notes 8 and 21)	7,438,718	7,164,752	**7,004,636**
Investments in and advances to joint ventures and associate (Notes 1, 9 and 23)	381,234,014	443,218,451	**444,596,909**
Deferred tax assets (Notes 1, 3, 4 and 22)	328,864,421	321,374,611	**342,762,156**
Other noncurrent assets (Notes 1, 10, 11, 16, 21, 24, 25, 26 and 27)	207,416,320	413,789,197	**362,266,865**
Total Noncurrent Assets	4,780,035,074	5,282,483,150	**5,226,106,746**
Current Assets			
Cash and cash equivalents (Notes 1, 12, 27 and 28)	447,079,325	234,833,975	**734,831,780**
Receivables (Notes 1, 3, 13 and 28)	120,423,777	124,400,180	**129,332,074**
Spare parts and supplies (Notes 1 and 3)	34,045,427	37,064,763	**38,257,648**
Prepaid expenses and other current assets (Notes 1, 14, and 27)	71,890,779	72,095,443	**66,795,804**
Total Current Assets	673,439,308	468,394,361	**969,217,306**
	US$5,453,474,382	US$5,750,877,511	**US$6,195,324,052**

	December 31, 2018	December 31, 2019	**December 31, 2020**
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Capital stock:			
Preferred stock (Note 15)	US$236,222	US$236,222	**US$236,222**
Common stock (Note 15)	67,330,188	67,330,188	**67,330,188**
Additional paid-in capital (Notes 15 and 20)	549,381,676	549,379,899	**570,438,593**
Cost of shares held by subsidiaries (Note 15)	(74,261,595)	(74,261,595)	**(83,675,460)**
Treasury shares (Notes 15 and 20)	(58,112,070)	(83,012,573)	**(4,431,257)**
Excess of consideration over the carrying value of non-controlling interests acquired or disposed (Notes 1 and 15)	(142,555,041)	(146,647,844)	**(147,925,144)**
Retained earnings (Note 15)	460,110,831	300,951,814	**216,934,369**
Perpetual capital securities (Note 15)	1,153,615,197	1,018,513,566	**1,246,777,033**
Other comprehensive loss - net (Notes 3, 9, 10, 15, 24 and 27)	(173,308,549)	(162,581,447)	**(185,068,796)**
Total equity attributable to equity holders of the parent	1,782,436,859	1,469,908,230	**1,680,615,748**
Equity Attributable to Non-controlling Interests (Note 15)	165,503,658	164,618,113	**181,003,826**
Total Equity	1,947,940,517	1,634,526,343	**1,861,619,574**
Noncurrent Liabilities			
Long-term debt - net of current portion (Notes 5, 6, 16, 21 and 27)	1,220,486,951	1,427,513,249	**1,714,670,858**
Concession rights payable - net of current portion (Notes 1, 5, 21, 25 and 27)	530,665,958	651,656,837	**692,626,709**
Lease liabilities - net of current portion (Notes 1, 7, and 27)	1,128,776,410	1,169,717,011	**1,214,204,198**
Deferred tax liabilities (Notes 4 and 22)	147,574,028	164,249,595	**159,014,133**
Other noncurrent liabilities (Notes 17, 24 and 27)	32,348,582	48,126,164	**62,660,659**
Total Noncurrent Liabilities	3,059,851,929	3,461,262,856	**3,843,176,557**
Current Liabilities			
Loans payable (Notes 18 and 27)	35,718,397	–	**2,828,374**
Accounts payable and other current liabilities (Notes 17, 19, 21, 23 and 26)	307,918,845	347,600,024	**353,628,475**
Current portion of long-term debt (Notes 5, 6, 16, 21 and 27)	50,848,341	235,115,540	**49,807,882**
Current portion of concession rights payable (Notes 1, 5, 25 and 27)	10,603,454	9,083,671	**10,700,998**
Current portion of lease liabilities (Notes 1, 7, and 27)	8,370,713	19,458,157	**20,573,275**
Income tax payable (Notes 4 and 22)	31,606,706	39,292,454	**43,289,864**
Derivative liabilities (Notes 17 and 27)	615,480	4,538,466	**9,699,053**
Total Current Liabilities	445,681,936	655,088,312	**490,527,921**
Total Liabilities	3,505,533,865	4,116,351,168	**4,333,704,478**
	US$5,453,474,382	US$5,750,877,511	**US$6,195,324,052**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2018	2019	**2020**
INCOME			
Gross revenues from port operations (Notes 4 and 25)	US$1,385,784,747	US$1,481,411,618	**US$1,505,499,942**
Interest income (Notes 12 and 23)	24,088,787	22,763,877	**19,288,909**
Foreign exchange gain (Note 28)	3,577,036	13,125,990	**4,891,016**
Other income (Notes 1, 8, 17, 21 and 27)	28,291,483	12,954,057	**16,264,054**
	1,441,742,053	1,530,255,542	**1,545,943,921**
EXPENSES			
Port authorities' share in gross revenues (Notes 1, 7, 21, 23 and 25)	178,153,647	187,098,550	**175,038,140**
Manpower costs (Notes 20, 23 and 24)	217,153,639	230,009,047	**239,631,866**
Equipment and facilities-related expenses (Notes 7, 23 and 25)	110,737,487	109,444,655	**102,018,001**
Administrative and other operating expenses (Notes 7 and 23)	124,334,237	124,715,857	**111,983,408**
Depreciation and amortization (Notes 5, 6, 7 and 8)	225,975,590	234,964,577	**230,136,959**
Interest expense and financing charges on borrowings (Notes 16, 18, and 27)	101,309,642	108,201,028	**109,692,555**
Interest expense on concession rights payable (Note 5)	37,545,440	40,537,024	**52,870,044**
Interest expense on lease liabilities (Note 7)	103,486,069	102,439,467	**97,402,306**
Equity in net loss of joint ventures and an associate - net (Note 9)	22,222,236	19,747,127	**12,269,308**
Foreign exchange loss (Notes 28)	4,974,118	3,879,791	**9,128,357**
Impairment losses on goodwill and nonfinancial assets (Notes 3, 5, 10 and 11)	5,786,047	156,000,000	**180,306,901**
Other expenses (Notes 1, 16, 21, 22, 23, and 27)	21,486,067	19,789,965	**30,693,480**
	1,153,164,219	1,336,827,088	**1,351,171,325**
CONSTRUCTION REVENUE (EXPENSE) (Note 25)			
Construction revenue	104,799,461	136,781,814	**99,958,228**
Construction expense	(104,799,461)	(136,781,814)	**(99,958,228)**
	–	–	**–**
INCOME BEFORE INCOME TAX	288,577,834	193,428,454	**194,772,596**
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 22)			
Current	75,418,424	64,399,476	**78,733,601**
Deferred	(22,647,106)	(3,638,596)	**(23,604,229)**
	52,771,318	60,760,880	**55,129,372**
NET INCOME	US$235,806,516	US$132,667,574	**US$139,643,224**
Attributable To			
Equity holders of the parent	US$207,477,473	US$100,366,870	**US$101,764,236**
Non-controlling interests	28,329,043	32,300,704	**37,878,988**
	US$235,806,516	US$132,667,574	**US$139,643,224**
Earnings Per Share (Note 29)			
Basic	US$0.071	US$0.020	**US$0.020**
Diluted	0.071	0.020	**0.020**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2018	2019	**2020**
NET INCOME FOR THE YEAR	US$235,806,516	US$132,667,574	**US$139,643,224**
OTHER COMPREHENSIVE GAIN (LOSS)			
Items to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations' financial statements (Note 15)	(34,843,264)	18,007,340	**3,516,392**
Net change in unrealized mark-to-market values of derivatives (Notes 15 and 27)	(2,955,996)	(19,234,259)	**(21,893,133)**
Net unrealized mark-to-market gain (loss) on financial assets at FVOCI (Notes 10 and 15)	393,072	329,693	**(258,230)**
Share of other comprehensive gain (loss) of joint ventures (Notes 9 and 15)	(2,083,048)	4,737,990	**7,687,495**
Income tax relating to components of other comprehensive income (loss) (Note 27)	1,174,533	5,346,748	**(1,206,914)**
	(38,314,703)	9,187,512	**(12,154,390)**
Items not to be reclassified to profit or loss in subsequent periods			
Share of other comprehensive gain (loss) of joint ventures (Notes 9 and 15)	193,807	–	**(360,769)**
Actuarial losses on defined benefit plans - net of tax (Notes 15 and 24)	(159,390)	(1,615,082)	**(1,372,412)**
	34,417	(1,615,082)	**(1,733,181)**
	(38,280,286)	7,572,430	**(13,887,571)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	US$197,526,230	US$140,240,004	**US$125,755,653**
Attributable To			
Equity holders of the parent	US$181,716,885	US$111,093,972	**US$79,276,887**
Non-controlling interests	15,809,345	29,146,032	**46,478,766**
	US$197,526,230	US$140,240,004	**US$125,755,653**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020

	Attributable to Equity Holders of the Parent (Note 15)												
	Preferred Stock	Common Stock	Additional Paid-in Capital	Preferred Shares Held by a Subsidiary	Common Shares Held by a Subsidiary	Treasury Shares	Excess of Consideration over the Carrying Value of Non-controlling Interests acquired or disposed	Retained Earnings	Perpetual Capital Securities	Other Comprehensive Loss - net	Total	Attributable to Non-controlling Interests	Total Equity
Balance at January 1, 2018	US$236,222	US$67,330,188	US$547,852,934	(US$72,492,481)	(US$1,769,114)	(US$15,059,524)	(US$142,555,041)	US$410,531,310	US$761,341,287	(US$147,547,961)	US$1,407,867,820	US$164,638,013	US$1,572,505,833
Net income for the year	–	–	–	–	–	–	–	207,477,473	–	–	207,477,473	28,329,043	235,806,516
Other comprehensive loss (Note 15)	–	–	–	–	–	–	–	–	–	(25,760,588)	(25,760,588)	(12,519,698)	(38,280,286)
Total comprehensive income for the year (Note 15)	–	–	–	–	–	–	–	207,477,473	–	(25,760,588)	181,716,885	15,809,345	197,526,230
Issuance of perpetual capital securities (Note 15)	–	–	–	–	–	–	–	–	392,273,910	–	392,273,910	–	392,273,910
Cash dividends (Note 15)	–	–	–	–	–	–	–	(97,584,250)	–	–	(97,584,250)	(14,943,700)	(112,527,950)
Distributions on perpetual capital securities (Note 15)	–	–	–	–	–	–	–	(60,313,702)	–	–	(60,313,702)	–	(60,313,702)
Acquisition of ICTSI common shares (Note 15)	–	–	–	–	–	(45,329,627)	–	–	–	–	(45,329,627)	–	(45,329,627)
Share-based payments (Notes 15 and 20)	–	–	3,805,823	–	–	–	–	–	–	–	3,805,823	–	3,805,823
Issuance of treasury shares for share-based payments (Notes 15 and 20)	–	–	(2,277,081)	–	–	2,277,081	–	–	–	–	–	–	–
Balance at December 31, 2018	US$236,222	US$67,330,188	US$549,381,676	(US$72,492,481)	(US$1,769,114)	(US$58,112,070)	(US$142,555,041)	US$460,110,831	US$1,153,615,197	(US$173,308,549)	US$1,782,436,859	US$165,503,658	US$1,947,940,517
Balance at January 1, 2019	US$236,222	US$67,330,188	US$549,381,676	(US$72,492,481)	(US$1,769,114)	(US$58,112,070)	(US$142,555,041)	US$460,110,831	US$1,153,615,197	(US$173,308,549)	US$1,782,436,859	US$165,503,658	US$1,947,940,517
Net income for the year	–	–	–	–	–	–	–	100,366,870	–	-	100,366,870	32,300,704	132,667,574
Other comprehensive income (Note 15)	–	–	–	–	–	–	–	–	–	10,727,102	10,727,102	(3,154,672)	7,572,430
Total comprehensive income for the year (Note 15)	–	–	–	–	–	–	–	100,366,870	–	10,727,102	111,093,972	29,146,032	140,240,004
Cash dividends (Note 15)	–	–	–	–	–	–	–	(194,227,725)	–	–	(194,227,725)	(26,124,380)	(220,352,105)
Distributions on perpetual capital securities (Note 15)	–	–	–	–	–	–	–	(60,713,793)	–	–	(60,713,793)	–	(60,713,793)
Share-based payments (Note 20)	–	–	4,363,863	–	–	–	–	–	–	–	4,363,863	–	4,363,863
Issuance of treasury shares for share-based payments (Notes 15 and 20)	–	–	(4,365,640)	–	–	4,365,640	–	–	–	–	–	–	–
Purchase of treasury shares (Note 15)	–	–	–	–	–	(29,266,143)	–	–	–	–	(29,266,143)	–	(29,266,143)
Transactions with non-controlling interests (NCI):													
Acquisition of NCI in BIPI (Note 15.4)	–	–	–	–	–	–	(470,523)	–	–	–	(470,523)	(7,529,477)	(8,000,000)
Restructuring of SBITHI (Note 15.4)	–	–	–	–	–	–	152,559	–	–	–	152,559	(152,559)	–
Transfer of shares to NCI in MITL (Notes 1.2 and 15.4)	–	–	–	–	–	–	(3,774,839)	–	–	–	(3,774,839)	3,774,839	–
Redemption of perpetual capital securities (Note 15)	–	–	–	–	–	–	–	(4,584,369)	(135,101,631)	–	(139,686,000)	–	(139,686,000)
Balance at December 31, 2019	US$236,222	US$67,330,188	US$549,379,899	(US$72,492,481)	(US$1,769,114)	(US$83,012,573)	(US$146,647,844)	US$300,951,814	US$1,018,513,566	(US$162,581,447)	US$1,469,908,230	US$164,618,113	US$1,634,526,343
Balance at December 31, 2019	**US$236,222**	**US$67,330,188**	**US$549,379,899**	**(US$72,492,481)**	**(US$1,769,114)**	**(US$83,012,573)**	**(US$146,647,844)**	**US$300,951,814**	**US$1,018,513,566**	**(US$162,581,447)**	**US$1,469,908,230**	**US$164,618,113**	**US$1,634,526,343**
Net income for the year	–	–	–	–	–	–	–	**101,764,236**	–	–	**101,764,236**	**37,878,988**	**139,643,224**
Other comprehensive income (Note 15)	–	–	–	–	–	–	–	–	–	**(22,487,349)**	**(22,487,349)**	**8,599,778**	**(13,887,571)**
Total comprehensive income for the year (Note 15)	–	–	–	–	–	–	–	**101,764,236**	–	**(22,487,349)**	**79,276,887**	**46,478,766**	**125,755,653**
Cash dividends (Note 15)	–	–	–	–	–	–	–	**(130,039,722)**	–	–	**(130,039,722)**	**(38,067,058)**	**(168,106,780)**
Distributions on perpetual capital securities (Note 15)	–	–	–	–	–	–	–	**(54,519,221)**	–	–	**(54,519,221)**	–	**(54,519,221)**
Share-based payments (Note 20)	–	–	**4,214,999**	–	–	–	–	–	–	–	**4,214,999**	–	**4,214,999**
Issuance of treasury shares for share-based payments (Notes 15 and 20)	–	–	**(4,120,334)**	–	–	**4,120,334**	–	–	–	–	–	–	–
Sale of treasury shares (Note 15)	–	–	**20,964,029**	–	–	**74,460,982**	–	–	–	–	**95,425,011**	–	**95,425,011**
Acquisition of ICTSI shares by subsidiary (Note 15.3)	–	–	–	–	**(9,413,865)**	–	–	–	–	–	**(9,413,865)**	–	**(9,413,865)**
Transfer of shares to NCI in SPICTL (Notes 1.2 and 15.4)	–	–	–	–	–	–	**(1,277,300)**	–	–	–	**(1,277,300)**	**7,541,105**	**6,263,805**
Capital contribution of NCI	–	–	–	–	–	–	–	–	–	–	–	**432,900**	**432,900**
Issuance and exchange of perpetual capital securities (Note 15)	–	–	–	–	–	–	–	**(1,222,738)**	**228,263,467**	–	**227,040,729**	–	**227,040,729**
Balance at December 31, 2020	**US$236,222**	**US$67,330,188**	**US$570,438,593**	**(US$72,492,481)**	**(US$11,182,979)**	**(US$4,431,257)**	**(US$147,925,144)**	**US$216,934,369**	**US$1,246,777,033**	**(US$185,068,796)**	**US$1,680,615,748**	**US$181,003,826**	**US$1,861,619,574**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2018	2019	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	US$288,577,834	US$193,428,454	**US$194,772,596**
Adjustments for:			
Depreciation and amortization (Notes 5, 6, 7 and 8)	225,975,590	234,964,577	**230,136,959**
Interest expense on:			
Borrowings (Notes 16 and 18)	101,309,642	108,201,028	**109,692,555**
Concession rights payable (Note 5)	37,545,440	40,537,024	**52,870,044**
Lease liabilities (Note 7)	103,486,069	102,439,467	**97,402,306**
Loss (gain) on:			
Write-off of debt issuance costs and costs of securing a revolving credit facility due to cancellation (Notes 16 and 21)	7,034,590	2,737,326	**658,333**
Disposal of property and equipment - net (Note 21)	333,685	(118,749)	**122,041**
Equity in net loss of joint ventures and an associate - net (Note 9)	22,222,236	19,747,127	**12,269,308**
Impairment losses on goodwill and nonfinancial assets (Notes 5, 10 and 11)	5,786,047	156,000,000	**180,306,901**
Share-based payments (Notes 15 and 20)	3,905,795	4,236,787	**4,243,851**
Unrealized foreign exchange loss (gain)	226,052	(10,079,431)	**431,633**
Interest income (Notes 12 and 23)	(24,088,787)	(22,763,877)	**(19,288,909)**
Dividend income (Note 21)	(179,163)	(6,082)	**(3,062)**
Operating income before changes in working capital	772,135,030	829,323,651	**863,614,556**
Decrease (increase) in:			
Receivables	(12,054,160)	1,804,075	**(4,108,970)**
Prepaid expenses and other current assets	(7,794,919)	(22,392,890)	**2,097,494**
Spare parts and supplies	(230,603)	(1,595,010)	**(1,522,713)**
Increase in:			
Accounts payable and other current liabilities	16,107,996	4,235,651	**16,378,625**
Pension liabilities	549,752	3,659,895	**210,672**
Cash generated from operations	768,713,096	815,035,372	**876,669,664**
Income taxes paid	(72,926,146)	(56,193,659)	**(73,000,711)**
Net cash flows provided by operating activities	695,786,950	758,841,713	**803,668,953**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Intangible assets (Notes 5 and 25)	(171,939,604)	(164,088,221)	**(134,400,586)**
Property and equipment (Note 6)	(72,953,124)	(59,343,506)	**(49,765,899)**
Additional shares in joint ventures and an associate (Notes 1 and 9)	(2,338,207)	(50,238,787)	**(67,950)**
A subsidiary (Note 1)	–	(175,194,780)	**–**
Proceeds from disposal of property and equipment (Notes 6 and 21)	6,478,250	3,588,384	**216,715**
Interest received	5,638,814	8,067,122	**7,749,662**
Dividends received	179,163	6,082	**3,062**
Payments for concession rights	(45,106,484)	(18,168,198)	**(12,504,486)**
Decrease (increase) in:			
Other noncurrent assets	(45,520,033)	(211,173,601)	**(20,221,427)**
Advances to a joint venture	(2,338,682)	6,957,483	**5,290,734**
Net cash flows used in investing activities	(327,899,907)	(659,588,022)	**(203,700,175)**

(Forward)

	Years Ended December 31		
	2018	2019	**2020**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Long-term borrowings (Note 16)	US$61,637,183	US$712,390,058	**US$553,038,769**
Issuance of perpetual capital securities (Note 15)	392,273,910	–	–
Short-term borrowings (Note 18)	41,807,933	48,763	**292,890,675**
Sale of treasury shares (Note 15)	–	–	**95,425,011**
Issuance and exchange of perpetual capital securities (Note 15)	–	–	**227,040,729**
Payments of:			
Long-term borrowings (Note 16)	(208,758,152)	(326,291,565)	**(481,129,026)**
Lease liabilities	(4,046,066)	(8,349,175)	**(19,997,075)**
Interest on lease liabilities and concession rights payable	(86,882,442)	(90,007,837)	**(142,206,618)**
Interest on borrowings	(95,204,244)	(99,613,148)	**(106,154,932)**
Dividends (Note 15)	(114,731,592)	(215,499,171)	**(170,878,253)**
Short-term borrowings (Note 18)	(64,419,585)	(35,623,721)	**(290,000,000)**
Redemption of perpetual capital securities (Note 15)	–	(139,686,000)	–
Distributions on perpetual capital securities (Note 15)	(60,313,702)	(60,713,793)	**(54,519,221)**
Contribution from (acquisition of) non-controlling interests	–	(8,000,000)	**432,900**
Acquisition of ICTSI common shares (Note 15)	(45,329,627)	(29,266,143)	–
Acquisition of ICTSI shares by a subsidiary (Note 15)	–	–	**(9,413,865)**
Decrease in other noncurrent liabilities	(1,970,908)	(4,586,601)	**(1,745,281)**
Net cash flows used in financing activities	(185,937,292)	(305,198,333)	**(107,216,187)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(14,297,497)	(6,300,708)	**7,245,214**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	167,652,254	(212,245,350)	**499,997,805**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	279,427,071	447,079,325	**234,833,975**
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 12)	US$447,079,325	US$234,833,975	**US$734,831,780**

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

1.1 General

International Container Terminal Services, Inc. (ICTSI or the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on December 24, 1987. The registered office address of the Parent Company is ICTSI Administration Building, Manila International Container Terminal South Access Road, Manila. ICTSI's common shares are publicly traded in the Philippine Stock Exchange (PSE).

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors (the Board) on March 2, 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 March 2, 2021, the Group is involved in 32 terminal operations, including concessions and port development projects, in 19 countries worldwide. There are ten terminal operations in the Philippines (including an inland container terminal, a barge terminal and combined terminal operations in Subic), two each in Indonesia, Papua New Guinea (PNG) and Brazil, one each in China, Ecuador, Poland, Georgia, Madagascar, Croatia, Pakistan, Mexico, Honduras, Iraq, Argentina, Colombia, Democratic Republic (DR) of Congo, Australia and Cameroon; and an existing concession to construct, develop and operate a port in Tuxpan, Mexico.

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

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.

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 second 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. As at December 31, 2020, the empty container yard expansion was completed while development of the full container yard is ongoing.

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 a period of 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 commercial operations in the third quarter of 2018 while the rehabilitation works are expected to be completed in the second 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 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.

Port of Melbourne, Australia. On May 2, 2014, ICTSI, through its subsidiary in Australia, Victoria International Container Terminal Ltd. (VICT), signed a contract in Melbourne with Port of Melbourne Corporation (POMC) for the design, construction, commissioning, operation, maintaining and financing of the Webb Dock Container Terminal (Terminal) and Empty Container Park (ECP) at Webb Dock East (WDE) in the Port of Melbourne. The Contract grants VICT the rights to: (a) design, build and commission the new Terminal at berths WDE 4 and WDE 5, (b) design, build and commission the new ECP at WDE, and (c) operate the Terminal and ECP until June 30, 2040. Initially, VICT was 90% owned by ICTSI through ICTSI Far East Pte. Ltd. (IFEL), a wholly owned subsidiary, and 10% by Anglo Ports Pty Limited (Anglo Ports). On February 4, 2015, IFEL acquired the 10% non-controlling interest from Anglo Ports and became 100% owner of VICT. On January 7, 2016, IFEL's ownership interest in VICT was transferred to another subsidiary, ICTSI

Oceania B.V. (IOBV), making IOBV the new 100% owner of VICT.

Phase 1 of the Terminal and the ECP with capacities of 350,000 TEUs and 250,000 TEUs, respectively, commenced commercial operations in the second quarter of 2017. Phase 2 of the Terminal commenced commercial operations in the first quarter of 2018 and has increased the capacity to 1,000,000 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 at March 2, 2021, management is continuing to assess the long-term plans for the concession and the land.

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 continues 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. As at March 2, 2021, DIPPSCOR has not received a new hold-over authority.

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 continues 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. As at March 2, 2021, SCIPSI has not received a new hold-over authority.

Cavite Gateway Terminal, Philippines. On April 21, 2017, ICTSI, through its wholly owned subsidiary, Cavite Gateway Terminal (CGT), in partnership with the Philippine Department of Transportation, project launched the country's first container roll-on roll-off barge terminal in Tanza, Cavite. CGT will facilitate off-the-roads seaborn transport of containers between Port of Manila and Cavite and service industrial locators in Cavite area. CGT's barge terminal has an annual capacity of 115,000 TEUs, which is equivalent to 140,000 fewer truck trips on city roads each year. CGT formally commenced commercial operations in November 2018.

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.

Manila North Harbor, Philippines. On September 21, 2017, the Board of ICTSI granted the authority to acquire shares in Manila North Harbour Port, Inc. (MNHPI). On the same date, ICTSI signed a Share Purchase Agreement (SPA) with Petron Corporation for the acquisition of 10,449,000 MNHPI shares, representing 34.83% of the total issued and outstanding shares of MNHPI for a consideration of Php1.75 billion (US$33.8 million). The completion of the SPA was subject to several conditions, one of which was the approval of the acquisition by the PPA which was obtained on October 20, 2017. The SPA was completed on October 30, 2017. An additional investment cost of Php2.45 billion (US$47.3 million) was incurred in relation to this acquisition.

On September 5, 2018, ICTSI signed an SPA with Harbour Centre Port Terminal, Inc. (HCPTI) for the acquisition of 4,550,000 shares in MNHPI from HCPTI. The subject shares represent 15.17% of the total issued and outstanding shares of MNHPI. The consideration is Php910.0 million (US$17.3 million). The Philippine Competition Commission and the PPA approved the acquisition of shares on March 15, 2019 and April 26, 2019, respectively. With the approval of the PPA, ICTSI's shareholdings in MNHPI increased from 34.83% to 50% effective on April 26, 2019. An additional investment cost of Php2.7 billion (US$50.3 million) was incurred in relation to this acquisition. As a result, MNHPI became a joint venture of ICTSI.

Port of Port Sudan, Sudan. On January 3, 2019, ICTSI, through its wholly-owned subsidiary ICTSI Middle East DMCC, signed a Concession Agreement with the Sea Ports Corporation of Sudan (SPC) to operate, manage and develop the South Port Container Terminal (SPCT) at Port of the 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 Sudan'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 million (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 upfront fee of EUR410.0 million (US$470.2 million, the "Upfront Fee") and shown as part of "Other noncurrent assets" (see Note 10). 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 recently 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.

Port of Rio de Janeiro City, Federative Republic of 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 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 (see Note 25.4).

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.

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

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 will be 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.

1.3 Subsidiaries, Joint Ventures and Associates

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2018 Direct	2018 Indirect	2019 Direct	2019 Indirect	**2020 Direct**	**2020 Indirect**
Subsidiaries:									
Asia									
International Container Terminal Holdings, Inc. (ICTHI) and Subsidiaries	Cayman Islands	Holding Company	US Dollar	100.00	–	100.00	–	**100.00**	**–**
ICTSI Ltd.	Bermuda	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Mauritius Ltd.	Mauritius	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Aeolina Investments Limited	British Virgin Islands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Pakistan International Container Terminal (PICT)	Pakistan	Port Management	Pakistani Rupee	–	64.53	–	64.53	**–**	**64.53**
IFEL	Singapore	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
New Muara Container Terminal Services Sdn Bhd (NMCTS)	Brunei	Port Management	Brunei Dollar	–	100.00	–	100.00	**–**	**100.00**
PT ICTSI Jasa Prima Tbk (IJP) and Subsidiaries	Indonesia	Maritime infrastructure and logistics	US Dollar	–	80.16	–	80.16	**–**	**80.16**
PT PBM Olah Jasa Andal (OJA)	Indonesia	Port Management	US Dollar	–	80.16	–	80.16	**–**	**80.16**
PT Makassar Terminal Services, Inc. (MTS)	Indonesia	Port Management	Indonesian Rupiah	–	95.00	–	95.00	**–**	**95.00**
PT Container Terminal Systems Solutions Indonesia	Indonesia	Software Developer	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI (Hong Kong) Limited (IHKL)	Hong Kong	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Yantai International Container Terminals, Limited (YICT)	China	Port Management	Renminbi	–	51.00	–	51.00	**–**	**51.00**
Pentland International Holdings, Ltd.	British Virgin Islands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Georgia Corp. (IGC)	Cayman Islands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Global Procurement Ltd. (formerly ICTSI Poland)	Bermuda	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Honduras Ltd.	Bermuda	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Ltd. Regional Headquarters	Philippines	Regional Headquarters	Philippine Peso	–	100.00	–	100.00	**–**	**100.00**
International Container Terminal Services (India) Private Limited	India	Port Management	Indian Rupee	–	100.00	–	100.00	**–**	**100.00**
Container Terminal de Venezuela Conterven CA (CTVCC)	Venezuela	Holding Company	US Dollar	–	95.00	–	95.00	**–**	**95.00**
Australian International Container Terminals Limited (AICTL)	Australia	Port Management	Australian Dollar	–	70.00	–	70.00	**–**	**70.00**
Mindanao International Container Terminal Services, Inc. (MICTSI)	Philippines	Port Management	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
Abbotsford Holdings, Inc.	Philippines	Holding Company	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
Hijo International Port Services, Inc. (HIPS)	Philippines	Port Management	Philippine Peso	–	65.00	–	65.00	**–**	**65.00**
DIPSSCOR	Philippines	Port Management	Philippine Peso	–	96.95	–	96.95	**–**	**96.95**
IWI Container Terminal Holdings, Inc. (IWI CTHI, formerly ICTSI Warehousing, Inc.)	Philippines	Warehousing	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
IW Cargo Handlers, Inc.	Philippines	Port Equipment Rental	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Container Terminal Systems Solutions Philippines, Inc.	Philippines	Software Developer	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Bauan International Port, Inc. (BIPI)	Philippines	Port Management	Philippine Peso	–	60.00	–	80.00	**–**	**80.00**
Prime Staffing and Selection Bureau, Inc.	Philippines	Manpower Recruitment	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
ICTSI Subic, Inc. (ICTSI Subic)	Philippines	Port Management	US Dollar	100.00	–	–	90.50	**–**	**90.50**
Subic Bay International Terminal Holdings, Inc. (SBITHI)	Philippines	Holding Company	US Dollar	83.33	–	90.50	–	**90.50**	**–**
Subic Bay International Terminal Corporation (SBITC)	Philippines	Port Management	US Dollar	–	83.33	–	90.50	**–**	**90.50**
Cordilla Properties Holdings, Inc.	Philippines	Holding Company	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
SCIPSI	Philippines	Port Management	Philippine Peso	35.82	14.41	35.82	14.41	**35.82**	**14.41**

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2018 Direct	2018 Indirect	2019 Direct	2019 Indirect	**2020 Direct**	**2020 Indirect**
ICTSI Dubai	United Arab Emirates	BDO	US Dollar	100.00	–	100.00	–	**100.00**	**–**
ICTSI Capital B.V. (ICBV)	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Icon Logistiek B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Royal Capital B.V. (RCBV)	The Netherlands	Holding Company	US Dollar	–	75.00	–	75.00	**–**	**75.00**
ICTSI Cooperatief	The Netherlands	Holding Company	US Dollar	1.00	99.00	1.00	99.00	**1.00**	**99.00**
Global Container Capital, B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Treasury B.V. (ITBV)	The Netherlands	Holding Company	US Dollar	–	75.00	–	75.00	**–**	**75.00**
ICTSI Americas B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Africa B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Sudan B.V. (formerly ICTSI Cameroon B.V.)	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
CMSA B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Tecplata B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
SPIA Colombia B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
TSSA B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
CGSA B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
SPIA Spain S.L.	Spain	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
CGSA Transportadora S.L.	Spain	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Crixus Limited	British Virgin Islands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
VICT	Australia	Port Management	Australian Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Tuxpan B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Global Finance B.V. (IGFBV)	The Netherlands	Holding Company	US Dollar	–	75.00	–	75.00	**–**	**75.00**
IOBV	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Asia Pacific Business Services, Inc. (APBS)	Philippines	Business Process Outsourcing	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Ltd. Regional Operating Headquarters (ROHQ)	Philippines	Regional Operating Headquarters	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Project Delivery Services Co. Pte. Ltd.	Singapore	Port Equipment Sale and Rental	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI QFC LLC	Qatar	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI South Asia Pte. Ltd.	Singapore	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Laguna Gateway Inland Container Terminal, Inc. (LGICT)	Philippines	Port Management	Philippine Peso	–	60.00	–	60.00	**–**	**60.00**
ICTSI Middle East DMCC	United Arab Emirates	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Global Cooperatief U.A.	The Netherlands	Holding Company	US Dollar	99.00	1.00	99.00	1.00	**99.00**	**1.00**
Consultports S.A. de C.V.	Mexico	BDO	Mexican Peso	–	100.00	–	100.00	**–**	**100.00**
Asiastar Consultants Limited	Hong Kong	Management Services	US Dollar	–	100.00	–	100.00	**–**	**100.00**
CGT	Philippines	Port Management	Philippine Peso	–	100.00	–	100.00	**–**	**100.00**
Intermodal Terminal Holdings, Inc.	Philippines	Holding Company	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
ICTSI Americas B.V. (Multinational Headquarters)	Panama	BDO	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ISPL	Papua New Guinea	Holding Company	Papua New Guinean Kina	–	100.00	–	100.00	**–**	**100.00**

	Place of Incorporation	Nature of Business	Functional Currency	2018 Direct	2018 Indirect	2019 Direct	2019 Indirect	**2020 Direct**	**2020 Indirect**
				Percentage of Ownership					
MITL	Papua New Guinea	Port Management	Papua New Guinean Kina	–	100.00	–	70.00	**–**	**70.00**
SPICTL	Papua New Guinea	Port Management	Papua New Guinean Kina	–	100.00	–	100.00	**–**	**70.00**
Tungsten RE Ltd.	Bermuda	Insurance Company	US Dollar	–	100.00	–	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	–	**100.00**	**–**
Madagascar International Container Terminal Services, Ltd. (MICTSL)	Madagascar	Port Management	Euro	–	100.00	–	100.00	**–**	**100.00**
Baltic Container Terminal Ltd. (BCT)	Poland	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Adriatic Gate Container Terminal (AGCT)	Croatia	Port Management	Euro	–	51.00	–	51.00	**–**	**51.00**
Batumi International Container Terminal LLC (BICTL)	Georgia	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Lekki International Container Terminal Services LFTZ Enterprise (LICTSLE)	Nigeria	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
IDRC	DR Congo	Port Management	US Dollar	–	52.00	–	52.00	**–**	**52.00**
ICTSI (M.E.) DMCC Iraq Branch (ICTSI Iraq)	Iraq	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Africa Gateway Terminal (AGT) [d]	Sudan	Port Management	Euro	–	–	–	100.00	**–**	**100.00**
KMT [g]	Cameroon	Port Management	XAF	–	–	–	–	**–**	**75.00**
ICTSNL [f]	Nigeria	Port Management	US Dollar	–	–	–	–	**–**	**85.00**
Americas									
CGSA	Ecuador	Port Management	US Dollar	51.00	49.00	51.00	49.00	**51.00**	**49.00**
Contecon Manzanillo S.A. (CMSA) [c]	Mexico	Port Management	Mexican Peso	1.00	99.00	1.00	99.00	**1.00**	**99.00**
Tecon Suape, S.A. (TSSA)	Brazil	Port Management	Brazilian Real	–	100.00	–	100.00	**–**	**100.00**
ICTSI Oregon	U.S.A.	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
C. Ultramar, S.A.	Panama	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Future Water, S.A.	Panama	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Kinston Enterprise, Inc.	Panama	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
International Ports of South America and Logistics SA	Uruguay	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Tecplata S.A. (Tecplata)	Argentina	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Nuevos Puertos S. A. (NPSA)	Argentina	Holding Company	US Dollar	4.00	96.00	4.00	96.00	**4.00**	**96.00**
Operadora Portuaria Centroamericana, S.A. (OPC)	Honduras	Port Management	US Dollar	30.00	70.00	30.00	70.00	**30.00**	**70.00**
TMT	Mexico	Port Management	Mexican Peso	–	100.00	–	100.00	**–**	**100.00**
CMSA Servicios Portuarios SA De CV	Mexico	Manpower Services	Mexican Peso	–	100.00	–	100.00	**–**	**100.00**
CMSA Servicios Profesionales Y De Especialistas SA De CV	Mexico	Manpower Services	Mexican Peso	–	100.00	–	100.00	**–**	**100.00**
Logipuerto S.A. [b]	Ecuador	Logistics Solutions Provider	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Rio [e]	Brazil	Port Management	Brazilian Real	–	–	–	100.00	**–**	**100.00**
<u>**Joint Ventures:**</u>									
Sociedad Puerto Industrial Aguadulce SA (SPIA)	Colombia	Port Management	US Dollar	–	46.30	–	49.79	**–**	**49.79**
Falconer Aircraft Management, Inc.(FAMI) [b]	Philippines	Aircraft Management	Philippine Peso	–	49.00	–	49.00	**–**	**49.00**
Aviation Concepts Technical Services, Inc.	Philippines	Aircraft Management	US Dollar	–	49.00	–	49.00	**–**	**49.00**
MNHPI [a]	Philippines	Port Management	Philippine Peso	34.83	–	50.00	–	**50.00**	**–**

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2018 Direct	2018 Indirect	2019 Direct	2019 Indirect	**2020 Direct**	**2020 Indirect**
Associate:									
Asiaview Realty and Development Corporation (ARDC)	Philippines	Realty	Philippine Peso	–	49.00	–	49.00	**–**	**49.00**

[a] Acquired 34.83% stake as an associate on October 30, 2017 and additional 15.17% stake as joint venture on April 26, 2019
[b] Established in 2018
[c] Changed its functional currency from US Dollar to Mexican Peso on August 31, 2019
[d] Established in February 2019 and has not yet started commercial operations as at March 2, 2021
[e] Acquired on December 12, 2019
[f] Established in 2020
[g] Established in July 2020 and started commercial operations on October 1, 2020

1.4 Purchase Price Allocation

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 ICTSI Rio. 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.

The finalized fair values of the identifiable assets and liabilities of ICTSI Rio at the date of acquisition were:

Assets	
Property and equipment	US$11,245,385
Intangibles	225,892,981
Right-of-use assets	4,806,263
Deferred tax assets	14,977,793
Other noncurrent assets	9,336,812
Cash and cash equivalents	4,522,137
Receivables	3,289,657
Spare parts and supplies	907,105
Prepaid expenses and other current assets	9,382,490
	US$284,360,623
Liabilities	
Concession rights payable	US$99,997,680
Lease liabilities	4,982,873
Deferred tax liabilities	47,013,464
Accounts payable and other current liabilities	13,434,102
	US$165,428,119
Total identifiable net assets at fair value	US$118,932,504
Goodwill arising on acquisition	60,784,413
Purchase consideration transferred and satisfied by cash	US$179,716,917
Cash paid at acquisition date	US$179,716,917
Less cash and cash equivalents of ICTSI Rio	4,522,137
Net cash outflow	US$175,194,780

Gross revenues and net loss attributable to equity holders of the parent of ICTSI Rio from acquisition date to December 31, 2019 amounted to US$2.6 million (BRL10.2 million) and US$0.3 million (BRL1.1 million), respectively. If the acquisition had taken place at the beginning of the year, consolidated revenues would have been higher by US$52.7 million (BRL208.1 million) and net income attributable to equity holders of the parent would have been higher by US$9.9 million (BRL38.9 million) for the year ended December 31, 2019.

2. Basis of Preparation and Consolidation and Statement of Compliance

2.1 Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at FVOCI and derivative financial instruments, which have been measured at fair value. The consolidated financial statements are presented in United States dollars (US dollar, USD or US$), the Parent Company's functional and presentation currency. All values are rounded to the nearest US dollar unit, except when otherwise indicated.

2.2 Basis of Consolidation

The consolidated financial statements of the Group include the accounts of ICTSI and its subsidiaries where the Parent Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

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

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

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in PICT, MTS, AICTL, CTVCC, SBITC, SBITHI, ICTSI Subic, BIPI, DIPSSCOR, YICT, SCIPSI, RCBV, AGCT, IJP, OJA, ITBV, HIPS, IGFBV, IDRC, LGICT, SPICTL, MITL, ICTSNL and KMT not held by the Group and are presented separately in the consolidated statement of income and the consolidated statement of comprehensive income, and consolidated balance sheet separate from equity attributable to equity holders of the parent.

An acquisition, transfer or sale of a non-controlling interest is accounted for as an equity transaction. No gain or loss is recognized in an acquisition of a non-controlling interest. The difference between the fair value of the consideration and book value of the share in the net assets acquired is presented under "Excess of consideration over the carrying value of non-controlling interests acquired or disposed" account within the equity section of the consolidated balance sheet. If the Group loses control over a subsidiary, it: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and the cumulative translation differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in the consolidated statement of income; and (iii) reclassifies the Parent Company's share of components previously recognized in other comprehensive income (OCI) to the consolidated statement of income or retained earnings, as appropriate.

Transactions Eliminated on Consolidation. All intragroup transactions and balances including income and expenses, and unrealized gains and losses are eliminated in full.

Accounting Policies of Subsidiaries. The financial statements of subsidiaries are prepared for the same reporting year using uniform accounting policies as those of the Parent Company.

Functional and Presentation Currency. The Group's consolidated financial statements are presented in US dollar, which is ICTSI's functional and presentation currency. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying transactions, events and conditions relevant to that entity, and items included in the financial statements of each entity are measured using that functional currency. When there is a change in those underlying transactions, events and conditions, the entity re-assesses its functional currency. When there is a change in functional currency, the entity accounts for such change in accordance with the Group's accounting policy on Change in Functional Currency.

At the reporting date, the assets and liabilities of subsidiaries whose functional currency is not the US dollar are translated into the presentation currency of ICTSI using the Bloomberg closing rate at balance sheet date and, their statements of income are translated at the Bloomberg weighted average daily exchange rates for the year. The exchange differences arising from the translation are taken directly and deferred to the consolidated statement of comprehensive income under the "Exchange differences on translation of foreign operations' financial statements" account. Upon disposal of the foreign entity, the deferred cumulative translation amount recognized in the consolidated statement of comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of income.

2.3 Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with PFRS. PFRS includes Philippine Accounting Standards (PAS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the Financial Reporting Standards Council (FRSC).

3. Summary of Significant Accounting Policies, Significant Accounting Judgments, Estimates and Assumptions

3.1 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following amended standards as at January 1, 2020:

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3: *Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments*, *Interest Rate Benchmark Reform.*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. 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 December 31, 2020 (see Note 27.4). Applying the amendments, the Group assumed that the interest rate benchmark on which the hedged cash flows and the interest rate benchmark on which the cash flows of the hedging instruments are based, is not altered as a result of the interest rate benchmark reform.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material.*

  The amendments provide a new definition of material that states “information is material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no significant impact on the Group.

- Conceptual Framework for Financial Reporting issued on March 29, 2018. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions.* The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19-related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted. 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.

3.2 Significant Accounting Judgments, Estimates and Assumptions

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, in addition to those involving estimations, that can have significant effects on the amounts recognized in the consolidated financial statements:

Determination of Control or Joint Control over an Investee Company. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, joint control is presumed to exist when the investors contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Determination of Acquisition of Group of Assets as a Business in Accordance with PFRS 3. Management uses judgment in assessing if the group of assets and liabilities acquired would constitute a business. In accordance with PFRS 3, business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

Functional Currency. Management uses judgment in assessing the functional currency of the Parent Company and its subsidiaries. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (see Note 1.3). CMSA changed its functional currency from US dollar to Mexican Peso on August 31, 2019 as there was a change in the currency that primarily influences its revenue and expenses, and cash flows.

Service Concession Arrangements. The Group has determined that the concession contracts of the Parent Company, SBITC, MICTSL, CGSA, Tecplata, AGCT, ICTSI Subic, PICT, OPC, ICTSI Iraq, SPICTL, MITL, ICTSI Rio, and KMT are within the scope of IFRIC 12, *Service Concession Arrangements,* accounted for under the intangible asset model. The intangible assets pertaining to concession rights as at December 31, 2018, 2019 and 2020 are presented in Note 5 to the consolidated financial statements.

Gross versus Net Revenue Recognition. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements because the Group is the primary obligor who is responsible for providing the services to the customers and the Group bears the credit risk. The Group accounts and presents its revenues from port operations and the port authorities' share in revenues on a gross basis.

Revenue from contracts with customers. The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Identifying performance obligations*
  The Group provides port services, mainly cargo handling, to its customers. The Group has determined that each of the services are capable of being distinct.

- *Determining the transaction price*
  The Group determined that the transaction price is in accordance with the tariff rates published by port authorities in certain jurisdictions or agreed rates with the customers.

- *Determining the timing of satisfaction of port services*
  The Group concluded that the revenue for port operations is to be recognized when the services are rendered.

Deferred Tax Assets. Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies, taking into consideration effect of significant events (i.e. COVID-19) on the macroeconomic factors used in developing the assumptions.

Deferred tax assets recognized as at December 31, 2018, 2019 and 2020 are disclosed in Note 22 to the consolidated financial statements. Unrecognized deferred tax assets on net operating loss carry-over (NOLCO) and other losses of certain subsidiaries amounted to US$3.3 million, US$26.6 million and US$5.6 million as at December 31, 2018, 2019 and 2020, respectively. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognize deferred tax assets on these tax losses carried forward.

Determination of uncertainties over its income tax treatments. The Group applied significant judgement in identifying any uncertainties over its income tax treatments especially that the Group operates in a complex multinational environment. The Group did not have any significant uncertainties over its income tax treatments.

Contingencies. The Group is currently a party in a number of legal cases and negotiations involving cargo, labor, tax, contracts and other issues. The Group's estimate of the probable costs for the resolution of these cases and negotiations has been developed in consultation with outside counsels handling the defense for these matters and is based upon an analysis of probable results. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these actions, if any, will not have a material adverse impact on the Group's consolidated financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings. Provision for claims and losses amounted to US$20.3 million, US$16.2 million and US$18.4 million as at December 31, 2018, 2019 and 2020, respectively (see Notes 19 and 26).

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Concession Rights. The determination of the initial cost of concession rights on service concession arrangements requires management to make estimates and assumptions to determine the extent to which the Group receives a right or license to charge users of the public service. Management is also required to make estimates and assumptions in determining the fair value of concession rights acquired through business combinations. In making those estimates, management is required to determine a suitable discount rate to calculate the present value of these cash flows. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. The carrying amounts of concession rights as at December 31, 2018, 2019 and 2020 are disclosed in Note 5 to the consolidated financial statements.

Right-of-use assets. The determination of the initial cost of right-of-use assets on lease arrangements requires management to make estimates and assumptions. In making those estimates, management is required to determine a suitable discount rate to calculate the present value of these cash flows. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. The carrying amounts of right-of-use assets as at December 31, 2018, 2019 and 2020 are disclosed in Note 7 to the consolidated financial statements.

Determination of Fair Values of Identifiable Assets and Liabilities. In the process of determining the goodwill in relation to the Group's acquisition of an associate and a subsidiary, management uses estimates and assumptions in determining the fair value of identifiable assets and liabilities of the associate. Management is required to use a suitable discount rate and determine the present of value of cash flows. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. The goodwill and the share in the fair values of identifiable assets and liabilities of ICTSI Rio and MNHPI are disclosed in Note 1 and Note 9 to the consolidated financial statements, respectively.

Construction Revenue and Cost Recognition. The Group's revenue from construction services in relation to its service concession arrangement is recognized using the input method and measured by reference to the percentage of costs incurred to date to estimated total costs for each contract.

Expenditures to cover the work program for the development of the concession area or committed investments for each port development or project are provided in the concession agreement. When the costs incurred to date exceed the committed investments, an assessment is conducted to determine the cause of the cost overrun. Cost overruns arising from uncontrollable factors such as oil price, wage increases and changes in technical work programs due to unforeseen economic, political and geological conditions are capitalized while all other cost overruns are treated as period costs.

Impairment of Nonfinancial Assets and Assets Not Yet Available for Use. PFRS requires nonfinancial assets to be tested for impairment when certain impairment indicators are present, while it also requires goodwill and intangible asset that has not yet been brought into use to be tested for impairment annually, irrespective of whether there are any indications of impairment. Nonfinancial assets include intangible assets (including goodwill and intangible assets not yet available for use), property and equipment, right-of-use assets, investment properties, investments in a joint venture and associates, and certain other noncurrent assets.

Management is required to make estimates and assumptions to determine the future cash flows to be generated from the continued use and ultimate disposition of these assets in order to determine the value of these assets. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. In addition, the assumptions may be subjected to higher level of estimation uncertainty due to the impact of COVID-19. Future adverse events may cause management to conclude that the affected assets are impaired and may have a material impact on the financial condition and results of operations of the Group. The carrying amounts of intangible assets, including goodwill and intangible assets not yet available for use, property and equipment, right-of-use assets, investment properties, investments in and advances to joint ventures and associates, and certain other noncurrent assets are disclosed in Notes 5, 6, 7, 8, 9, and 10 to the consolidated financial statements, respectively. Impairment loss on goodwill recognized in 2018 amounted to US$5.8 million. Impairment losses on nonfinancial assets, other than goodwill, recognized in 2019 and 2020 amounted to US$156.0 million and US$180.3 million, respectively (see Notes 5, 10, and 11).

Impairment of Goodwill. Purchase accounting requires extensive use of accounting estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at the acquisition date. It also requires the acquirer to recognize goodwill. The Group's business acquisitions have resulted in goodwill which is subject to a periodic impairment test. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate to calculate the present value of those cash flows.

The carrying amounts of goodwill as at December 31, 2018, 2019 and 2020 are disclosed in Note 5 to the consolidated financial statements. There are no impairment losses on goodwill recognized in 2019 and 2020. Impairment loss on goodwill recognized in 2018 amounted to US$5.8 million (see Notes 5 and 11).

Estimating Useful Lives. Management determines the estimated useful lives and the related depreciation and amortization charges for its concession rights, computer software, property and equipment, and investment properties based on the period over which these assets are expected to provide economic benefits. Management's estimation of the useful lives of concession rights, computer software, property and equipment, and investment properties is based on collective assessment of industry practice, internal technical evaluation, and experience with similar assets. These estimations are reviewed periodically and could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. Management will increase the depreciation and amortization charges where useful lives are less than what have previously been estimated.

A reduction in the estimated useful lives of intangible assets (including concession rights), property and equipment, right-of-use assets and investment properties will increase recorded expenses and decrease noncurrent assets. The carrying values of concession rights, property and equipment, and investment properties are disclosed in Notes 5, 6 and 8 to the consolidated financial statements, respectively.

Fair Value of Financial Instruments. When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of financial assets and liabilities by category and the fair value hierarchy are set out in Note 27 to the consolidated financial statements.

Estimating Net Realizable Value of Spare Parts and Supplies. The Group carries spare parts and supplies at net realizable value when such value is lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The carrying amounts of spare parts and supplies carried at net realizable value as at December 31, 2018, 2019 and 2020 amounted to US$34.0 million, US$37.1 million and US$38.3 million, respectively.

The cost of these spare parts and supplies amounted to US$38.3 million, US$41.6 million and US$43.3 million as at December 31, 2018, 2019 and 2020, respectively.

Write-downs of spare parts and supplies charged to the consolidated statements of income amounted to US$0.4 million in 2018, US$1.5 million in 2019 and US$1.6 million in 2020.

Pension Cost. The determination of the obligation and cost for pension benefits is dependent on the selection of certain assumptions provided by the Group to its actuaries in calculating such amounts. Those assumptions were described in Note 24 and included among others, discount rate and future salary increases. In accordance with PAS 19, *Employee Benefits*, actual results that differ from the Group's assumptions are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's pension and other pension obligations.

The carrying values of pension assets and pension liabilities as at December 31, 2018, 2019 and 2020 are disclosed in Note 24 to the consolidated financial statements.

Definition of Default and Credit-impaired Financial Assets
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when a customer is more than 120 days past due on its contractual obligations. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to calculate Company's expected loss.

An instrument is considered to be no longer in default (i.e. to have cured) when it no longer meets any of the default criteria.

Measurement of expected credit losses (ECL). ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, or an approximation thereof. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

<u>Inputs, assumptions and estimation techniques</u>
General approach for debt financial assets measured at amortized cost other than trade receivables. The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), defined as follows:

- *Probability of default.* The PD represents the likelihood of a debtor or customer defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on available market data using rating tools tailored to the various categories of counterparties and exposures. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures.

  The 12-month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk.

- *Loss given default.* LGD represents the Group's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

- *Exposure at default.* EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

Simplified approach for trade receivables. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and geography).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrices to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Other than the considerations on the impact of COVID-19 on macro-economic factors used as inputs to the ECL calculation, there have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Incorporation of forward-looking information. The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group has considered a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs.

Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group considers two or more economic scenarios and the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Group considers macro-economic factors such as GDP growth rates and inflation rates of selected countries in its analysis.

Predicted relationship between the key indicators and default and loss rates on portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

Grouping of instruments for losses measured on collective basis. For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. The Group considers in its collective assessment the type of customers and its geographical location.

The appropriateness of groupings is monitored and reviewed on a periodic basis by Group. As at December 31, 2018, 2019, and 2020, the total gross carrying amount of loans and receivables for which lifetime ECLs have been measured on a collective basis amounted to US$113.7 million, US$107.2 million, and US$108.9 million, respectively.

The carrying values of receivables and the related allowance for credit losses of the Group are disclosed in Note 13.

COVID-19 Pandemic. The impact of COVID-19 to the Group's business operations relates to any potential interruptions or disruptions. The operations in the Philippines and other terminals around the world remain fully operational with no disruptions recorded to date.

To ensure ongoing impacts of COVID-19 have been appropriately reflected in the Group's consolidated financial statements, the Group has assessed the impact of COVID-19 on its assets and liabilities:

- The forecast used for impairment testing include the Group's best estimates of the potential future impact from COVID-19 pandemic. Cash flow projections have been adjusted to reflect a range of possible outcomes, weighted by their expected occurrence.
- Collectability of accounts with customers continues to be closely monitored. A material change in the provision for impairment of trade receivables has not been identified.
- There were no onerous contracts or additional provisions that have been recognized resulting from the direct impact of COVID-19.
- The Group has also considered the increased uncertainty in determining key assumptions within the assessment of future taxable income of the entities of the Group upon which recognition of deferred tax assets is assessed, including forecast of revenue and expenses, among others.

The Group continues to monitor the risks and the ongoing impacts from COVID-19 on its business.

3.3 <u>Significant Accounting Policies</u>

<u>Intangibles</u>
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is recognized at fair value at acquisition date. Following initial recognition, intangible assets, except goodwill, are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred. The Group accounts for goodwill following the accounting policy on Business Combinations and Goodwill.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that intangible assets may be impaired. The amortization period and method for an intangible asset with a finite useful life is reviewed at least annually. Changes in expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income under the "Depreciation and amortization" account, which is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives such as goodwill and intangible assets not yet brought into use are not amortized but tested for impairment annually, either individually or at the cash-generating unit level, irrespective of whether there is any indication of impairment. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The following intangibles are recognized and determined by the Group to have finite useful lives:

Concession Rights. Concession rights are either purchased or acquired through business combinations or recognized on service concession arrangements.

Concession rights purchased or acquired through business combinations are recognized at fair value at the date of acquisition and are categorized as upfront fees.

Concession rights on service concession arrangements are recognized when the Group effectively receives a license or right to charge users for the public service it provides. Concession rights consist of:

a. Upfront fees payments on the concession contracts;

b. The cost of port infrastructure constructed (concession rights) and under construction (contract assets), including related borrowing costs, and port equipment purchased and committed in accordance with the terms and conditions of the concession arrangements accounted for under IFRIC 12. These are not recognized as property and equipment of the Group but as an intangible asset; and

c. Future fixed fee considerations in exchange for the license or right for concession arrangements accounted for under IFRIC 12. Fixed fees are recognized at present value using the discount rate at the inception date with a corresponding liability recognized. Interest on the unwinding of discount of the liability and foreign exchange differences arising from translations are recognized in the consolidated statement of income.

Subsequent costs and expenditures related to port infrastructure and equipment arising from the Group's commitments to the concession contracts, or that increase future revenue are recognized as additions to the intangible asset and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are recognized as property and equipment and accounted for in accordance with the accounting policy on Property and Equipment. When the Group has contractual obligations that it must fulfill as a condition of its license to: (i) maintain the infrastructure to a specified level of serviceability or, (ii) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service concession arrangement, it recognizes and measures these contractual obligations in accordance with the accounting policy on Provisions. Repairs and maintenance and other expenses that are routinary in nature are expensed and recognized in the consolidated statement of income as incurred in accordance with the accounting policy on Equipment and Facilities-related Expenses.

Concession rights are amortized using the straight-line method over the term of the concession arrangements ranging from 2 to 35 years. Upfront fees are amortized upon the effectivity of the concession agreement while port infrastructure and fixed fees are amortized when the terminal is ready for use or upon start of commercial operations, whichever is earlier.

Computer Software Cost. Computer software cost, excluding those considered as integral part of property and equipment, includes costs incurred in the development and acquisitions of computer software used in operations. Computer software is amortized when it is available for use on a straight-line method over five years.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

<u>Contract Assets</u>
Contract assets, classified as part of concession rights, refer to on-going construction and upgrade services on concession arrangements under the scope of IFRIC 12.

<u>Business Combinations and Goodwill</u>
Business combinations are accounted for using the acquisition method.

Initial Measurement
The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred such as finder's fees; advisory, legal, accounting, valuation and other professional or consulting fees; and general administrative costs, including the costs of maintaining an internal acquisitions department or business development offices are expensed and included as part of "Administrative and other operating expenses" account in the consolidated statement of income.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statement of income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39, *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognized in the consolidated statement of income. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with appropriate PFRS. Contingent consideration that is classified as equity is not remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net fair value of the identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

If the initial accounting for business combination can be determined only provisionally by the end of the year during which the combination has occurred because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts for the combination using provisional values. Adjustments to these provisional values because of completing the initial accounting shall be made within 12 months from the acquisition date. The carrying amount of an identifiable asset, liability or contingent liability that is recognized as a result of completing the initial accounting shall be calculated as if the asset, liability or contingent liability's fair value at the acquisition date had been recognized from that date. Goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

Subsequent Measurement
Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective

of whether other assets or liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's format determined in accordance with PFRS 8, *Operating Segments*.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized as gain or loss in the consolidated statement of income.

Goodwill is shown as part of "Intangibles" account in the consolidated balance sheet.

Acquisition of Assets
When assets are acquired, through corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business.

When such an acquisition is not judged to be an acquisition of a business, it is not treated as a business combination. Rather, the cost to acquire the entity is allocated between the identified assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Property and Equipment
Property and equipment, except land, are stated at cost less accumulated depreciation, amortization and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost also includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met, and any obligation related to the retirement of the asset. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are generally recognized in the consolidated statement of income in accordance with the accounting policy on Equipment and Facilities-related Expenses. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of income of such period.

Depreciation and amortization start when the property and equipment are available for use and computed using the straight-line method over the estimated useful lives of the assets or the terms of the operating contract with port authorities or concessions, whichever is shorter.

The estimated useful lives of property and equipment are as follows:

Land improvements	7-25 years
Leasehold rights and improvements	5-48 years or terms of the operating contract with port authorities or concessions, whichever is shorter
Port facilities and equipment	5-25 years or terms of the operating contract with port authorities or concessions, whichever is shorter
Transportation equipment	3-5 years
Office equipment, furniture and fixtures	3-5 years
Miscellaneous equipment	5 years

The useful lives, depreciation and amortization method, and any residual values are reviewed periodically and adjusted prospectively, if appropriate, to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization is charged to current operations.

An item of property and equipment and any significant part initially recognized are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the property and equipment) is included in the consolidated statement of income when the asset is derecognized.

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time the relevant assets are completed and available for operational use.

Port equipment spare parts represent major components or parts of port equipment such as quay cranes, which generally include insurance spares, that are critical for the continuous operations of the terminal equipment and facilities that have significantly different patterns of consumption of economic benefits. Spare parts are classified as property and equipment if the expected time of use is more than twelve months and provided that the capitalization thresholds are met.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset including intangibles and property and equipment while the qualifying asset is under construction are capitalized as part of the cost of that asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds, including interest in respect of lease liabilities recognized in accordance with PFRS 16. Capitalization of borrowing cost should commence when: (i) expenditures for the asset and borrowing costs are being incurred; and (ii) activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when the asset is substantially ready for its intended use or sale. If active development is interrupted for an extended period, capitalization is suspended. When construction occurs piecemeal and use of each part is possible as construction continues, capitalization of each part ceases upon substantial completion of that part. For borrowing of funds associated with a specific asset, the actual rate on that borrowing is used. Otherwise, a weighted average cost of borrowing is used.

All other borrowing costs are expensed as incurred.

However, if the carrying amount of the asset after capitalization of borrowing costs exceeds its recoverable amount, an impairment loss is recognized.

Leases

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the lease term ranging from 1 to 35 years. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease liabilities that are expected to be settled for no more than 12 months after the reporting period are classified as current liabilities presented as Current portion of lease liabilities. Otherwise, these are classified as noncurrent liabilities.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as Lessor. Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Investment Properties

Investment properties consisting mainly of land and improvements and buildings are initially measured at cost including transaction costs. Subsequent to initial recognition, improvements and buildings are stated at cost less depreciation and amortization, and any impairment in value.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 15 to 25 years.

Investment properties are derecognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses are measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognized in the consolidated statement of income upon retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the cost and the carrying amount of the property transferred do not change. If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the accounting policy on Property and Equipment up to the date of change in use.

Investments in Joint Ventures and in Associates

Investment in associates in which the Group exercises significant influence and which is neither a subsidiary nor a joint venture of the Group is accounted for under the equity method of accounting.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's investment in a joint venture is accounted for using the equity method.

Under the equity method, the cost of investment in associates and joint ventures is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates and the joint ventures. Goodwill, if any, relating to associates or joint ventures is included in the carrying amount of the investment and is not amortized or separately tested for impairment. The consolidated statement of income reflects the share of the results of operations of the associates and joint ventures. Where there has been a change recognized directly in the equity of the associates and the joint ventures, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealized profits or losses resulting from transactions between the Group and the associates and joint ventures are eliminated to the extent of the interest in the associates and joint ventures.

The reporting dates of the associates, the joint ventures and the Parent Company are identical and the accounting policies of the associates and joint ventures conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates or joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates or joint ventures and its carrying value, and then recognizes the loss as "Equity in net loss of joint ventures and an associate - net" in the consolidated statements of income.

Upon loss of joint control over the joint venture and loss of significant influence over the associates, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture and the associates upon loss of joint control and significant influence, respectively, and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Impairment of Nonfinancial Assets

Intangibles, except intangibles not yet brought into use, property and equipment, right-of-use assets, investment properties, investment in associates and joint ventures, and other nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the consolidated statement of income. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal or value-in-use. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Fair value less costs of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less costs of disposal while value-in-use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or from its disposal at the end of its useful life.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's cash generating unit to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on spare parts and supplies, are recognized in the consolidated statement of income in expense categories consistent with the function of the impaired asset.

For these nonfinancial assets excluding goodwill and intangibles not yet brought into use, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

Intangibles not yet brought into use are tested for impairment annually irrespective of whether there is any impairment indicator.

The following assets have specific characteristic for impairment testing:

Goodwill. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit, which is also the operating entity acquired through business combination and to which the goodwill relates or has been allocated. When the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

The Group performs its annual impairment test for intangibles not yet brought into use and goodwill at December 31.

Investments in Joint Ventures and in Associates. After application of the equity method, the Group determines whether it is necessary to recognize additional impairment loss of the Group's investment in its associates and joint ventures. The Group determines at each balance sheet date whether there is any objective evidence that the investment in joint ventures and in associates is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount of the associates and joint ventures and the carrying amount of the investment, and recognizes the amount in the consolidated statement of income. The Group's investment in ARDC has been fully provided with an allowance for probable loss (see Note 9).

Fair Value Measurement

The Group measures financial instruments, such as, derivatives, at fair value at each balance sheet date. Also, fair values of nonfinancial assets such as investment properties and financial instruments measured at amortized cost are disclosed in Notes 8 and 27.1, respectively.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of the fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

<u>Financial Instruments - Classification and Measurement</u>
Classification of financial assets. Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:

- financial assets measured at amortized cost
- financial assets measured at fair value through profit or loss
- financial assets measured at fair value through other comprehensive income, where cumulative gains or losses previously recognized are reclassified to profit or loss
  financial assets measured at fair value through other comprehensive income, where cumulative gains or losses previously recognized are not reclassified to profit or loss

Contractual cash flows characteristics. If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model. The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

<u>Financial assets at amortized cost</u>
A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash in banks (see Note 12), trade receivables (see Note 13), receivable from port authority (Note 14) and receivables from related parties (see Note 23).

<u>Financial assets at fair value through other comprehensive income (FVOCI)</u>
Debt instruments. A debt financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

As at December 31, 2018, 2019, and 2020, the Group does not have debt instruments at FVOCI.

Equity instruments. The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

As at December 31, 2018, 2019, 2020, the Group elected to classify irrevocably all equity investments as financial asset at FVOCI (see Note 10).

Financial assets at fair value through profit or loss (FVTPL)
Financial assets at FVTPL are measured as at unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the statement of income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the parent company statements of income.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from disposal of financial investments.

The Group's financial assets at FVTPL consists of derivative instruments not designated under hedge accounting (see Note 27).
Classification of financial liabilities

Financial liabilities are measured at amortized cost, except for the following:
- financial liabilities measured at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

Reclassifications of financial instruments
The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

Impairment of Financial Assets
PFRS 9 introduces a single, forward-looking "expected loss" impairment model.

The Group recognizes expected credit losses (ECL) for the following financial assets that are not measured at FVTPL:

- debt instruments that are measured at amortized cost and FVOCI;
- contract assets;
- trade receivables;
- loan commitments; and
- financial guarantee contracts.

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:
- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL. For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECL - not credit-impaired. For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL - credit-impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

<u>Loss allowance</u>
For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all debt financial assets other than trade receivables, ECLs are recognized using the general approach wherein the Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term

- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers certain debt investment securities to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Determining the stage for impairment. At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Group from the time of origination.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

Write-off policy
The Group writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

Derecognition of Financial Assets and Liabilities
Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either: a) has transferred substantially all the risks and rewards of ownership of the asset; or b) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through agreement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of income. Otherwise, where the net present value of the cash flows under the new terms discounted using the effective interest rate of the original debt is less than 10 percent different from the discounted present value of the remaining cash flows of the original debt instrument, the financial liability is not derecognized.

Day 1 Difference

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In case where data used are not observable, the difference between the transaction price and model value is recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 difference.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group has currently enforceable right when if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Classification of Financial Instruments Between Debt and Equity

A financial instrument is classified as debt, if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant risk of change in value.

Cash does not include restricted cash, which is classified in the consolidated balance sheet either as a current or noncurrent asset depending on the relationship to the asset for which the funds are restricted. If cash is restricted for investments, the restricted portion is classified as noncurrent.

Spare Parts and Supplies
Spare parts and supplies inventories are valued at the lower of cost and net realizable value. Net realizable value is the current replacement cost.

Cost is determined by using the first-in, first-out method. If the cost of spare parts and supplies inventories exceeds its net realizable value, write-downs are made for the differences between the cost and the net realizable value.

Prepaid Expenses and Other Current Assets
Prepayments are expenses paid in advance and recorded as asset before they are utilized. This account comprises the following:

Input Tax. Input tax is recognized when an entity in the Group purchases goods or services from a Value Added Tax (VAT)-registered supplier or vendor. This account is offset, on a per entity basis, against any output tax previously recognized.

Prepaid Port Fees, Insurance, Bonds and Other Expenses, and Deposits. Prepaid insurance, port fees, bonds and other expenses, and deposits are apportioned over the period covered by the payment and charged to the appropriate account in the consolidated statement of income when incurred.

Creditable Withholding Tax. Creditable withholding tax is deducted from income tax payable on the same year the revenue was recognized.

Tax Credits. Tax credits granted and tax credit certificates are issued by tax authorities in lieu of tax refunds, which can be used to offset against future tax liabilities and customs duties. In some jurisdictions, tax credit certificates can be sold or exchanged for cash and cash equivalents.

Prepayments that are expected to be realized within 12 months from the balance sheet date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Advances to Suppliers and Contractors
Advances to suppliers and contractors are reclassified to the proper asset or expense account and deducted from the contractors' billings as specified in the provisions of the contract.

Capital Stock and Additional Paid-in Capital
Capital stock is measured at par value for all shares issued. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against the retained earnings.

Cost of Shares Held by Subsidiaries
Own equity instruments which are held by subsidiaries are treated as treasury shares and recognized and deducted from equity at cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized as additional paid-in capital.

Treasury Shares
Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital. Voting rights related to treasury shares are nullified for the Parent Company and no dividends are allocated to them respectively. Shares vested during the reporting period are satisfied with treasury shares.

Retained Earnings
Retained earnings are the result of Group's accumulated profits or losses, declaration of dividends and the effects of retrospective application or retrospective restatement recognized in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded by each entity at its functional currency ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the entity's functional currency rate of exchange at the balance sheet date. All foreign currency differences are taken to the consolidated statement of income except exchange differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation. These foreign currency borrowings include long-term receivables or loans to a foreign operation denominated in either the functional currency of the parent or of the foreign operations. Related exchange differences arising from net investment in foreign operations are taken directly to equity until the disposal of the net investment, at which time they are recognized in the consolidated statement of income. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any goodwill arising from the acquisition of a foreign operation and any fair value adjustments made to the carrying amounts of assets and liabilities arising from the acquisition are treated as assets and liabilities of the foreign operations and translated at the closing exchange rate at the balance sheet date.

Year-end Exchange Rates

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

	2018		2019		**2020**	
	Closing	Average	Closing	Average	**Closing**	**Average**
Foreign currency to 1 unit of US dollar (USD or US$):						
Argentine peso (AR$)	37.668	28.102	59.873	48.366	**84.146**	**70.569**
Australian dollar (AUD)	1.419	1.338	1.424	1.438	**1.300**	**1.447**
Brazilian real (BRL or R$)	3.881	3.657	4.025	3.947	**5.194**	**5.161**
Brunei dollar (BND or B$)	1.371	1.344	1.345	1.366	**1.323**	**1.380**
Central African franc (XAF)	–	–	–	–	**534.538**	**575.811**
Chinese renminbi (RMB)	6.879	6.620	6.963	6.908	**6.527**	**6.898**
Colombian peso (COP)	3,254.250	2,955.553	3,287.230	3,282.870	**3,428.260**	**3,695.480**
Croatian kuna (HRK)	6.463	6.289	6.634	6.628	**6.180**	**6.612**
Euro (EUR or €)	0.872	0.847	0.892	0.893	**0.819**	**0.876**
Georgian lari (GEL)	2.675	2.535	2.863	2.818	**3.291**	**3.115**
Honduran lempira (HNL)	24.339	23.906	24.629	24.572	**24.124**	**24.645**
Hong Kong dollar (HKD)	7.832	7.838	7.791	7.835	**7.753**	**7.756**
Indian rupee (INR)	69.768	68.379	71.380	70.408	**73.070**	**74.103**
Indonesian rupiah (IDR or Rp)	14,390.000	14,243.000	13,866.000	14,142.000	**14,050.000**	**14,529.000**
Iraqi dinar (IQD)	1,192.682	1,188.468	1,182.872	1,187.112	**1,460.000**	**1,215.773**
Malagasy ariary (MGA)	3,496.770	3,349.826	3,630.000	3,644.020	**3,868.820**	**3,803.500**
Mexican peso (MXN)	19.650	19.233	18.927	19.248	**19.914**	**21.482**
Pakistani rupee (PKR or Rs)	139.800	121.785	154.874	150.356	**160.189**	**161.857**
Papua New Guinean kina (PGK)	3.369	3.292	3.383	3.385	**3.536**	**3.459**
Philippine peso (₱)	52.580	52.676	50.635	51.793	**48.023**	**49.629**
Polish zloty (PLN)	3.737	3.613	3.794	3.839	**3.733**	**3.897**
Singaporean dollar (SGD)	1.363	1.349	1.346	1.364	**1.322**	**1.379**
United Arab Emirates dirham (AED)	3.673	3.673	3.673	3.673	**3.673**	**3.673**

Starting 2018, Argentina's economy has been considered as hyperinflationary. Accordingly, companies in Argentina whose functional currency is AR$ are required to apply PAS 29, *Financial Reporting in Hyperinflationary Economies*. As at December 31, 2020, the functional currency of Tecplata remains to be US$.

Determination of and Change in Functional Currency

Functional currency is the currency of the primary economic environment in which the entity operates, which is normally the one in which it primarily generates and expends cash. The Group considers the following factors in determining its functional currency:

a) the currency:
   a. that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); and
   b. of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.
b) the currency that mainly influences labor, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled).

When there is a change in an entity's functional currency, the entity should apply the translation procedures applicable to the new functional currency prospectively from the date of change. An entity translates all items into the new functional currency using the exchange rate at the date of the change. The resulting translated amounts for nonmonetary items are treated as their historical cost. Exchange differences arising from the translation at the date of change are recognized as cumulative translation adjustment reported under the consolidated statement of comprehensive income and presented in the equity section of the consolidated balance sheet. Exchange differences arising from translation of a foreign operation recognized in other comprehensive income are not reclassified from equity to the consolidated statement of income until the disposal of the foreign operation.

The comparative financial statements shall be presented into the new presentation currency in accordance with the translation procedures described in PAS 21, *The Effects of Changes in Foreign Exchange Rates*, as follows:

a. all assets and liabilities at the exchange rates prevailing at the balance sheet date;
b. equity items at historical exchange rates;
c. revenue and expense items at the approximate exchange rates prevailing at the time of transactions; and
d. all resulting exchange differences are recognized in cumulative translation adjustments account, presented as part of the consolidated statement of comprehensive income.

Concession Rights Payable
Concession rights payable is recognized at the date of inception as the present value of the fixed portion of port fees or rental fees to the port authorities if the arrangement qualifies under IFRIC 12, *Service Concession Arrangements*. This account is debited upon payment of port fees or rental fees to the port authorities. Such payments are apportioned between interest payment and payment of the principal. Interest arising from the accretion of concession rights payable is presented under "Interest expense on concession rights payable" account in the consolidated statement of income.

Concession rights payable that are expected to be settled for no more than 12 months after the reporting period are classified as current liabilities presented as Current portion of concession rights payable. Otherwise, these are classified as noncurrent liabilities.

Accounts Payable and Other Current Liabilities
Accounts payable is part of the working capital used in the normal operating cycle of the Group. Other current liabilities are not settled as part of the Group's normal operating cycle but are due for settlement within 12 months after the balance sheet date. Accounts payable and other current liabilities are recognized in the period when incurred. This account classification includes the following:

Trade Payable. Trade payable represents payable to port authorities other than concession rights pertaining to upfront fees payable in installments and fixed fees, such as accrual of variable portion of port fees and those payable to suppliers and vendors of goods and services.

Accrued Expenses. Accrued expenses are comprised of accruals relating to interest, salaries and benefits, and output and other taxes, among others.

Provisions for Claims and Losses. Provisions for claims and losses pertain to estimated probable losses on cargo, labor-related and other claims from third parties. Provision for losses not settled at the balance sheet date is re-assessed and adjusted, if necessary.

Customers' Deposits. Customers' deposits represent advance payment of customers subject to refund or for future billing applications.

Pension Benefits
Defined Benefit Plans. The Parent Company, BCT, BIPI, DIPSSCOR, LGICT, SBITC, ICTSI Subic, ROHQ, MTS, IJP, OJA, SCIPSI, MICTSL, MICTSI, AGCT, CGSA, CMSA, OPC, ICTSI Iraq and APBS have separate, noncontributory, defined benefit retirement plans covering

substantially all of its regular employees. The pension plans of the Parent Company, BIPI, DIPSSCOR, SBITC and SCIPSI are funded.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined benefit costs comprise service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, difference between the return on plan assets and interest income and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined Contribution Plan. YICT, ICTSI Oregon and PICT have defined contribution plans under a state pension scheme. Contributions under the plan are recorded as expense in the consolidated statement of income. There are no further obligations beyond the contribution.

Share-based Payment Transactions

Certain qualified officers and employees of the Parent Company and subsidiaries receive remuneration for their services in the form of equity shares of the Parent Company (equity-settled transactions).

The cost of equity-settled transactions with officers and employees is measured by reference to the fair value of the stock at the date on which these are granted.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, excluding incentives, output tax, and other sales taxes or duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in substantially all its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Revenue Contract with Customer
Gross Revenues from Port Operations. Revenue, net of any incentives, is generally recognized when the services are rendered. The performance obligations are satisfied and payment is generally due upon completion and billing of the services. In circumstances wherein the collection is not certain, the Group makes an assessment of the probability of collecting the consideration to which it will be entitled in exchange for the services that it performed. In evaluating whether collectibility of an amount of consideration is probable, the Group considers the customer's ability and intention to pay the amount of consideration when it becomes due.

Construction Revenue and Cost. When the Group provides construction or upgrade services on concession arrangements accounted for within the scope of IFRIC 12, the consideration is measured at the fair value of the construction services provided.

Government Grants
Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is initially recognized as a liability in the consolidated balance sheet and recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to the acquisition or construction of a fixed asset, it is initially recognized as a liability in the consolidated balance sheet and recognized as income in equal amounts over the period of depreciation of the related asset.

Expenses
Expenses are recognized as incurred. Expenses constitute the following:

Port Authorities' Share in Gross Revenues. Port authorities' share in gross revenues includes variable fees paid to port authorities as stipulated in the concession agreements.

Manpower Costs. Manpower costs include remunerations and benefits provided by the Group to its officers and employees such as salaries, wages, allowances, and bonuses, among others.

Equipment and Facilities-related Expenses. Equipment and facilities-related expenses include expenses incurred for general repairs and maintenance of the Group's port facilities and other equipment such as consumption of fuel, oil and lubricants, contracted services, power, light and water, and technology and systems development expenses.

Administrative and Other Operating Expenses. Administrative and other operating expenses include costs of administering the business as incurred by administrative and corporate departments such as professional fees, transportation and travel, taxes and licenses, security and janitorial services, insurance and bonds, representation, utilities and general office expenses. This account also includes costs of business development offices in relation to the acquisition of new terminals or projects under exploratory stage.

Taxes

Current Tax. Income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income.

Current tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax. Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses or NOLCO, to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits and NOLCO can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognized outside the consolidated statement of income is recognized outside of the consolidated statement of income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period; otherwise, these shall be recognized in profit or loss.

Project Development Costs
Project development costs that do not qualify for capitalization as port infrastructure recognized as concession rights or property and equipment are expensed as incurred.

Preoperating Expenses
Preoperating expenses are expensed as incurred.

Earnings Per Share
Basic earnings per common share is computed by dividing the net income attributable to equity holders of the parent, adjusted by the effect of cumulative distributions on subordinated perpetual capital securities classified as equity in accordance with PAS 32, *Financial Instruments: Presentation*, by the weighted average number of common shares outstanding during each year after giving retroactive effect to stock dividends declared during the year.

Diluted earnings per common share is computed in the same manner, adjusted for the effect of the shares issuable to qualified officers and employees under the Parent Company's stock incentive plan which are assumed to be exercised at the date of grant.

Where the effect of the vesting of stock under the stock incentive plan is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Geographical Segments
The Group operates principally in one industry segment which is cargo handling and related services. The Group's operating business is organized and managed separately according to location, namely Asia, Europe, the Middle East and Africa (EMEA), and Americas. Financial information on geographical segments is presented in Note 4 to the consolidated financial statements.

Provisions
General. Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingent Liabilities Recognized in a Business Combination. A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the requirements for revenue recognition.

Contingencies
Contingent assets and liabilities are not recognized in the consolidated financial statements. Contingent assets are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable and recognized in the consolidated balance sheet and the related income in the consolidated statement of income when an inflow of economic benefits is virtually certain. On the other hand, contingent liabilities are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Events after the Balance Sheet Date
Post year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3.4 Future Changes in Accounting Policies

Pronouncements Issued but Not yet Effective
Pronouncements issued but not yet effective as at December 31, 2020 are listed below. The Group intends to adopt the following pronouncements when they become effective. Unless otherwise indicated, adoption of these pronouncements is not expected to have a significant impact on the consolidated financial statements of the Group.

Deferred

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  On January 13, 2016, the FRSC deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The amendments will apply in future transactions of the Group.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2.*
  The amendments provide the following 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

The Group shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

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 is currently assessing the impact of this amendment.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework.*
  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets or Philippine-IFRIC 21, Levies, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use.*
  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract.*
  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

    - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter.*
      The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

      The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

    - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities.*
      The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

      The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current.*
  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

    - What is meant by a right to defer settlement
    - That a right to defer must exist at the end of the reporting period
    - That classification is unaffected by the likelihood that an entity will exercise its deferral right
    - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

- PFRS 17, *Insurance Contracts.*
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted. The new standard is not applicable to the Group.

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 cargo handling and related business into three geographical segments:

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

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

Management monitors the operating results of each operating unit separately for making decisions about resource allocation and performance assessment. The Group evaluates segment performance based on contributions to gross revenues, which is measured consistently with gross revenues from port operations in the consolidated statement of income.

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

The tables below present financial information on geographical segments as at and for the years ended December 31:

	2018			
	Asia	EMEA	Americas	Consolidated
Volume [a]	5,237,452	1,563,888	2,935,281	9,736,621
Gross revenues	US$694,299,542	US$284,414,457	US$407,070,748	US$1,385,784,747
Capital expenditures [b]	110,892,716	70,068,704	84,718,126	265,679,546
Other information:				
Segment assets [c]	3,090,097,425	512,328,397	1,522,184,139	5,124,609,961
Segment liabilities [d]	2,414,557,578	144,577,291	767,218,262	3,326,353,131

	2019			
	Asia	EMEA	Americas	Consolidated
Volume [a]	5,403,839	1,794,327	2,979,852	10,178,018
Gross revenues	US$748,585,117	US$310,072,688	US$422,753,813	US$1,481,411,618
Capital expenditures [b]	117,731,469	54,243,679	70,525,050	242,500,198
Other information:				
Segment assets [c]	2,981,506,846	747,594,125	1,700,401,929	5,429,502,900
Segment liabilities [d]	2,917,829,781	127,314,528	867,664,810	3,912,809,119

	2020			
	Asia	**EMEA**	**Americas**	**Consolidated**
Volume [a]	**5,295,039**	**1,805,865**	**3,092,480**	**10,193,384**
Gross revenues	**US$751,072,106**	**US$305,857,651**	**US$448,570,185**	**US$1,505,499,942**
Capital expenditures [b]	**90,178,797**	**62,143,190**	**46,391,690**	**198,713,677**
Other information:				
Segment assets [c]	**3,495,377,168**	**826,159,171**	**1,531,025,557**	**5,852,561,896**
Segment liabilities [d]	**3,125,546,347**	**188,031,052**	**817,823,082**	**4,131,400,481**

[a] *Measured in TEUs.*

[b] *Capital expenditures consist of amount disbursed for the acquisition of port facilities and equipment classified as intangibles under IFRIC 12 amounting to US$171.9 million, US$164.1 million, and US$134.4 million in 2018, 2019, and 2020, respectively, property and equipment amounting to US$73.0 million, US$59.3 million, and US$49.8 million in 2018, 2019, and 2020, respectively, as shown in the consolidated statements of cash flows, and current and noncurrent advances to suppliers and contractors amounting to US$20.8 million, US$19.1 million, and US$14.5 million in 2018, 2019, and 2020, respectively.*

[c] *Segment assets do not include deferred tax assets amounting to US$328.9 million, US$321.4 million and US$342.8 million as at December 31, 2018, 2019 and 2020, respectively.*

[d] *Segment liabilities do not include income tax payable amounting to US$31.6 million, US$39.3 million and US$43.3 million, and deferred tax liabilities amounting to US$147.6 million, US$164.2 million and US$159.0 million as at December 31, 2018, 2019 and 2020, respectively.*

Moreover, management monitors the Group's earnings before interest, taxes, depreciation and amortization (EBITDA) on a consolidated basis for decision-making purposes. The following table shows the computation of EBITDA as derived from the consolidated net income attributable to equity holders of the parent for the years ended December 31:

	2018	2019	**2020**
Net income attributable to equity holders of the parent	US$207,477,473	US$100,366,870	**US$101,764,236**
Non-controlling interests	28,329,043	32,300,704	**37,878,988**
Provision for income tax	52,771,318	60,760,880	**55,129,372**
Income before income tax	288,577,834	193,428,454	**194,772,596**
Add (deduct):			
Depreciation and amortization	225,975,590	234,964,577	**230,136,959**
Interest and other expenses [(a)]	296,809,619	450,594,402	**492,362,951**
Interest and other income [(b)]	(55,957,306)	(48,843,924)	**(40,443,979)**
EBITDA [(c)]	US$755,405,737	US$830,143,509	**US$876,828,527**

[(a)] *Interest and other expenses include the following as shown in the consolidated statements of income: foreign exchange loss; interest expense on concession rights payable and lease liabilities; interest expense and financing charges on borrowings; impairment losses on goodwill and nonfinancial assets; 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 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 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 port fees and leases 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 36.8 percent, 36.7 percent and 32.8 percent of the consolidated gross revenues from port operations for the years ended December 31, 2018, 2019 and 2020, respectively. Gross revenues from port operations outside the Republic of the Philippines comprised 63.2 percent, 63.3 percent and 67.2 percent of the consolidated gross revenues from port operations for the years ended December 31, 2018, 2019 and 2020, respectively.

5. **Intangibles**

This account consists of:

	2018						
	Concession Rights (Note 25)						
	Upfront Fees	Fixed Fees	Port Infrastructure	Subtotal	Computer Software	Goodwill	Total
Cost							
Balance at beginning of year	US$288,398,264	US$552,179,670	US$1,463,675,832	US$2,304,253,766	US$58,447,787	US$127,830,058	US$2,490,531,611
Acquisitions or additions	28,171,046	111,606,482	144,942,204	284,719,732	878,928	–	285,598,660
Transfers from (to) other accounts (Notes 6 and 10)	–	–	(9,309,831)	(9,309,831)	9,839,247	–	529,416
Translation adjustments	(12,320,425)	(7,106,223)	(14,088,363)	(33,515,011)	(1,879,895)	(7,370,444)	(42,765,350)
Balance at end of year	304,248,885	656,679,929	1,585,219,842	2,546,148,656	67,286,067	120,459,614	2,733,894,337
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	103,046,301	145,195,171	396,558,296	644,799,768	33,565,865	64,985,984	743,351,617
Amortization for the year	10,333,719	25,463,710	62,985,189	98,782,618	8,570,392	–	107,353,010
Impairment loss for the year (Note 11)	–	–	–	–	–	5,786,047	5,786,047
Transfers to other accounts (Note 6)	–	–	–	–	(3,699,777)	–	(3,699,777)
Translation adjustments	(4,064,759)	(3,019,904)	(7,886,586)	(14,971,249)	(1,050,376)	10,544	(16,011,081)
Balance at end of year	109,315,261	167,638,977	451,656,899	728,611,137	37,386,104	70,782,575	836,779,816
Net Book Value	US$194,933,624	US$489,040,952	US$1,133,562,943	US$1,817,537,519	US$29,899,963	US$49,677,039	US$1,897,114,521

	2019						
	Concession Rights (Note 25)						
	Upfront Fees	Fixed Fees	Port Infrastructure	Subtotal	Computer Software	Goodwill	Total
Cost							
Balance at beginning of year	US$304,248,885	US$656,679,929	US$1,585,219,842	US$2,546,148,656	US$67,286,067	US$120,459,614	US$2,733,894,337
Acquisitions or additions	–	33,016,365	165,571,229	198,587,594	657,484	–	199,245,078
Transfers from (to) other accounts (Notes 6 and 10)	–	–	(8,750,793)	(8,750,793)	1,424,994	–	(7,325,799)
Effect of business combination	–	122,437,834	149,095,065	271,532,899	8,990,238	60,381,782	340,904,919
Translation adjustments	(2,410,672)	534,681	(1,237,698)	(3,113,689)	(2,293,734)	(1,035,973)	(6,443,396)
Balance at end of year	301,838,213	812,668,809	1,889,897,645	3,004,404,667	76,065,049	179,805,423	3,260,275,139
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	109,315,261	167,638,977	451,656,899	728,611,137	37,386,104	70,782,575	836,779,816
Amortization for the year	10,032,101	27,080,649	69,445,141	106,557,891	8,946,146	–	115,504,037
Impairment loss for the year (Note 11)	–	–	156,000,000	156,000,000	–	–	156,000,000
Effect of business combination	–	12,275,287	36,996,199	49,271,486	5,797,046	–	55,068,532
Translation adjustments	(1,023,530)	(954,763)	(2,322,148)	(4,300,441)	(978,152)	222,677	(5,055,916)
Balance at end of year	118,323,832	206,040,150	711,776,091	1,036,140,073	51,151,144	71,005,252	1,158,296,469
Net Book Value	US$183,514,381	US$606,628,659	US$1,178,121,554	US$1,968,264,594	US$24,913,905	US$108,800,171	US$2,101,978,670

	2020						
	Concession Rights (Note 25)						
	Upfront Fees	**Fixed Fees**	**Port Infrastructure**	**Subtotal**	**Computer Software**	**Goodwill**	**Total**
Cost							
Balance at beginning of year	**US$301,838,213**	**US$812,668,809**	**US$1,889,897,645**	**US$3,004,404,667**	**US$76,065,049**	**US$179,805,423**	**US$3,260,275,139**
Acquisitions or additions	**23,726,566**	**70,850,779**	**111,069,053**	**205,646,398**	**1,526,773**	–	**207,173,171**
Disposals	–	–	–	–	**(673,848)**	–	**(673,848)**
Transfers from (to) other accounts (Notes 6 and 10)	–	–	**(20,761,227)**	**(20,761,227)**	**2,057,613**	–	**(18,703,614)**
Adjustments to provisional values in a business combination (Note 1.4)	**438,376**	**–**		**438,376**	–	**402,631**	**841,007**
Translation adjustments	**6,710,932**	**(25,497,381)**	**(29,979,447)**	**(48,765,896)**	**(4,418,799)**	**(12,423,222)**	**(65,607,917)**
Balance at end of year	**332,714,087**	**858,022,207**	**1,950,226,024**	**3,140,962,318**	**74,556,788**	**167,784,832**	**3,383,303,938**
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	**118,323,832**	**206,040,150**	**711,776,091**	**1,036,140,073**	**51,151,144**	**71,005,252**	**1,158,296,469**
Amortization for the year	**8,989,489**	**29,531,141**	**57,304,267**	**95,824,897**	**9,268,256**	–	**105,093,153**
Disposals	–	–	–	–	**(669,578)**	–	**(669,578)**
Impairment loss for the year (Note 11)	–	–	**100,000,000**	**100,000,000**	–	–	**100,000,000**
Transfers from other accounts (Notes 6 and 10)	–	–	**(13,022,411)**	**(13,022,411)**	–	–	**(13,022,411)**
Translation adjustments	**2,061,278**	**(2,159,885)**	**(7,762,141)**	**(7,860,748)**	**(2,127,726)**	**327,401**	**(9,661,073)**
Balance at end of year	**129,374,599**	**233,411,406**	**848,295,804**	**1,211,081,810**	**57,622,096**	**71,332,653**	**1,340,036,560**
Net Book Value	**US$203,339,488**	**US$624,610,801**	**US$1,101,930,220**	**US$1,929,880,508**	**US$16,934,692**	**US$96,452,179**	**US$2,043,267,378**

Concession Rights

In 2018, additions to concession rights mainly pertain to capitalization of fixed fees and acquisition of port facilities and equipment in SPICTL and MITL, and acquisition of port facilities and equipment in OPC, ICTSI and ICTSI Iraq. Additions to concession rights under port infrastructure in 2019 mainly pertain to construction of various civil works and acquisitions of port facilities and equipment in ICTSI, OPC, ICTSI Iraq and PNG entities, recognition of additional capitalized fixed fees in CGSA arising from the extension of the concession period, and acquisition of ICTSI Rio (see Note 25). In 2020, additions to concession rights mainly pertain to the upfront fee payment and capitalization of fixed fees in the new terminal, KMT, and construction of various civil works and acquisitions of port facilities and equipment in existing terminals in ICTSI, CGSA, and ICTSI Iraq. Additions to concession rights under port infrastructure which are not yet available for use are not amortized but tested for impairment at December 31 in accordance with the Group's accounting policy on Impairment Testing on Nonfinancial Assets (see Note 11).

Concession rights have remaining amortization periods ranging from 2 to 35 years.

Upon recognition of the fair value of fixed fee on concession contracts, the Group also recognized the corresponding concession rights payable. Maturities of concession rights payable arising from the capitalization of fixed and upfront fees as at December 31, 2020 are as follows:

	Amount
2021	US$10,700,998
2022	16,407,086
2023	17,005,062
2024	17,605,760
2025 onwards	641,608,801
Total	US$703,327,707

Interest expense on concession rights payable amounted to US$37.5 million in 2018, US$40.5 million in 2019 and US$52.9 million in 2020.

Capitalized borrowing costs amounted to US$1.8 million in 2018 at a capitalization rate of 3.50 to 7.00 percent, US$1.7 million in 2019 at a capitalization rate of 7.0 percent and nil in 2020. Unamortized borrowing costs amounted to US$31.9 million, US$27.0 million and US$25.4 million as at December 31, 2018, 2019 and 2020, respectively.

Nonfinancial Assets of Tecplata. In 2019 and 2020, an impairment charge of US$156.0 million and US$100.0 million, respectively was recorded in respect of the Group's concession right assets consisting of port infrastructure in Tecplata based on value-in-use calculation using discounted cash flows throughout the estimated period of concession. The remaining carrying value of Tecplata's concession right assets as at December 31, 2020 after the impairment charge is US$25.5 million. The reportable segment of Tecplata is Americas. The impairment charge in Tecplata was a result of lower projected cash flows arising from the current unfavorable economic conditions in Argentina.

The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group used discount rates that is also based on the industry's WACC. Management assumed a discount rate of 14.95% and 16.34% for Tecplata as at December 31, 2019 and 2020, respectively. Management recognizes that unfavorable conditions can materially affect the assumptions used in the determination of value-in-use.

Computer Software

Computer software have remaining amortization periods ranging from one to five years.

Goodwill
Goodwill arises from the excess of acquisition costs over fair values of net assets at acquisition dates of the following subsidiaries:

	2018	2019	**2020**
ICTSI Rio (Note 1.4)	US$–	US$61,757,061	**US$48,180,242**
PICT	21,746,214	19,629,689	**18,978,192**
AGCT	16,986,890	16,547,252	**17,763,106**
YICT	9,585,269	9,468,674	**10,101,156**
Others	1,358,666	1,397,495	**1,429,483**
	US$49,677,039	US$108,800,171	**US$96,452,179**

Goodwill is not amortized but subject to an annual impairment testing as at December 31 (see Note 11).

Goodwill of DIPSSCOR. In 2018, an impairment charge of US$5.8 million was recorded in respect of the Group's goodwill in DIPSSCOR based on value-in-use calculation using discounted cash flows throughout the estimated period of concession. The remaining carrying value of goodwill in DIPSSCOR after the impairment charge is nil. The reportable segment of DIPSSCOR is Asia. The impairment charge in DIPSSCOR was a result of lower projected cash flows as DIPSSCOR's concession contract ended in April 2016 and is currently operating on the basis of hold-over authority granted by the PPA (see Note 3).

The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group used discount rates based on the industry's Weighted Average Cost of Capital (WACC). Management assumed a discount rate of 10.34 percent for DIPSSCOR as at December 31, 2018. Management recognizes that unfavorable conditions can materially affect the assumptions used in the determination of value-in-use.

6. Property and Equipment

This account consists of:

2018

	Land and Land Improvements	Leasehold Rights and Improvements	Port Facilities and Equipment	Transportation Equipment	Office Equipment, Furniture and Fixtures	Miscellaneous Equipment	Port Equipment Spare Parts	Construction in Progress	Total
Cost									
Balance at beginning of year	US$107,690,757	US$646,575,532	US$758,663,083	US$53,319,156	US$49,595,413	US$24,322,234	US$5,070,089	US$193,331,107	US$1,838,567,371
Additions	864,344	6,249,691	24,690,098	3,712,932	2,325,115	2,397,457	281,358	63,128,867	103,649,862
Disposals	–	(42,027)	(8,617,701)	(1,762,068)	(387,310)	(21,651)	(135,368)	(5,566,437)	(16,532,562)
Transfers from (to) other accounts (Notes 5 and 10)	2,312,374	72,640,768	123,481,079	1,064,662	5,705,808	16,823,715	(543,121)	(221,066,394)	418,891
Translation adjustments	(1,981,712)	(51,707,556)	(36,352,672)	(959,173)	(1,453,127)	(625,172)	(137,875)	(6,922,708)	(100,139,995)
Balance at end of year	108,885,763	673,716,408	861,863,887	55,375,509	55,785,899	42,896,583	4,535,083	22,904,435	1,825,963,567
Accumulated Depreciation and Amortization									
Balance at beginning of year	1,884,773	103,694,799	204,161,550	35,546,457	40,698,634	9,721,919	1,886,790	–	397,594,922
Depreciation and amortization for the year	1,398,904	31,642,635	41,895,837	3,897,035	4,698,699	3,627,446	91,765	–	87,252,321
Disposals	–	(31,254)	(8,075,758)	(1,239,106)	(225,220)	(50,831)	–	–	(9,622,169)
Transfers from other accounts (Note 5)	–	–	–	–	3,699,777	–	–	–	3,699,777
Translation adjustments	(48,420)	(7,275,785)	(10,230,851)	(777,861)	(1,135,473)	(208,445)	(448,406)	–	(20,125,241)
Balance at end of year	3,235,257	128,030,395	227,750,778	37,426,525	47,736,417	13,090,089	1,530,149	–	458,799,610
Net Book Value	US$105,650,506	US$545,686,013	US$634,113,109	US$17,948,984	US$8,049,482	US$29,806,494	US$3,004,934	US$22,904,435	US$1,367,163,957

2019

	Land and Land Improvements	Leasehold Rights and Improvements	Port Facilities and Equipment	Transportation Equipment	Office Equipment, Furniture and Fixtures	Miscellaneous Equipment	Port Equipment Spare Parts	Construction in Progress	Total
Cost									
Balance at beginning of year	US$108,885,763	US$673,716,408	US$861,863,887	US$55,375,509	US$55,785,899	US$42,896,583	US$4,535,083	US$22,904,435	US$1,825,963,567
Additions	8,416,612	3,342,391	30,987,332	2,748,607	3,418,275	926,957	410,058	47,424,086	97,674,318
Disposals	–	(168,304)	(11,262,711)	(2,291,215)	(1,680,038)	(263,718)	(211,752)	–	(15,877,738)
Effect of business combination (Note 1.4)	–	1,655,162	10,872,600	2,255,426	872,840	3,515,581	–	2,573,967	21,745,576
Translation Adjustments	3,425,120	324,934	726,359	(56,478)	(235,655)	577,801	37,050	4,845,985	9,645,116
Transfers from (to) other accounts (Notes 5 and 10)	17,867,906	8,095,543	15,780,113	16,446,108	1,338,016	589,852	(15,389)	(32,128,237)	27,973,912
Balance at end of year	138,595,401	686,966,134	908,967,580	74,477,957	59,499,337	48,243,056	4,755,050	45,620,236	1,967,124,751
Accumulated Depreciation and Amortization									
Balance at beginning of year	3,235,257	128,030,395	227,750,778	37,426,525	47,736,417	13,090,089	1,530,149	–	458,799,610
Depreciation and amortization for the year	2,271,825	31,805,749	42,308,401	4,670,497	4,345,116	3,562,305	133,194	–	89,097,087
Disposals	–	(104,559)	(7,948,711)	(2,206,782)	(1,629,467)	(273,026)	–	–	(12,162,545)
Effect of business combination (Note 1.4)	–	341,836	4,969,238	1,398,062	473,772	3,317,284	–	–	10,500,192
Translation adjustments	90,889	546,809	1,141,313	(123,804)	(162,091)	56,934	(18,850)	–	1,531,200
Balance at end of year	5,597,971	160,620,230	268,221,019	41,164,498	50,763,747	19,753,586	1,644,493	–	547,765,544
Net Book Value	US$132,997,430	US$526,345,904	US$640,746,561	US$33,313,459	US$8,735,590	US$28,489,470	US$3,110,557	US$45,620,236	US$1,419,359,207

	2020								
	Land and Land Improvements	Leasehold Rights and Improvements	Port Facilities and Equipment	Transportation Equipment	Office Equipment, Furniture and Fixtures	Miscellaneous Equipment	Port Equipment Spare Parts	Construction in Progress	Total
Cost									
Balance at beginning of year	**US$138,595,401**	**US$686,966,134**	**US$908,967,580**	**US$74,477,957**	**US$59,499,337**	**US$48,243,056**	**US$4,755,050**	**US$45,620,236**	**US$1,967,124,751**
Additions	**3,827,272**	**8,487,759**	**11,380,741**	**1,776,465**	**1,892,421**	**1,550,898**	**(5,961)**	**19,043,726**	**47,953,321**
Disposals	**–**	**(13,454,065)**	**(4,303,156)**	**(780,829)**	**(3,166,705)**	**(98,011)**	**(8,242)**	**–**	**(21,811,008)**
Translation Adjustments	**1,032,524**	**30,894,111**	**8,663,909**	**(1,129,676)**	**(1,119,900)**	**1,334,397**	**(52,515)**	**(6,538,971)**	**33,083,879**
Transfers from (to) other accounts (Notes 5 and 10)	**–**	**11,902,150**	**29,764,850**	**(944,242)**	**4,876,568**	**(3,382,624)**	**(319,330)**	**(19,745,283)**	**22,152,089**
Balance at end of year	**143,455,197**	**724,796,089**	**954,473,924**	**73,399,675**	**61,981,721**	**47,647,716**	**4,369,002**	**38,379,708**	**2,048,503,032**
Accumulated Depreciation and Amortization									
Balance at beginning of year	**5,597,971**	**160,620,230**	**268,221,019**	**41,164,498**	**50,763,747**	**19,753,586**	**1,644,493**	**–**	**547,765,544**
Depreciation and amortization for the year	**2,407,716**	**30,095,179**	**44,743,427**	**6,107,435**	**5,103,019**	**3,739,215**	**135,468**	**–**	**92,331,459**
Disposals	**–**	**(13,326,424)**	**(4,266,083)**	**(676,999)**	**(3,111,238)**	**(97,917)**	**–**	**–**	**(21,478,661)**
Translation adjustments	**214,316**	**4,315,637**	**1,144,801**	**(902,843)**	**(895,541)**	**58,266**	**(5,412)**	**–**	**3,929,224**
Transfers from (to) other accounts (Notes 5 and 10)	**–**	**12,781,617**	**385,399**	**(821,805)**	**2,659,549**	**(3,120,235)**	**–**	**–**	**11,884,525**
Balance at end of year	**8,220,003**	**194,486,239**	**310,228,563**	**44,870,286**	**54,519,536**	**20,332,915**	**1,774,549**	**–**	**634,432,091**
Net Book Value	**US$135,235,194**	**US$530,309,850**	**US$644,245,361**	**US$28,529,389**	**US$7,462,185**	**US$27,314,801**	**US$2,594,453**	**US$38,379,708**	**US$1,414,070,941**

Capitalized borrowing costs amounted to US$2.5 million in 2018 at a capitalization rate of 3.76 to 6.47 percent, nil in 2019 and US$0.4 million at a capitalization rate of 8.00 percent in 2020. Unamortized borrowing costs amounted to US$56.2 million, US$54.1 million, and US$52.2 million as at December 31, 2018, 2019 and 2020, respectively.

Construction in progress is mainly composed of ongoing port development and expansion projects in CMSA and MICT as at December 31, 2018, and CMSA as at December 31, 2019 and 2020 (see Note 1.2).

Fully depreciated property and equipment with cost amounting to US$185.7 million, US$153.8 million and US$148.6 million as at December 31, 2018, 2019 and 2020, respectively, are still being used in the Group's operations.

Port equipment of BCT with a total carrying value of US$6.0 million, US$6.0 million and nil as at December 31, 2018, 2019 and 2020, respectively, were pledged as collateral for its outstanding loans from its overdraft facility (see Note 18); port equipment of AGCT with a total carrying value of HRK141.3 million (US$21.9 million) as at December 31, 2018 and nil as at December 31, 2019 and 2020 were pledged as collateral for its outstanding foreign currency-denominated loan (see Note 16.2.3); certain property and equipment of YICT with total carrying value of RMB167.6 million (US$24.4 million), RMB158.4 million (US$22.7 million) and nil as at December 31, 2018, 2019 and 2020, respectively, were pledged as collateral for its outstanding foreign currency-denominated loan (see Note 16.2.3); and certain assets of VICT with a total carrying value of AUD292.1 million (US$205.9 million), AUD297.0 million (US$208.5 million) and AUD334.3 million (US$257.2 million) as at December 31, 2018, 2019 and 2020, respectively, were pledged as securities for its project finance facilities (see Note 16.2.3); parcels of land of IDRC with a total carrying value of US$10.2 million as at December 31, 2018, 2019, and 2020, was pledged as collateral for its outstanding loan (see Note 16.2.2).

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

The concession agreements of CMSA, TSSA, VICT, BCT, BICTL, MICTSI, and TMT were accounted for by the Group in accordance with PFRS 16, *Leases.* The Group recognized lease liabilities for its obligations to pay lease fees 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 and have remaining amortization periods ranging 2 to 35 years.

Amounts recognized in the consolidated balance sheets

Set-out below are the reconciliation of the Group's right-of-use assets and lease liabilities during the period:

Right-of-use assets

	2018	2019	**2020**
Balance at beginning of year	US$659,243,580	US$590,803,123	**US$575,598,262**
Additions	3,731,523	569,038	**56,347,075**
Amortization	(31,009,014)	(29,981,819)	**(32,330,445)**
Cumulative translation adjustments	(41,162,966)	9,401,657	**12,522,969**
Effect of business combination	–	4,806,263	**–**
Balance at end of year	US$590,803,123	US$575,598,262	**US$612,137,861**

Lease liabilities

	2018	2019	**2020**
Balance at beginning of year	US$1,182,123,073	US$1,137,147,123	**US$1,189,175,168**
Interest expense	103,486,069	102,439,467	**97,402,306**
Payments	(53,383,067)	(57,819,987)	**(109,333,648)**
Additions	–	569,038	**56,347,075**
Foreign exchange differences	(95,078,952)	1,856,654	**1,186,572**
Effect of business combination (Note 1.4)	–	4,982,873	–
Balance at end of year	US$1,137,147,123	US$1,189,175,168	**US$1,234,777,473**
Current portion of lease liabilities	US$8,370,713	US$19,458,157	**US$20,573,275**
Lease liabilities - net of current portion	1,128,776,410	1,169,717,011	**1,214,204,198**
Balance at end of year	US$1,137,147,123	US$1,189,175,168	**US$1,234,777,473**

Summarized below are the amounts recognized in the consolidated profit or loss:

	2018	2019	**2020**
Amortization of right-of-use assets	US$31,009,014	US$29,981,819	**US$32,330,445**
Interest expense on lease liabilities	103,486,069	102,439,467	**97,402,306**
Lease expense not included in the measurement of lease liabilities (under Port Authorities' share in gross revenues)	13,940,200	13,875,594	**16,378,358**
Lease expense on short-term leases exempted from PFRS 16 classified under:			
Equipment and facilities-related expenses	1,489,634	1,634,752	**1,516,372**
Administrative and other operating expenses	174,323	184,460	**206,123**
Lease expense on low value assets exempted from PFRS 16 classified under:			
Equipment and facilities-related expenses	2,883	16,193	**2,623**
Administrative and other operating expenses	30,759	5,731	**5,308**

Maturity profile

The undiscounted minimum payments pertaining to lease liabilities as at December 31, 2020 are as follows:

	Amount
2021	US$117,724,483
2022	122,575,063
2023	124,056,949
2024	127,019,063
2025 onwards	2,235,746,128
Total	US$2,727,121,686

Lease commitments of the Group that are not reflected in the measurement of lease liabilities

The Group is exposed to future cash outflows that are not yet reflected in the measurement of the lease liabilities since the leases have not yet commenced:

	Amount
2021	US$6,628,265
2022	16,249,132
2023	16,963,069
2024	17,681,302
2025 onwards	133,145,067
Total	US$190,666,835

8. Investment Properties

The details of investment properties are as follows:

	2018		
	Land and Improvements	Building and Others	Total
Cost			
Balance at beginning of year	US$12,784,075	US$1,004,350	US$13,788,425
Translation adjustments	(208,466)	(6,410)	(214,876)
Balance at end of year	12,575,609	997,940	13,573,549
Accumulated Depreciation and Amortization			
Balance at beginning of year	5,343,015	434,273	5,777,288
Amortization during the year	355,217	6,028	361,245
Translation adjustments	–	(3,702)	(3,702)
Balance at end of year	5,698,232	436,599	6,134,831
Net Book Value	US$6,877,377	US$561,341	US$7,438,718

	2019		
	Land and Improvements	Building and Others	Total
Cost			
Balance at beginning of year	US$12,575,609	US$997,940	US$13,573,549
Disposals	(36,630)	(7,331)	(43,961)
Translation adjustments	150,049	4,638	154,687
Balance at end of year	12,689,028	995,247	13,684,275
Accumulated Depreciation and Amortization			
Balance at beginning of year	5,698,232	436,599	6,134,831
Amortization during the year	375,504	6,130	381,634
Translation adjustments	–	3,058	3,058
Balance at end of year	6,073,736	445,787	6,519,523
Net Book Value	US$6,615,292	US$549,460	US$7,164,752

	2020		
	Land and Improvements	**Building and Others**	**Total**
Cost			
Balance at beginning of year	**US$12,689,028**	**US$995,247**	**US$13,684,275**
Translation adjustments	**219,811**	**6,822**	**226,633**
Balance at end of year	**12,908,839**	**1,002,069**	**13,910,908**
Accumulated Depreciation and Amortization			
Balance at beginning of year	**6,073,736**	**445,787**	**6,519,523**
Amortization during the year	**375,504**	**6,398**	**381,902**
Translation adjustments	–	**4,847**	**4,847**
Balance at end of year	**6,449,240**	**457,032**	**6,906,272**
Net Book Value	**US$6,459,599**	**US$545,037**	**US$7,004,636**

Land and improvements mainly include land held for capital appreciation and land improvements subject to operating leases.

Investment properties of MICT and IWI CTHI located in Laguna, Philippines have a fair value of ₱1.9 billion (US$38.7 million) as at February 17, 2021 based on a valuation performed by a qualified independent appraiser whose report was dated March 1, 2021.

Fair value of the investment properties was determined using the sales comparison approach. This means that valuations performed by qualified independent appraisers are based on sales of similar or substitute properties, significantly adjusted for differences in the nature, location or condition of the specific property. This valuation approach is categorized as *Level 3* in the fair value hierarchy as at December 31, 2018, 2019 and 2020. The significant unobservable input to the valuation is the price per square meter which ranges from ₱3,600 (US$74.4) to ₱3,900 (US$80.6).

Significant increases or decreases in estimated price per square meter in isolation would result in a significantly higher or lower fair value on a linear basis.

Rental income derived from rental-earning investment properties presented as part of "Other income" account in the consolidated statements of income amounted to US$0.6 million in 2018, US$1.2 million in 2019 and US$1.4 million in 2020 (see Note 21.1). There were no restrictions on realizability of investment properties and no significant repairs and maintenance were made to maintain the Group's investment properties in 2018, 2019 and 2020. The rent agreement covering rental-earning investment properties is renewable at the option of both parties yearly.

Operating expenses related to the investment property amounted to US$0.1 million, US$0.2 million and US$0.2 million in 2018, 2019 and 2020, respectively, which pertains mainly to real property taxes.

9. Investments in and Advances to Joint Ventures and Associates

This account consists of:

	2018	2019	**2020**
Investments in and advances to joint ventures:			
SPIA	US$296,264,943	US$283,403,613	**US$273,225,731**
MNHPI	–	157,504,603	**171,525,252**
Others	2,649,412	2,310,235	**(154,074)**
Investments in associates:			
MNHPI	82,319,659	–	**–**
ARDC	7,474,994	7,474,994	**7,474,994**
	388,709,008	450,693,445	**452,071,903**
Less allowance for probable losses	7,474,994	7,474,994	**7,474,994**
	US$381,234,014	US$443,218,451	**US$444,596,909**

Investment in and Advances to Joint Ventures

As at December 31, 2020, investments in joint ventures pertain to the Group's 49.8 percent ownership interest in SPIA, 50.0 percent ownership interest in MNHPI (effective April 26, 2019), and 49.0 percent investment in FAMI. FAMI was established in March 2018. The advances to joint ventures mainly represent interest-bearing loans used by SPIA to finance the construction of its terminal and its start-up operations in Colombia (see Note 23.1). SPIA started commercial operations in the fourth quarter of 2016.

The movements and details of this account are as follows:

	2018	2019	**2020**
Investment in Joint Ventures:			
Balance at beginning of year	(US$14,521,557)	(US$35,673,334)	**US$224,107,949**
Acquisition of shares in a joint venture	2,338,207	1,820,764	**130,696**
Step-up acquisition:			
Previously held as associate	–	82,267,101	**–**
Additional acquisition of shares to obtain joint control	–	67,588,023	**–**

(Forward)

	2018	2019	**2020**
Conversion of advances to equity	US$–	US$123,455,823	**US$–**
Share in other comprehensive income	–	4,805,012	**7,326,726**
Equity in net losses during the year	(23,489,984)	(20,155,440)	**(12,269,308)**
Balance at end of year	(35,673,334)	224,107,949	**219,296,063**
Advances to a joint venture (Note 23.1)	334,981,538	219,110,502	**225,300,846**
	US$299,308,204	US$443,218,451	**US$444,596,909**

The summarized financial information of SPIA as at and for the years ended December 31 follows:

	2018	2019	**2020**
Current assets [(a)]	US$15,124,799	US$20,335,432	**US$29,304,885**
Noncurrent assets	604,996,288	574,689,836	**543,736,238**
Current liabilities	347,818,988	231,580,065	**236,210,773**
Noncurrent liabilities [(b)]	354,254,325	242,058,775	**246,527,810**

(a) Current assets include cash and cash equivalents amounting to US$2.5 million, US$2.5 million and US$13.0 million as at December 31, 2018, 2019 and 2020, respectively.

(b) Noncurrent liabilities include deferred tax liabilities amounting toUS$6.7 million, US$6.3 million and US$6.0 million as at December 31, 2018, 2019 and 2020, respectively.

	2018	2019	**2020**
Gross revenues from port operations	US$41,445,905	US$62,341,723	**US$53,102,557**
Operating expenses	(25,666,482)	(26,043,928)	**(22,253,613)**
Depreciation and amortization	(36,121,362)	(37,902,541)	**(35,608,629)**
Other income	2,894,862	7,353,113	**7,743,279**
Other expenses [(c)]	(46,184,668)	(45,183,455)	**(35,542,306)**
Benefit from (provision for) income tax	13,007,569	(3,453,374)	**1,474,824**
Net loss	(US$50,624,176)	(US$42,888,462)	**(US$31,083,888)**

(c) Other expenses include interest expense on concession rights payable amounting to US$1.3 million in 2018, 2019 and US$1.2 million in 2020 and interest expense on advances from ICBV and PSA amounting to US$38.6 million in 2018, US$33.4 million in 2019 and US$26.2 million in 2020.

The difference between the carrying value of investment in SPIA against the share in net assets of SPIA represents the excess of fair value over the carrying value of the concession rights of SPIA.

On September 21, 2017, ICTSI signed a SPA with Petron Corporation for the acquisition of 10,449,000 MNHPI shares, representing 34.83 percent of the total issued and outstanding shares of MNHPI for a consideration of Php1.75 billion (US$33.8 million). The completion of the SPA was subject to several conditions, one of which was the approval of the acquisition by the PPA. The SPA was completed on October 30, 2017. An additional investment cost of Php2.45 billion (US$47.3 million) was incurred in relation to this acquisition.

On September 5, 2018, ICTSI signed an SPA with Harbour Centre Port Terminal, Inc. (HCPTI) for the acquisition of 4,550,000 shares in MNHPI from HCPTI. The subject shares represent 15.17% of the total issued and outstanding shares of MNHPI for a consideration of Php910.0 million (US$17.3 million). The Philippine Competition Commission and the PPA approved the acquisition of shares on March 15, 2019 and April 26, 2019, respectively. With the approval of the PPA, ICTSI's shareholdings in MNHPI increased from 34.83% to 50% effective on April 26, 2019. An additional investment cost of Php2.7 billion (US$50.3 million) was incurred in relation to this acquisition. As a result, MNHPI became a joint venture of ICTSI.

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

	October 2017	April 2019	Total
Assets			
Property and equipment	US$358,492	US$111,017	**US$469,509**
Intangibles	140,322,295	56,409,485	**196,731,780**
Deferred tax asset	1,504,712	734,225	**2,238,937**
Other noncurrent assets	1,740,985	352,766	**2,093,751**
Cash and cash equivalents	5,712,181	1,808,161	**7,520,342**
Receivables	3,038,693	1,578,107	**4,616,800**
Spare parts and supplies	1,767,810	815,638	**2,583,448**
Prepaid expenses and other current assets	2,300,524	492,684	**2,793,208**
	US$156,745,692	US$62,302,083	**US$219,047,775**
Liabilities			
Loans payable	(US$37,168,452)	(US$11,264,028)	**(48,432,480)**
Accounts payable and other current liabilities	(3,027,272)	(4,281,936)	**(7,309,208)**
Long-term debt	(9,286,109)	–	**(9,286,109)**
Concession rights payable	(20,073,115)	(8,475,662)	**(28,548,777)**
Other noncurrent liabilities	(1,166,435)	(496,150)	**(1,662,585)**
Deferred tax liability	(17,759,649)	(7,345,516)	**(25,105,165)**
	(88,481,032)	(31,863,292)	**(120,344,324)**
Total identifiable net assets at fair value	68,264,660	30,438,791	**98,703,451**
Goodwill arising on acquisition	12,879,340	37,149,232	**50,028,572**
Purchase consideration and additional investment cost satisfied by cash	US$81,144,000	US$67,588,023	**US$148,732,023**

The finalized fair values reflect the financial effects of adjustments on intangibles, concession rights payable and goodwill.

The summarized financial information of MNHPI as at and for the year ended December 31 follows:

	2018	2019	2020
Current assets [(a)]	US$29,180,195	US$64,810,619	**US$32,812,594**
Noncurrent assets	326,894,513	430,090,522	**430,358,178**
Current liabilities	110,297,818	122,276,271	**57,828,056**
Noncurrent liabilities [(b)]	75,399,475	108,276,851	**115,311,505**

(a) Current assets include cash and cash equivalents amounting to US$9.5 million, US$47.2 million, and US$14.6 million as at December 31, 2018, 2019, and 2020, respectively.

(b) Noncurrent liabilities include deferred tax liabilities amounting to US$18.9 million, US$46.0 million, and US$47.0 million as at December 31, 2018, 2019, and 2020, respectively.

	2018	2019	2020
Gross revenues from port operations	US$72,668,167	US$80,167,377	**US$77,629,398**
Operating expenses	(36,097,953)	(36,841,910)	**(30,757,047)**
Depreciation and amortization	(19,019,400)	(23,534,697)	**(24,513,745)**
Other income	845,881	679,686	**2,963,448**
Other expenses [(c)]	(14,019,412)	(11,745,930)	**(9,900,112)**
Provision for income tax	(737,477)	(2,662,170)	**(3,930,197)**
Net income	US$3,639,806	US$6,062,356	**US$11,491,745**

(c) Other expenses include interest expense on concession rights payable amounting to US$3.7 million, US$3.8 million and US$3.9 million, and interest expense and financing charges on borrowings amounting to US$7.3 million, US$5.6 million, and US$2.4 million in 2018, 2019 and 2020, respectively.

As at December 31, 2020, the difference between the carrying value of investment in MNHPI against the share in net assets of MNHPI represents the notional goodwill on MNHPI amounting to ₱2.7 billion (US$55.8 million) and excess of fair value over the carrying value of identifiable assets and liabilities of MNHPI amounting to ₱2.4 billion (US$50.9 million).

Investments in an Associates

The movements and details of this account are as follows:

	2018	2019	**2020**
Investments in Associates			
Balance at beginning of year	US$90,022,297	US$89,400,804	**US$7,474,994**
Share in other comprehensive loss (Note 15.7)	(1,889,241)	(67,022)	–
Equity in net income during the year	1,267,748	408,313	–
Reclassification as joint venture	–	(82,267,101)	–
Balance at end of year	89,400,804	7,474,994	**7,474,994**
Less allowance for probable losses	7,474,994	7,474,994	**(7,474,994)**
	US$81,925,810	US$–	**US$–**

The Group has a 49 percent investment in ARDC, an associate. ARDC had stopped commercial operations. The investment in ARDC was covered with a full allowance for probable losses amounting to US$7.5 million.

With the acquisition of joint control in MNHPI in April 2019, the investment in MNHPI was reclassified from associate to joint venture.

10. Other Noncurrent Assets

This account consists of:

	2018	2019	**2020**
Advances to suppliers, contractors and others - net	US$91,145,589	US$280,188,331	**US$265,726,152**
Input tax - net (Note 14)	69,415,528	81,596,022	**45,307,826**
Restricted cash (Notes 16 and 26)	24,897,124	30,669,940	**31,861,364**
Receivable from port authority - noncurrent portion	–	8,275,184	**3,095,354**
Financial assets at FVOCI (Notes 3, 15, and 27)	13,722,125	3,183,366	**2,950,372**
Derivative assets (Note 27)	152,906	1,731	–
Pension assets (Note 24)	89,898	–	–
Prepayments and others	7,993,150	9,874,623	**13,325,797**
	US$207,416,320	US$413,789,197	**US$362,266,865**

Advances to Suppliers, Contractors and Others

Advances to suppliers, contractors and others mainly pertain to advance payments for the acquisition of transportation equipment and construction of port facilities, advance payments for future rentals and deposits for acquisitions of investments. As at December 31, 2018, 2019 and 2020, this account includes advances and deposits to suppliers and contractors and for the acquisition of investments amounting to US$81.0 million, US$51.3 million and US$61.8 million, respectively (see Note 1.2).

This also includes the upfront fee that ICTSI was required to pay pursuant to the Concession Agreement signed with SPC of Sudan. On January 13, 2019, ICTSI paid the initial installment of Upfront Fee of EUR410.0 million (US$470.2 million). On July 3, 2019 and December 14, 2019, ICTSI received partial repayments of the Upfront Fee in the amount of EUR195.2 million

(US$219.1 million) and AED110.2 million (EUR26.8 million or US$29.8 million), respectively, based on terms of the refund bond (see Note 1), as well as the foreign currency translation hedging loss amounting to US$10.6 million that was reclassified from equity in January 2019 (see Note 27.4). As at December 31, 2020, remaining deposit amounted to EUR188.0 million (US$229.6 million).

Input Tax
This account includes prepaid input tax and is expected to be applied against output tax after 12 months from the balance sheet date.

Restricted Cash
Restricted cash pertains mainly to cash deposits placed by the Group as required by the concession agreements for MICTSL, SCIPSI and DIPSSCOR. The garnished cash of TSSA arising from a civil suit filed by a former customer of TSSA is likewise included in this account (see Note 26). This account also included the cash of VICT placed in a special purpose debt service reserve account in accordance with the project finance loan amounting to US$17.3 million (AUD24.6 million), US$20.1 million (AUD28.7 million), and US$21.0 million (AUD27.3 million) in 2018, 2019, and 2020, respectively (see Note 16.2.3).

Receivable from Port Authority
This account pertains to ICTSI Rio's receivable from port authority representing the amount recoverable from Companhia Docas do Rio de Janeiro (CDRJ or the port authority) for the reimbursement of costs disbursed for the expansion works on Terminal 1 of the port of Rio de Janeiro, through offsetting against the monthly fixed and variable fees and/or payments by CDRJ.

On March 24, 2014, CDRJ responded to the letter filed by ICTSI Rio in January 2014, accepting the proposed manner of costs reimbursement related to the landfilling works as part of the expansion of Terminal 1. The receivable is subject to an interest at an annual rate of Brazilian Long-term Interest Rate (TJLP) plus a premium of 2.18%. As at December 31, 2020, the total amount of the receivable from CDRJ amounted to BRL33.7 million (US$6.5 million) and is expected to be collected up to January 2023. The current portion of the receivable amounted to BRL17.6 million (US$3.4 million) as at December 31, 2020 and is classified as non-trade receivables in the 2020 consolidated balance sheet.

Financial Assets at FVOCI
The net movement in unrealized mark-to-market gain on financial assets at FVOCI is as follows:

	2018	2019	**2020**
Balance at beginning of year	US$586,788	US$979,860	**US$1,309,553**
Change in fair value of financial assets at FVOCI	393,072	329,693	**(258,230)**
Balance at end of year (Note 15.7)	US$979,860	US$1,309,553	**US$1,051,323**

Prepayments and Others
As at December 31, 2020, this account includes the minimum presumed income tax of Tecplata amounting to US$4.9 million which is available to be offset against its future income tax payable (see Note 22).

Impairment of Nonfinancial Assets
In 2020, a loss of US$80.3 million was recognized in respect of the impairment in value of the Group's other noncurrent assets. The impairment charge was a result of lower projected cash flows arising from the current unfavorable economic conditions (see Note 11).

11. **Impairment Testing on Nonfinancial Assets**

The Group reviews all assets annually or more frequently to look for any indication that an asset may be impaired. These assets include property and equipment, intangible assets, right-of-use assets, investments in joint ventures and associates, intangible assets not yet available for use and goodwill and certain other noncurrent assets. If any such indication exists, or when the annual impairment testing for an asset is required, the Group calculates the asset's recoverable amount. Irrespective of whether there is any indication of impairment, intangible assets not yet available for use and goodwill acquired in a business combination are tested for impairment annually. ICTSI and its subsidiaries used a discounted cash flow analysis to determine value-in-use. Value-in-use reflects an estimate of the future cash flows the Group expects to derive from the cash-generating unit, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors such as illiquidity that market participants would reflect in pricing the future cash flows the Group expects to derive from the cash-generating unit. The calculation of the value-in-use is based on reasonable and supportable assumptions, the most recent budgets and forecasts and extrapolation for periods beyond budgeted projections. These represent management's best estimate of the economic conditions that will exist over the remaining useful life of the asset.

The recoverable amount of nonfinancial assets of the Group subject to impairment testing has been determined based on value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period or remaining concession period, taking into consideration effect of significant events (i.e. COVID-19) on the macroeconomic factors used in developing the assumptions. Projections beyond five years were used for the newly established terminals and/or greenfield projects.

Key assumptions used to determine the value-in-use are discount rates including cost of debt and cost of capital, growth rates, EBITDA margins, working capital and capital expenditure.

Discount Rates
The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group used discount rates based on the industry's WACC. The rates used to discount the future cash flows are based on risk-free interest rates in the relevant markets where the subsidiaries are domiciled taking into consideration the debt premium, market risk premium, gearing, corporate tax rate and asset betas of these subsidiaries. Management assumed discount rates of 10.02 percent to 16.21 percent in 2018, 5.51 percent to 14.95 percent in 2019 and 4.23 percent to 16.34 percent in 2020.

Growth Rates
Average growth rates in revenues are based on ICTSI's expectation of market developments and the changes in the environment in which it operates. ICTSI uses revenue growth rates ranging from 2.37 percent to 9.43 percent, based on past historical performance as well as expectations on the results of its strategies. On the other hand, the perpetual growth rate used to compute for the terminal value is based on the forecasted long-term growth of real gross domestic product (GDP) of the economy in which the business operates.

EBITDA Margin
The EBITDA margin represents the operating margin before depreciation and amortization and is estimated based on the margin achieved in the period immediately before the budget period and on estimated future development and growth in the industry and market. Committed operational efficiency programs are taken into consideration. Changes in the outcome of these initiatives may affect future estimated EBITDA margin.

Capital Expenditure
In computing the value-in-use, estimates of future cash flows include future cash outflows necessary to maintain the level of economic benefits expected to arise from the asset in its current condition. Capital expenditures that improve or enhance the asset's performance therefore are not included. However, for the newly established terminals and/or greenfield projects, management takes into consideration the capital expenditures necessary to meet the expected growth in volume and revenues. These expansionary capital expenditures of which the Group has incurred cash outflows, for the newly established terminals are deducted from the future cash flows.

12. Cash and Cash Equivalents

This account consists of:

	2018	2019	**2020**
Cash on hand and in banks	US$139,138,642	US$164,362,158	**US$248,365,439**
Cash equivalents (Note 27.4)	307,940,683	70,471,817	**486,466,341**
	US$447,079,325	US$234,833,975	**US$734,831,780**

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term investments, which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates. The carrying value of cash and cash equivalents approximates their fair value as at the balance sheet date.

Interest income derived from interest-earning bank deposits and short-term investments amounted to US$4.8 million, US$6.1 million and US$6.2 million for the years ended December 31, 2018, 2019 and 2020, respectively.

As at December 31, 2018, ICTSI designated EUR138.3 million (US$158.5 million) of its Euro denominated cash equivalents as cash flow hedges (see Note 27.4). On January 8, 2019, ICTSI terminated the cash flow hedge of its Euro-denominated cash equivalents (see Notes 10, 25.15 and 27.4).

13. Receivables

This account consists of:

	2018	2019	**2020**
Trade	US$113,688,162	US$107,201,838	**US$108,900,019**
Advances and nontrade (Note 10)	14,703,918	26,256,514	**30,029,840**
	128,392,080	133,458,352	**138,929,859**
Less allowance for ECL	7,968,303	9,058,172	**9,597,785**
	US$120,423,777	US$124,400,180	**US$129,332,074**

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

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

Movements in the allowance for doubtful accounts are summarized below:

	2018		
	Trade	Advances and Nontrade	Total
Balance at beginning of year, as restated	US$7,881,806	US$52,758	US$7,934,564
Provision during the year	342,172	–	342,172
Write-off	(40,785)	–	(40,785)
Translation adjustments	(267,648)	–	(267,648)
Balance at end of year	US$7,915,545	US$52,758	US$7,968,303

	2019		
	Trade	Advances and Nontrade	Total
Balance at beginning of year	US$7,915,545	US$52,758	US$7,968,303
Provision during the year	1,116,491	–	1,116,491
Write-off	(44,851)	–	(44,851)
Translation adjustments	18,229	–	18,229
Balance at end of year	US$9,005,414	US$52,758	US$9,058,172

	2020		
	Trade	**Advances and Nontrade**	**Total**
Balance at beginning of year	**US$9,005,414**	**US$52,758**	**US$9,058,172**
Provision during the year	**669,013**	**290,266**	**959,279**
Write-off	**(2,178)**	**–**	**(2,178)**
Translation adjustments	**(355,086)**	**(62,402)**	**(417,488)**
Balance at end of year	**US$9,317,163**	**US$280,622**	**US$9,597,785**

14. Prepaid Expenses and Other Current Assets

This account consists of:

	2018	2019	**2020**
Input tax (Note 10)	US$38,946,312	US$24,519,257	**US$27,042,728**
Prepaid port fees, insurance, bonds and other expenses and deposits	18,574,479	26,437,932	**18,092,083**
Creditable withholding taxes	6,550,338	6,646,854	**6,378,700**
Tax credits	2,472,451	6,001,745	**5,825,128**
Receivable from port authorities	3,784,274	6,279,487	**7,318,157**
Derivative assets (Note 27)	426,415	21,392	–
Others	1,136,510	2,188,776	**2,139,008**
	US$71,890,779	US$72,095,443	**US$66,795,804**

Input Tax

This account includes input tax recognized mainly by ICTSI, CMSA, CGT, BICTL, and CGSA from the acquisition of terminal equipment and payments of civil works in relation to the construction activities at these terminals (see Notes 6 and 10) and expected to be applied against output tax within 12 months from the balance sheet date.

Tax Credits
Tax credits consist of tax credits granted by the tax authorities and tax credit certificates issued manily to CGSA, ICTSI, and TSSA which can be applied against tax liabilities in the future.

Receivable from Port Authorities
This account represents amount receivable for the Group's share in fees collected by the port authorities.

15. Equity

The Group was listed with the PSE on March 23, 1992. In its initial public offering, the Parent Company offered its common shares at a price of ₱6.70. As at December 31, 2018, 2019 and 2020, the Parent Company had 1,383, 1,366 and 1,365 shareholders on record, respectively.

15.1 Capital Stock and Treasury Shares

The Parent Company's common shares are listed and traded in the PSE.

The details and movements of ICTSI's capital stock and treasury shares as at December 31 were as follows:

	Number of Shares					
	Authorized			Issued and Subscribed		
	2018	2019	**2020**	2018	2019	**2020**
Preferred A Shares - nonvoting, non-cumulative, ₱1.00 (US$0.048) par value	993,000,000	993,000,000	**993,000,000**	3,800,000	3,800,000	**3,800,000**
Preferred B Shares - voting, non-cumulative, ₱0.01 (US$0.0002) par value	700,000,000	700,000,000	**700,000,000**	700,000,000	700,000,000	**700,000,000**
Common Stock - ₱1.00 (US$0.048) par value	4,227,397,381	4,227,397,381	**4,227,397,381**	2,045,177,671	2,045,177,671	**2,045,177,671**

	Number of Shares		
	Issued and Subscribed		
	2018	2019	**2020**
Treasury Shares			
Balance at beginning of year	(10,982,205)	(34,175,740)	**(44,579,063)**
Acquisitions during the year	(25,039,790)	(13,034,730)	**–**
Sale during the year	–	–	**40,000,000**
Issuance for share-based payments (Note 20)	1,846,255	2,631,407	**2,172,101**
Balance at end of year	(34,175,740)	(44,579,063)	**(2,406,962)**

	Amount Issued and Subscribed		
	2018	2019	**2020**
Preferred Stock	US$236,222	US$236,222	**US$236,222**
Common Stock	US$67,781,529	US$67,781,529	**US$67,781,529**
Subscription Receivable	(451,341)	(451,341)	**(451,341)**
	US$67,330,188	US$67,330,188	**US$67,330,188**
Treasury Shares			
Balance at beginning of year	(US$15,059,524)	(US$58,112,070)	**(US$83,012,573)**
Issuance of treasury shares for share-based payments (Note 20)	2,277,081	4,365,640	**4,120,334**
Sale during the year	–	–	**74,460,982**
Acquisitions during the year	(45,329,627)	(29,266,143)	**–**
Balance at end of year	(US$58,112,070)	(US$83,012,573)	**(US$4,431,257)**

Preferred Shares

The Preferred A shares, which were subscribed by ICTHI, are nonvoting, entitled to dividend at rates to be fixed by the Board, non-cumulative, convertible to common shares under such terms to be provided by the Board, redeemable at such price and terms determined by the Board and have preference over common shares in the distribution of the assets of the Parent Company (see Note 15.3). As at March 2, 2021, the Board has not fixed the dividend rate and terms of conversion of Preferred A shares.

The Preferred B shares were issued to Achillion Holdings, Inc. (Achillion). As at March 2, 2021, Preferred B shares have the following features: voting; issued only to Philippine Nationals; not convertible into common shares; earn no dividend and redeemable at the option of the Board.

Achillion is a Philippine corporation owned and controlled by ICTSI's Chairman and President and controlling stockholder, Mr. Enrique K. Razon, Jr. The ICTSI contract with PPA on the operation, management and development of the MICT requires the Razon Group to retain control of ICTSI.

Treasury Shares
Treasury shares came from the acquisition of ICTSI common shares or transfer of ICTSI common shares held by subsidiaries. Part of the treasury shares are subsequently reissued upon vesting of stock awards under the Stock Incentive Plan (SIP) (see Note 20).

On November 26, 2018, the Board of ICTSI approved and authorized the re-purchase from the open market of up to 30 million ICTSI shares, in addition to the number of shares approved and ratified by the BOD on September 16, 2015 initially at 10 million shares and on November 17, 2016 for an additional 20 million shares. The purpose of the said authorizations is to provide management the flexibility to acquire shares from the open market either for the SIP or as and when management deems the price of the shares to be undervalued. In 2018 and 2019, the Company acquired 25,039,790 treasury shares totaling US$45.3 million and 13,034,730 treasury shares totaling US$29.3 million, respectively. There were no treasury shares acquired in 2020.

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).

15.2 Additional Paid-in Capital

Additional paid-in capital is increased when ICTSI grants stock awards and these stock awards vest under the SIP. Aggregate increase in additional paid-in capital amounted to US$1.5 million in 2018 and US$0.1 million in 2020 and aggregate decrease in additional paid-in capital amounted to US$1.8 thousand in 2019, as a result of granting and vesting of stock awards (see Note 20).

The sale of treasury shares in November 2020 increased additional paid-in capital by Php783.3 million (US$21.0 million).

15.3 Cost of Shares Held by Subsidiaries

Details and movements in preferred and common shares held by subsidiaries as at December 31 are as follows:

	2018		2019		**2020**	
	Number of Shares	Amount	Number of Shares	Amount	**Number of Shares**	**Amount**
Preferred Shares	3,800,000	US$72,492,481	3,800,000	US$72,492,481	**3,800,000**	**US$72,492,481**
Common Shares						
Balance at beginning of year	734,970	1,769,114	734,970	1,769,114	**734,970**	**1,769,114**
Acquisitions during the year	–	–	–	–	**5,236,020**	**9,413,865**
Balance at end of the year	734,970	1,769,114	734,970	1,769,114	**5,970,990**	**11,182,979**
	4,534,970	US$74,261,595	4,534,970	US$74,261,595	**9,770,990**	**US$83,675,460**

As at December 31, 2018, 2019 and 2020, cost of preferred shares held by a subsidiary pertains to preference A shares held by ICTHI and cost of common shares held by a subsidiary pertains to common shares held by IWI CTHI.

15.4 Non-controlling Interests

On April 10, 2019, IWI CTHI acquired 2,050,000 common shares of BIPI, representing 20% non-controlling interest from Atlantic, Gulf & Pacific Company of Manila, Inc. (AG&P) for US$8.0 million (Php416.1 million). This transaction increased IWI CTHI's ownership in BIPI from 60% to 80% (see Note 1.3) and reduced non-controlling interests by US$7.5 million (Php391.6 million). The difference between the purchase price and carrying value of the non-controlling interest of US$0.5 million (Php24.5 million) was recognized in equity as "Excess of consideration over the carrying value of non-controlling interests acquired or disposed" in the 2019 consolidated balance sheet.

On December 12, 2019, ICTSI and Royal Port Services, Inc. (RPSI), a minority shareholder in SBITHI, entered into a Shareholders' Agreement to restructure the ownership of SBITHI, including the transfer of ownership of 100% shares of ICTSI Subic held by ICTSI to SBITHI and subscription of additional shares by ICTSI in SBITHI. Before the restructuring, ICTSI owned 83.33% while RPSI owned 16.67% of SBITHI and ICTSI Subic was 100% and directly owned by ICTSI. After the restructuring, by way of ICTSI transferring its 100% direct ownership in ISI to SBITHI and subscribing to additional SBITHI shares as a consideration to the ICTSI Subic shares transferred, ICTSI's ownership in SBITHI was increased to 90.5% while RPSI's ownership in SBITHI was reduced to 9.5%. The restructuring resulted in the reduction of non-controlling interests amounting to US$0.2 million that was recognized in equity in the 2019 consolidated balance sheet.

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) (see Note 1.2).

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.

The significant portion of non-controlling interests pertains to YICT and IDRC representing 81%, 86% and 84% of the total as at December 31, 2018, 2019 and 2020, respectively.

The dividends distributed to non-controlling shareholders are as follows:

	2018	2019	**2020**
IDRC	US$2,858,291	US$9,600,000	**US$14,400,000**
PICT	6,335,029	3,758,946	**6,706,297**
YICT	1,841,962	4,754,574	**5,632,622**
SPICTL	–	–	**2,702,406**
AGCT	1,864,889	494,296	**2,776,427**
MITL	–	–	**1,841,862**
SCIPSI	615,898	2,286,790	**1,543,946**
SBITHI	–	1,087,890	**1,515,250**
BIPI	1,142,966	3,417,450	**725,363**
LGICT	151,872	695,075	**165,349**
MTS	103,927	–	**32,216**
DIPSSCOR	28,866	29,359	**25,320**
	US$14,943,700	US$26,124,380	**US$38,067,058**

15.5 Retained Earnings

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

	2018	2019	**2020**
Date of Board approval	April 19, 2018	April 11, 2019	**March 20, 2020**
Cash dividends (regular) per share	US$0.05 (₱2.50)	US$0.05 (₱2.92)	**US$0.07 (₱3.31)**
Cash dividends (special) per share	–	US$0.04 (₱2.08)	**–**
Record date	May 4, 2018	April 29, 2019	**April 3, 2020**
Payment date	May 11, 2018	May 7, 2019	**April 16, 2020**

Retained earnings were reduced by distributions paid out by RCBV to holders of Perpetual Capital Securities discussed in Note 15.6 below aggregating US$60.3 million in 2018, US$60.7 million in 2019 and US$55.7 million in 2020.

Of the total retained earnings of US$460.1 million, US$301.0 million and US$216.9 million as at December 31, 2018, 2019, 2020, respectively, undistributed cumulative earnings of subsidiaries in retained earnings position amounting to US$1,110.5 million, US$1,356.5 million and US$1,579.1 million as at December 31, 2018, 2019 and 2020, respectively, were not available for dividend distribution (see Note 21). As at December 31, 2020, the retained earnings is restricted for dividend declaration to the extent of the cost of treasury shares held amounting to US$4.4 million.

On December 29, 2017, the Board of the Parent Company appropriated US$25.0 million for additional working capital requirements of its continuing domestic and foreign expansion projects in 2018. On March 6, 2018, the Board of the Parent Company approved the release of US$150.0 million from the appropriated retained earnings back to unappropriated retained earnings due to completion of the project in VICT in Australia. On April 11, 2019, the Board of the Parent Company approved the release of US$125.0 million from the appropriated retained earnings back to unappropriated retained earnings due to the partial completion of the new berth in ICTSI and the partial completion of the expansion projects in CMSA, OPC and ICTSI Iraq. On December 9, 2019, the remaining appropriated retained earnings of the Parent Company amounting to US$87.1 million was released back to unappropriated retained earnings due to the substantial completion of the expansion projects in CMSA, OPC and ICTSI Iraq.

Total appropriated retained earnings of the Parent Company amounted to US$212.1 million in 2018 and nil in 2019 and 2020, respectively.

As at December 31, 2020, the unappropriated retained earnings of the Parent Company that is available for dividend declaration amounted to US$100.0 million.

15.6 Perpetual Capital Securities

On April 28, 2011, RCBV (the "Issuer") and ICTSI (the "Guarantor") signed a Subscription Agreement with The Hong Kong and Shanghai Banking Corporation Limited (HSBC) and Citigroup Global Markets Limited (Citi) for the issuance of US$200,000,000 8.375 percent Subordinated Guaranteed Perpetual Capital Securities (the "Original Securities"). The Original Securities confer a right to receive a return on the Original Securities (the "Distribution") every Distribution Payment Date as described in the terms and conditions of the Original Securities. These distributions are payable semi-annually in arrears on the Distribution Payment Dates of each year. However, the Issuer may, at its sole and absolute discretion, prior to any Distribution Payment Date, resolve to defer payment of all or some of the Distribution which would otherwise be payable on that Distribution Payment Date subject to exceptions enumerated in the terms and conditions of the Original Securities. The Original Securities are perpetual securities in respect of which there is no fixed redemption date but the Issuer may, at its option change the status of the Securities or redeem the same on instances defined under its terms and conditions.

On April 29, 2011, the Board approved the terms and conditions of the Original Securities, which were subsequently issued on May 5, 2011. The net proceeds from the issue of the Original Securities amounting to US$193.4 million were used for the development of greenfield projects, potential acquisitions and general corporate purposes.

On January 9, 2012, ICTSI tapped a further US$150.0 million (the "Further Securities") of the Original Securities discussed in the preceding paragraphs, increasing the size to US$350.0 million. The Further Securities were issued on January 17, 2012. The Original and Further Securities are collectively referred to as the "Securities". The Further Securities were issued at a price of 98.375 percent (plus interest accrued on the Securities from and including November 5, 2011 to but excluding January 17, 2012). The net proceeds from the issue of the Further Securities amounting to US$143.6 million were used for the same purpose as the Original Securities.

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

The Securities are treated as a liability in the financial statements of the Issuer or RCBV since it has the obligation to pay the accumulated distributions should the Guarantor declare dividends to its common stockholders. On the other hand, the Securities are treated as part of equity attributable to equity holders of the parent in the consolidated financial statements of the Group because nothing in the terms and conditions of the Securities gives rise to an obligation of the Group to deliver cash or another financial asset in the future as defined by PAS 32. However, should the Issuer decide to exercise its option to redeem the Securities, the Securities shall be treated as a financial liability from the date the redemption option is exercised. Should the Issuer also opt to not defer payment of distributions on a Distribution Payment Date, all distributions in arrears as at that date will be recognized as a financial liability until payment is made.

On January 29, 2015, RCBV issued US$300.0 million 6.25 percent Senior Guaranteed Perpetual Capital Securities unconditionally and irrevocably guaranteed by ICTSI at a price of 99.551 percent or US$298.7 million. The new issue was partly used to finance the tendered US$230.0 million 8.375 percent Subordinated Guaranteed Perpetual Capital Securities ("Original Securities") at a tender price of 107.625 or US$247.5 million. The cash proceeds received by RCBV amounted to US$46.7 million, net of debt issuance cost. Exchange premium and unamortized debt issuance cost of the Original Securities amounting to US$23.2 million, was directly charged against retained earnings. This was treated as an equity transaction since the perpetual capital securities are treated as part of equity in the 2015 consolidated balance sheet.

On August 26, 2015, RCBV issued US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities ("New Securities") unconditionally and irrevocably guaranteed by ICTSI. The cash proceeds received by RCBV amounted to US$436.3 million, net of debt issuance cost, were used for refinancing, funding capital expenditures and general corporate purposes.

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

On May 5, 2016, RCBV redeemed the remaining US$108.3 million of the US$350 million Original and Further Securities and paid the accrued distributions amounting to US$4.5 million. The difference amounting to US$7.6 million between the total of the redemption price and accrued distributions of US$112.8 million and the carrying amount of the remaining Original and Further Securities of US$105.2 million was directly charged against retained earnings.

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. The new issue was used to finance the redemption and payment of accrued distributions of the tendered securities. The difference amounting to US$41.2 million between the redemption price of US$376.2 million, including accrued distributions of US$9.3 million, and the carrying value of the redeemed perpetual capital securities amounting to US$335.0 million was directly charged to retained earnings. The amount equivalent to the proceeds from the new issue, net of debt issuance costs, was recognized as additional perpetual capital securities.

On January 10, 2018, the Board approved the principal terms and conditions and issuance 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.

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 May 2, 2019, RCBV redeemed the remaining US$139.7 million of the US$300.0 million Senior Guaranteed Perpetual Capital Securities ("Securities") and paid the associated accrued distributions of US$4.4 million. The difference amounting to US$4.6 million between the redemption price of US$139.7 million and the carrying value of the Securities of US$135.1 million was directly charged to retained earnings.

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.

RCBV paid distributions totaling US$60.3 million, US$60.7 million and US$55.7 million to the holders of the Securities in 2018, 2019 and 2020, respectively (see Note 15.5). Interest expense on Perpetual Capital Securities, which represents cumulative distributions to holders of Perpetual Capital Securities, amounted US$63.9 million, US$59.4 million and US$62.0 million for the years ended December 31, 2018, 2019 and 2020. However, the interest expense has not been recognized in the consolidated statements of income but instead directly charged against retained earnings since the Perpetual Capital Securities are presented as 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 (see Note 29).

15.7 Other Comprehensive Loss - net

The details of other comprehensive net loss, net of applicable tax, as at December 31 are as follows:

	2018	2019	**2020**
Cumulative translation adjustments* (Note 3.3)	(US$172,929,719)	(US$151,767,707)	**(US$156,851,091)**
Unrealized mark-to-market loss on derivatives (Notes 27.4 and 27.6)	(1,534,126)	(15,421,637)	**(38,521,684)**
Unrealized mark-to-market gain on financial assets at FVOCI (Note 10)	979,860	1,309,553	**1,051,323**
Business combination revaluation reserve	609,969	609,969	**609,969**
Share of other comprehensive gain (loss) of joint ventures (Note 9)	(900,753)	3,837,237	**11,163,961**
Actuarial gain (loss) on defined benefit plans (Note 24)	466,220	(1,148,862)	**(2,521,274)**
	(US$173,308,549)	(US$162,581,447)	**(US$185,068,796)**

**Cumulative translation adjustments arise from the change in functional currency of the Parent Company and some of its subsidiaries' translation of foreign operations.*

16. **Long-term Debt**

16.1 Outstanding Balances and Maturities

A summary of outstanding balance of long-term debt (net of debt issuance costs) as at December 31 is presented below:

	2018	2019	**2020**
US dollar-denominated notes (Note 16.2.1)	US$179,255,736	US$179,272,241	**US$392,206,914**
US dollar-denominated term loans (Note 16.2.2)	70,664,215	411,771,892	**309,731,252**
Foreign currency-denominated loans (Note 16.2.3)	263,513,330	266,568,877	**248,564,594**
US dollar-denominated medium-term notes (Note 16.2.4)	757,902,011	762,570,382	**767,582,889**
Loan Facility (Note 16.2.5)	–	42,445,397	**46,393,091**
	1,271,335,292	1,662,628,789	**1,764,478,740**
Less current portion	50,848,341	235,115,540	**49,807,882**
	US$1,220,486,951	US$1,427,513,249	**US$1,714,670,858**

The balances of and movements in unamortized debt issuance costs, premium and discounts, net of the recognized fair value of prepayment option as at and for the years ended December 31 are shown below:

	2018	2019	**2020**
Balance at beginning of year	US$58,729,772	US$44,367,336	**US$41,883,006**
Debt issuance costs during the year	–	7,477,108	**9,674,778**
Amortization during the year	(6,366,709)	(7,227,372)	**(8,064,539)**
Write-off due to prepayment of long-term debt (Notes 16.2.2 and 21.3)	(7,034,590)	(2,737,326)	**(658,333)**
Translation adjustments	(961,137)	3,260	**559,202**
Balance at end of year	US$44,367,336	US$41,883,006	**US$43,394,114**

Amortization of debt issuance costs is presented as part of "Interest expense and financing charges on borrowings" in the consolidated statements of income.

Principal maturities of long-term debt (gross of unamortized debt issuance cost) as at December 31, 2020 were as follows:

	Amount
2021	51,989,987
2022	88,918,814
2023	498,759,079
2024	28,752,285
2025 onwards	1,139,452,689
	US$1,807,872,854

16.2 Details and Description

16.2.1 US Dollar-denominated Notes

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

On April 29, 2010, ICTSI tapped a further US$200.0 million (the "Further Notes") of the Original Notes discussed in the preceding paragraph, increasing the size to US$450.0 million. The Further Notes were issued on May 6, 2010. The Original and Further Notes are collectively referred to as the "Notes". The Further Notes bear interest at the fixed rate of 7.375 percent, net of applicable taxes, and was set at a price of 102.627 for an effective yield of 7.0 percent.

The net proceeds of the Notes amounting to US$448.1 million were used to fund 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.

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 (see Note 16.2.4).

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 (see Note 16.2.4). ICTSI fully redeemed the outstanding balance of Notes amounting to US$179.3 million 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 December 31, 2020, the carrying value of the Senior Notes amounted to US$392.2 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.

16.2.2 US Dollar-denominated Term Loans

CMSA. On October 21, 2015, CMSA signed a US$260.0 million Project Finance Facility with International Finance Corporation (IFC) and Inter-American Development Bank (IADB), and participated by Standard Chartered Bank (SCB) and KfW Ipex Bank.

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

The financing package, which has a tenor of 12 years and a long availability period of four years, will help CMSA finance the completion of phases one and two of the Project. Interest is payable semi-annually based on floating interest rate computed at 6-month London Interbank Offered Rate (LIBOR) plus loan spread with a weighted average of 2.80 percent.

In accordance with the project finance loan documents, CMSA is required to maintain special purpose debt service and operating and maintenance reserve accounts to guarantee the debt payments and project costs disbursements and to pledge certain major port equipment as security.

On December 23, 2015, CMSA availed of US$95.0 million from the US$260.0 million facility. On November 15, 2016, CMSA availed of an additional US$86.0 million from the same facility. In 2017, CMSA paid US$6.8 million of the loans. Upon prepayment of the loan on May 15, 2018, the related outstanding debt issuance costs of US$7.0 million was written off and charged to profit and loss as "Other expenses" in the 2018 consolidated statement of income
(see Notes 16.1 and 21.3)

CGSA. In October 2015, CGSA availed of a three-year unsecured term loan with BBP Bank, S.A. amounting to US$4.0 million at a fixed interest rate. The loan was fully paid on September 18, 2018.

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. 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 2020, CGSA has paid a total amount of US$7.6 million of the loan under Tranche I. As at December 31, 2020, the outstanding balance of the loan with MBTC amounted to US$1.9 million.

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, CGSA availed of US$2.5 million from the facility. The loan remained outstanding as at December 31, 2020.

On January 28, 2021, CGSA availed of another US$2.0 million from the facility.

OPC. On July 11, 2017, OPC (as "Borrower"), Metropolitan Bank and Trust Company (as "Lender") and ICTSI (as "Surety") signed a loan agreement amounting to US$77.0 million with interest based on three-month LIBOR plus an agreed margin and maturity date of July 2020. Proceeds of the loan was used to finance capital expenditures. OPC availed of US$39.5 million out of the US$77.0 million term loan facility. The loan was fully paid on October 20, 2019 ahead of its maturity date.

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. As at December 31, 2020, the outstanding balance of the loan amounted to US$11.5 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. As at December 31, 2020, the outstanding balance of the loan amounted to US$1.7 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. As at December 31, 2020, the outstanding balance of the loan amounted to US$8.9 million.

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 with a tenor of 7 years. On April 29, 2019, IGFBV has fully availed the term loan facility. As at December 31, 2020, the outstanding balance of the term loan facility amounted to US$283.3 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 totaling US$110.0 million.

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

16.2.3 Foreign Currency-denominated Loans

AGCT. In March 2013, AGCT signed the first part of a ten-year loan agreement for US$8.1 million (EUR6.2 million) with Raiffeisenbank Austria d.d. to partly finance the purchase of port equipment intended for the Brajdica Container Terminal. The principal is repayable in 112 monthly installments from January 31, 2014 up to April 30, 2023. Interest is payable monthly based on floating interest rate computed at 1-month Euro Interbank Offered Rate plus a spread of 4.2 percent. On July 1, 2016, the spread was reduced from 4.2 percent to 3.4 percent. The loan is secured by AGCT's port equipment (see Note 6). The loan was fully-paid on October 25, 2019.

On July 22, 2013, AGCT signed the second part of the same loan agreement for US$5.6 million (EUR4.4 million). Principal is repayable in 120 monthly installments from January 31, 2014 up to December 31, 2023. Interest is payable monthly based on floating interest rate computed at 1-month Euro Interbank Offered Rate plus a spread of 4.2 percent. The loan is secured by AGCT's port equipment (see Note 6). On July 1, 2016, the spread on the interest of AGCT's loans was reduced from 4.2 percent to 3.4 percent. The loan was fully-paid on December 20, 2019.

On April 2018, AGCT signed a loan agreement for US$0.7 million (EUR0.6 million). Principal is repayable in 15 installments starting August 31, 2018 up to October 31, 2019. Interest is payable monthly based on fixed interest rate of 2.50%. In 2018, AGCT, paid US$0.3 million (EUR0.2 million) of the loans. The loan was fully-paid on May 31, 2019.

SPICTL and MITL. On April 13, 2018, ANZ Banking Group (PNG) Limited granted PGK-denominated bridge loan facilities to SPICTL and MITL amounting to US$31.1 million (PGK101.0 million) and US$25.2 million (PGK82.0 million), respectively, with interest based on ANZ's published Indicator Lending Rate minus an agreed margin and initial tenor of six months from drawdown date. The loans availed by SPICTL and MITL in April 2018 and May 2018, respectively, were both extended further and matured on December 2, 2019.

On November 27, 2019, SPICTL and MITL, as borrowers, and 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. The outstanding balance of the term loans of SPICTL and MITL amounted to US$13.4 million (PGK47.4 million) and US$10.4 million (PGK36.8 million), respectively.

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

VICT. On July 15, 2016, VICT signed the syndicated project finance facilities with international and regional banks, namely: Citibank N.A., KFW IPEX-Bank, Standard Chartered Bank as Mandated Lead Arrangers and Bookrunners, Bank of China Limited, DBS Bank Ltd., Investec Bank PLC as Mandated Lead Arrangers, and Cathay United Bank as Lead Arranger, 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% per annum and maturities until 2023, 2026 and 2031. VICT is required to maintain a special purpose debt service account in accordance with the project finance loan documents and the finance facilities are secured against IOBV's shares in VICT, all present assets of VICT, and will be secured against future assets of VICT, among others (see Notes 6 and 9).

As at December 31, 2020, VICT has availed a total of US$265.4 million (AUD378.0 million) from the facilities. The total outstanding balance of the loans amounted to US$224.7 million (AUD292.1 million), net of debt issuance costs, as at December 31, 2020.

ICTSI. On April 14, 2020, ICTSI availed of 18-month loans from MBTC totaling to US$29.6 million (Php1.5 billion) with interest based on the prevailing market rate. ICTSI fully prepaid the loans on October 6, 2020.

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

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. The aggregate nominal amount of the MTN outstanding will not at any time exceed US$750.0 million (or its equivalent in other currencies), subject to increase as described in the terms and conditions of the Programme Agreement. This was increased to US$1.0 billion in August 2013.

Also, on January 9, 2013, ITBV and ICTSI signed a Subscription Agreement with HSBC and UBS AG, Hong Kong Branch, for the issuance of ten-year US$300.0 million guaranteed MTN (the “Original MTN”) under the MTN Programme. The Original MTN were issued on January 16, 2013 to mature on January 16, 2023 at a fixed interest rate of 4.625 percent, net of applicable taxes, and were set at a price of 99.014 and payable semi-annually in arrears.

Moreover, on January 28, 2013, ITBV and ICTSI signed a Subscription Agreement with UBS AG, Hong Kong Branch, for the issuance of an additional ten-year US$100.0 million guaranteed MTN under the MTN Programme (the “MTN Tap”) to form a single series with the Original MTN as discussed in the preceding paragraph. The MTN Tap were issued on February 4, 2013 to mature on January 16, 2023 at a fixed interest rate of 4.625 percent, net of applicable taxes, and were set at a price of 101.25 and payable semi-annually in arrears.

The aggregate net proceeds of the MTN amounting to US$393.8 million were used to refinance some of ICTSI’s existing debt and for other general corporate purposes.

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

On April 25, 2014, the Board of ICTSI confirmed, ratified and approved the issuance of additional notes under the US$1.0 billion medium term note programme of ITBV, in the aggregate nominal amount of US$75.0 million. These new notes were consolidated and formed a single series with the US$207.5 million, 5.875 percent guaranteed Notes due 2025 issued on September 17, 2013 (see Note 16.2.1). The said notes were issued on April 30, 2014.

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. The 2025 Notes were issued by ITBV under its US$1.0 billion MTN programme, and are unconditionally and irrevocably guaranteed by ICTSI. These new Notes were consolidated and formed a single series with the US$282.5 million 5.875 percent guaranteed Notes due 2025 issued on September 17, 2013 and April 30, 2014.

As at December 31, 2020, outstanding notes under the programme amounted to US$767.6 million, which includes the US$207.5 million 5.875 percent Notes due 2025 and US$117.5 million 5.875 percent Notes due 2025 discussed in Note 16.2.1.

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

16.2.5 Loan Facility Programme

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 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 ICTSI Global Finance B.V. 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 the 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. As a result of the partial prepayment of the loan, the unamortized portion of the debt issuance costs related to the prepaid loan amounting to US$2.7 million (EUR2.4 million) was charged to profit or loss and recognized as "Other expenses" in the 2019 consolidated statement of income.

As at December 31, 2020, the outstanding balance of the loans amounted to US$46.4 million (EUR38.0 million), net of debt issuance costs.

16.3 Loan Covenants and Capitalized Borrowing Costs

The loan agreements with 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 debt. As at December 31, 2020, ICTSI and subsidiaries were in compliance with their loan covenants.

Interest expense, net of amount capitalized as intangible assets and property and equipment, presented as part of "Interest expense and financing charges on borrowings" account in the consolidated statements of income, amounted to US$93.9 million in 2018, US$99.3 million in 2019, and US$100.4 million in 2020 (see Notes 5 and 6).

17. Other Noncurrent Liabilities

This account consists of:

	2018	2019	**2020**
Derivative liability (Note 27)	US$2,220,022	US$16,975,097	**US$33,684,519**
Pension liabilities (Note 24)	9,240,574	12,306,051	**14,874,966**
Accrued taxes and others (Note 19)	6,856,714	6,594,946	**6,360,501**
Government grant	10,815,283	8,353,225	**5,908,920**
Others	3,215,989	3,896,845	**1,831,753**
	US$32,348,582	US$48,126,164	**US$62,660,659**

Government Grant
On March 29, 2012, BCT and CUPT, a Polish grant authority, signed 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 was a condition precedent to any borrowing under the facility agreement of BCT. In December 2015, BCT finalized capital expenditure projects supported by the EU Grant with an estimated total of US$19.5 million. As at December 31, 2020, 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$10.8 million, US$8.4 million and US$5.9 million as at December 31, 2018, 2019 and 2020, respectively. Amortization of deferred income included under "Other income" account in the consolidated statements of income amounted to US$2.5 million for each of the years 2018, 2019 and 2020 (see Note 21).

Accrued Taxes and Others
Accrued taxes and others as at December 31, 2020 include the noncurrent portion of customs duties payable in relation to the importation of port equipment in CGSA amounting to US$6.4 million. The current portion amounting to US$1.0 million as at December 31, 2020 is included in "Accounts payable and other current liabilities" account under accrued output and other taxes (see Note 19).

18. **Loans Payable**

Loans payable are unsecured loans obtained by ICTSI and several subsidiaries.

In 2017, BCT availed loans from its overdraft facility with HSBC Bank Polska S.A with interest based on prevailing market rate. In 2018, BCT paid a total amount of US$1.3 million of the loan from its overdraft facility and availed additional loans amounting to US$3.3 million. In 2019, BCT fully paid the loans.

On March 30, 2017, CGSA availed one-year loans from Citibank, Banco Bolivariano and Banco Guayaquil totaling to US$8.5 million at prevailing market rates. In 2017, CGSA paid a total amount of US$6.4 million. The loans were fully paid in March 2018.

On May 15, 2017, ICTSI availed of short-term loans from The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), Citibank N.A. (Citibank), HSBC, and SCB totaling to US$55.0 million with interest based on prevailing market rate and maturity date of August 11, 2017. These loans were renewed to mature on February 9, 2018. The loans from Citibank, HSBC and SCB were fully paid on January 23, 2018 and the loan from BTMU was fully paid on February 9, 2018.

On April 10, 2018, CGSA availed of a short-term loan from Citibank N.A. Ecuador amounting to US$6.0 million with interest based on prevailing market rate and maturity date of April 5, 2019. The loan was fully paid on May 30, 2018.

On April 13, 2018, ANZ Banking Group (PNG) Limited granted PGK-denominated bridge loan facilities to SPICTL and MITL amounting to US$31.1 million (PGK101.0 million) and US$25.2 million (PGK82.0 million), respectively, with interest based on ANZ's published Indicator Lending Rate minus an agreed margin and initial tenor of six months from drawdown date. The loans availed by SPICTL and MITL in April 2018 and May 2018, respectively, were both extended further and matured on December 2, 2019 (see Note 16.2.3).

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.

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. As at December 31, 2020, the outstanding balance of the loan amounted to US$2.8 million (PGK10.0 million).

Interest expense incurred related to these loans payable amounted to US$1.1 million in 2018, US$1.7 million in 2019, and US$1.2 million in 2020.

19. Accounts Payable and Other Current Liabilities

This account consists of:

	2018	2019	**2020**
Trade (Notes 21.3 and 23.1)	US$139,578,578	US$192,842,974	**US$198,931,067**
Accrued expenses:			
Output and other taxes (Note 17)	72,475,917	45,401,373	**39,708,440**
Salaries and benefits	25,596,903	31,496,484	**35,023,759**
Interest (Notes 16 and 18)	22,767,344	24,110,077	**19,848,482**
Operating expenses and others	17,828,504	19,920,519	**19,826,375**
Provisions for claims and losses (Notes 21 and 26)	20,278,993	16,197,873	**18,381,473**
Customers' deposits	7,987,562	10,448,979	**14,467,120**
Dividends payable	1,080,917	5,899,966	**3,353,538**
Others	324,127	1,281,779	**4,088,221**
	US$307,918,845	US$347,600,024	**US$353,628,475**

Trade payables are noninterest-bearing and are generally settled on 30-60 day terms.

Provisions for claims and losses pertain to estimated probable losses in connection with legal cases and negotiations involving cargo, labor, contracts and other issues. The movements in this account follow:

	2018	2019	**2020**
Balance at beginning of year	US$29,821,998	US$20,278,993	**US$16,197,873**
Provision during the year	5,100,991	3,969,986	**4,231,637**
Settlement and reversal during the year (Note 21.1)	(13,597,144)	(8,804,621)	**(621,713)**
Translation adjustment	(1,046,852)	753,515	**(1,426,324)**
Balance at end of year	US$20,278,993	US$16,197,873	**US$18,381,473**

20. **Share-based Payment Plan**

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 as equity-settled transactions, in lieu of cash incentives and bonuses under the SIP. 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 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 treasury until they are awarded and issued to the officers and employees as determined by the Stock Incentive Committee. As at December 31, 2020, there were 47,505,969 ICTSI common shares granted in aggregate under the SIP since it became effective in 2007. Also, as at December 31, 2020, there are 2,406,962 ICTSI common shares held under treasury, part of which are allotted for the SIP (see Note 15.1).

The grant of shares under the SIP does not require an exercise price to be paid by the awardee. Awardees who resign or are terminated will lose any right to unvested shares. In the event of retirement of an awardee, the unvested shares shall automatically vest in full. In the event of death or total disability of an awardee, the outstanding unvested shares shall vest in full and the shares will be released to the designated heirs of the awardee. A change in control in ICTSI will trigger the automatic vesting of unvested awarded shares. There are no cash settlement alternatives.

The SIP covers permanent and regular employees of ICTSI with at least one-year tenure; officers and directors of ICTSI, its subsidiaries or affiliates; or other persons who have contributed to the success and profitability of ICTSI or its subsidiaries or affiliates.

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

Grant Date	Number of Shares Granted	Fair Value per Share at Grant Date
March 9, 2018	1,862,677	US$2.11 (₱109.90)
May 11, 2018	152,059	US$1.60 (₱83.00)
March 1, 2019	1,662,309	US$2.19 (₱113.00)
May 7, 2019	145,876	US$2.63 (₱136.40)
March 10, 2020	2,122,621	US$1.82 (₱92.00)
April 16, 2020	181,883	US$1.48 (₱75.20)

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

Movements in the stock awards (number of shares) in 2018, 2019 and 2020 follow:

	2018	2019	**2020**
Balance at beginning of year	4,462,248	4,630,729	**3,807,507**
Stock awards granted	2,014,736	1,808,185	**2,304,504**
Stock awards vested, issued and cancelled	(1,846,255)	(2,631,407)	**(2,223,939)**
Balance at end of year	4,630,729	3,807,507	**3,888,072**

Total compensation expense recognized on the vesting of the fair value of stock awards and presented as part of manpower costs in the consolidated statements of income amounted to US$3.9 million in 2018, US$4.2 million in 2019 and US$4.2 million in 2020, respectively. A corresponding increase in additional paid-in capital, net of applicable tax, was also recognized in the consolidated statements of changes in equity (see Note 15.2).

21. Income and Expenses

21.1 Other Income

This account consists of:

	2018	2019	**2020**
Reversal of accrued taxes and other accruals (Note 19)	US$14,728,255	US$6,245,613	**US$4,885,697**
Rental income (Notes 8)	1,855,007	2,864,392	**3,680,497**
Income from amortization of government grant (Note 17)	2,470,408	2,535,920	**2,455,555**
Gain on settlement of insurance and other claims	87,518	2,512	**1,338,586**
Gain on disposal of property and equipment (Note 6)	248,527	475,575	**173,881**
Dividend income (Note 10)	179,163	6,082	**3,062**
Mark-to-market gain on derivatives - net (Note 27)	4,078,746	–	**591**
Others	4,643,859	823,963	**3,726,185**
	US$28,291,483	US$12,954,057	**US$16,264,054**

21.2 Port Authorities' Share in Gross Revenues

This account consists of variable port fees of the Group in accordance with the agreements with the port authorities where the Group operates, excluding in-substance fixed payments that formed part of concession rights and right-of-use assets that are amortized on a straight-line basis over the term of the concession (see Note 25). Port authorities' share in gross revenues includes variable fees aggregating US$178.2 million in 2018, US$187.1 million in 2019 and US$175.0 million in 2020 (see Note 25).

21.3 Other Expenses

	2018	2019	**2020**
Covid-19 related and restructuring and separation costs (Note 19)	US$3,406,717	US$1,404,345	**US$13,598,480**
Pre-termination cost and other bank charges	3,972,533	6,157,802	**3,511,221**
Management fees (Note 23.1)	2,788,377	3,186,677	**2,982,465**
Write-off of debt issuance costs and costs of securing a revolving credit facility due to cancellation (see Notes 10, 16.1, 16.2.2 and 16.2.5)	7,034,590	2,737,326	**658,333**
Loss on disposal of property and equipment (Note 6)	582,212	356,826	**295,922**
Others	3,701,638	5,946,989	**9,647,059**
	US$21,486,067	US$19,789,965	**US$30,693,480**

Restructuring and Separation Costs
Restructuring and separation costs pertain to costs incurred with respect to cost optimization and rationalization in response to market developments in certain terminals.

22. Income Tax

The components of recognized deferred tax assets and liabilities are as follows:

	2018	2019	**2020**
Deferred tax assets on:			
ROU asset and lease liability under PFRS 16	US$127,349,063	US$129,386,584	**US$122,846,616**
NOLCO	86,859,507	89,196,769	**69,666,736**
Unrealized foreign exchange losses	83,525,994	59,512,704	**58,496,484**
Intangible assets and concession rights payable under IFRIC 12	15,702,492	30,561,201	**35,148,785**
Unrealized mark-to-market loss on derivatives	–	3,038,777	**32,927,718**
Accrued retirement cost and other expenses	1,714,591	2,120,821	**5,523,642**
Allowance for doubtful accounts and other provisions	855,787	887,591	**1,418,894**
Allowance for obsolescence	252,072	734,912	**1,339,137**
Share-based payments	352,405	470,602	**476,527**
Others	12,252,510	5,464,650	**14,917,617**
	US$328,864,421	US$321,374,611	**US$342,762,156**
Deferred tax liabilities on:			
Accelerated depreciation and translation difference between functional and local currency	US$58,885,258	US$76,401,403	**US$68,208,739**
Excess of fair value over book value of net assets of AGCT, BCT, Tecplata, YICT, PICT, OJA, TMT and ICTSI Rio	17,953,292	42,296,418	**34,056,996**
Difference in depreciation and amortization periods of port infrastructure classified as concession rights	22,733,941	26,159,123	**31,738,440**
Capitalized borrowing costs	17,649,551	12,879,491	**16,331,402**
Nonmonetary assets	4,307,706	1,390,686	**3,158,198**
Unrealized foreign exchange gains	137,123	332,917	**2,386,788**
Unrealized mark-to-market gain on derivatives	20,084,387	170,138	**171,757**
Others	5,822,770	4,619,419	**2,961,813**
	US$147,574,028	US$164,249,595	**US$159,014,133**

Other deferred taxes mainly pertain to difference in tax and accounting bases for lease and depreciation.

The Parent Company is subject to income tax based on its Philippine peso books even as its functional currency is US dollars. As a result, the Parent Company's US dollar-denominated net monetary liabilities were translated to Philippine peso giving rise to the recognition of deferred tax asset on net unrealized foreign exchange losses. The deferred tax asset on net unrealized foreign exchange losses amounting to US$83.4 million, US$59.2 million, and US$56.1 million as at December 31, 2018, 2019 and 2020, respectively, mainly pertains to Parent Company.

Deferred tax assets on NOLCO of certain subsidiaries amounting to US$3.3 million, US$26.6 million and US$5.6 million as at December 31, 2018, 2019 and 2020, respectively, were not recognized, as management believes that these subsidiaries may not have sufficient future taxable profits against which the deferred tax assets can be utilized. Deferred tax assets are recognized for subsidiaries when there is expectation of sufficient future taxable profits from which these deferred tax assets can be utilized.

As at December 31, 2018, 2019 and 2020, deferred tax liability has not been recognized on undistributed cumulative earnings of subsidiaries in retained earnings position amounting to US$1,110.5 million, US$1,356.5 million and US$1,579.1 million, respectively, because the Parent Company has control over such earnings in the foreseeable future, which have been earmarked for reinvestment in foreign port projects (see Note 15.5).

ICTSI recognized deferred tax asset amounting to US$0.4 million in 2018, US$0.5 million in 2019 and US$0.9 million in 2020, on the excess of the tax deduction (or estimated future deduction) on stock awards over the related cumulative compensation expense (see Notes 15.2 and 20). The Group recognized deferred tax asset on actuarial loss amounting to US$0.1 million in 2018, US$0.6 million in 2019 and US$0.3 million in 2020. The related deferred tax assets were taken to equity.

A reconciliation of income tax expense on income before income tax at the statutory tax rates to provision for income tax for the years presented is as follows:

	2018	2019	**2020**
Income tax expense computed at statutory tax rates	US$69,541,689	US$73,698,480	**US$64,613,824**
Add (deduct):			
Income tax incentive	(18,222,533)	(25,283,726)	**(13,821,951)**
Nondeductible tax losses of subsidiaries - net	1,000,744	5,730,235	**2,816,122**
Interest income already subjected to final tax	(930,483)	(726,095)	**(627,824)**
Unallowable interest expense	81,642	4,209,509	**2,874,428**
Others - net	1,300,259	3,132,477	**(725,227)**
Provision for income tax	US$52,771,318	US$60,760,880	**US$55,129,372**

The statutory income tax rates applicable to each subsidiary are as follows:

Name of Company	Tax Rate	Tax Rules
ICTSI Rio	34.0%	ICTSI Rio is subject to statutory corporate income tax rate of 34 percent, including 9 percent as social contribution. Tax losses can be carried forward indefinitely but amount of tax loss that can be utilized is limited to 30 percent of taxable income for a tax year.
KMT	30.8%	The total corporate income tax in Cameroon is 33%, comprised of the 30% Corporate Tax and an additional Council Tax calculated as 10% of Corporate Tax. Law No. 2020/018, enacted in December 17, 2020, allowed a lower statutory Corporate Tax of 28.0% (plus 10% for Council Tax or for a total Corporate tax of 30.8%) for taxpayers with turnover equal to or less than CFAF3 billion effective starting taxable year ended December 31, 2020. Currently, the applicable tax rate for KMT is for a total of 30.8% but is expected to breach the threshold in the near future. KMT is subject to a minimum income tax of 2% (plus 10% for Council Tax or for a total of 2.2%) on its total revenue. The minimum income tax is paid in advance and on a monthly basis, and is creditable against corporate tax due. Annual corporate income tax due is the higher of the minimum income tax and the regular income tax rate.
IDRC	30.0%	The regular corporate income tax rate in DR Congo is 30 percent effective in 2019 (previously 35%). The minimum tax payable is the higher of 1 percent of revenue and CDF2.5 million for large corporations. IDRC is entitled to an income tax holiday for three years starting from June 2016 and renewed for another four years until June 2023.
ICTSI and other Philippine subsidiaries (excluding SBITC, ICTSI Subic and APBS), VICT,	30.0%	The corporate income tax rate of Philippine entities is 30 percent (see Note 30). On May 14, 2008, the Board of Investments (BOI) approved the registration of ICTSI's construction of Berth 6 of the MICT as "New Operator of Port Infrastructure (Berth 6)" on a Pioneer status under the Omnibus Investment Code of 1987. From November 2011, Berth 6 is entitled,

Name of Company	Tax Rate	Tax Rules
AICTL, Tecplata, CMSA and TMT		among others, to an income tax holiday for a period of six years. Berth 6 was completed, inaugurated and started full commercial operations in July 2012. In 2017, Berth 6 recognized gross revenues from port operations amounting to US$70.8 million and availed of tax incentive arising from the income tax holiday of US$11.1 million. On July 2, 2015, the Board of Investments (BOI) approved the registration of ICTSI's construction of Berth 7 of the MICT as "Expanding Operator of Container Yard" on a Non-Pioneer status under the Omnibus Investment Code of 1987. Starting July 2017, Berth 7 is entitled, among others, to an income tax holiday for a period of three years with a base revenue of ₱7.0 billion (US$139.7 million) applicable for each anniversary year. In 2018, 2019 and 2020, ICTSI availed of tax incentive arising from the income tax holiday of US$4.3 million, US$14.7 million, and US$5.3 million, respectively. On December 18, 2008, the Bureau of Internal Revenue issued Revenue Regulations No. 16-2008, which implemented the provisions of Republic Act 9504 on Optional Standard Deductions (OSD). This regulation allows both individuals and corporate taxpayers to use OSD in computing for taxable income. Corporations may elect a standard deduction equivalent to 40 percent of gross income, as provided by law, in lieu of the itemized allowed deductions. For the years ended December 31, 2018, 2019 and 2020, BIPI and SCIPSI have elected to use OSD in computing for their taxable income. DIPSSCOR opted to use itemized deductions method for the years ended December 31, 2018, 2019 and 2020 in computing for its taxable income. MICTSI elected to use OSD in computing fo their taxable income for the year ended December 31, 2018, and itemized deductions method for the years ended December 31, 2019 and 2020. On March 3, 2014, HIPS was registered with the BOI as a new operator of seaport and container yard/terminal on a non-pioneer status under the Omnibus Investment Code of 1987. HIPS is entitled, among others, to an income tax holiday for four years from January 2016 or start of commercial operations, whichever is earlier. On September 26, 2016, HIPS has requested the BOI to cancel its registration in light of developments affecting the economics of the project. The said cancellation was approved in 2017. On March 28, 2016, LGICT was registered with the BOI as a new export services provider on a non-pioneer status under the Omnibus Investment Code of 1987. LGICT is entitled, among others, to an income tax holiday for four years from March 2016 which expired in 2020. After expiration, LGICT uses the 30% regular income tax rate. On December 13, 2019, CGT was registered with the BOI as a new operator of seaport on a non-pioneer status under Book 1 of E.O. No. 226. CGT is entitled, among others, to an income tax holiday for four years from December 2019. VICT and AICTL are subject to corporate income tax rate of 30 percent. Tax losses can be carried forward indefinitely, subject to same business and continuity of ownership tests. Tecplata's nominal tax rate is 30 percent. In accordance with the tax reform in 2017, the tax rate was reduced to 30 percent in 2018 and further reduced to 25 percent starting 2021. In addition to income tax, Tecplata was subjected to annual minimum presumed income tax (MPIT) calculated as 1 percent of the fixed and current assets until second half of 2019 (see Note 9). Unutilized MPIT can be used to offset against income tax payable for the next ten fiscal years from the year MPIT was paid. Tax losses can be carried forward for five years. Effective January 1, 2014, CMSA and TMT are subject to corporate income tax rate of 30 percent.

Name of Company	Tax Rate	Tax Rules
SPICTL and MITL	30%	The corporate tax rate for resident PNG companies is 30 percent. Tax losses can be carried forward for a period of 7 years. Corporate income tax is collected under a provisional tax system. Provisional tax is imposed by assessment issued by the Internal Revenue Commission based on the last year assessed with an 8 percent increase. Provisional tax is payable over three equal instalments in April, July and October. In the event that no prior assessment exists, the Commissioner General has the right to estimate the amount of tax that he believes should be paid. Applications can be made to adjust (reduce or increase) the amount of provisional tax payable.
PICT	29.0%	Corporate tax rate in Pakistan that applies to PICT is 29 percent. In 2014, a new provision [Section 113(c) of Income Tax Ordinance, 2001 (Ordinance)] is added by which companies are required to pay Alternative Corporate Tax (ACT) at 17 percent of accounting profits if the actual tax liability is less than ACT. The differential excess can be carried forward for ten years. The Government of Pakistan through Finance Act 2015 has imposed a temporary super tax in 2015 and extended the application of super tax up to the year 2021. The super tax has been levied at the rate of 2 percent (2015 to 2017: 3 percent) on all taxpayers earning income amounting to PKR500.0 million or more in the previous year. PICT accrued and paid super tax amounting to US$1.7 million (PKR208.8 million) in 2018, nil in 2019 and 2020. In Pakistan, deductible depreciation is computed by applying the applicable rates, as provided in the Third Schedule to the Ordinance, to the particular category of assets on a diminishing balance method. The rate of tax depreciation ranges from 10 to 30 percent depending on the category of the assets. An initial depreciation allowance at the rate of 15 percent and 25 percent, depending on the category of assets, is also available for eligible depreciable assets, in accordance with section 23 of the Ordinance.
RCBV, ITBV and other subsidiaries in The Netherlands	25.0%	The corporate income tax rate in the Netherlands is 16.5 percent on taxable income of up to €200,000 and 25.0 percent on taxable income exceeding €200,000. Tax losses in Netherlands can be carried back one year, and carried forward for six years starting 2019 (previously nine years).
OPC	25.0%	The corporate income tax rate is 25 percent in Honduras, and an additional social contribution is levied calculated as 5 percent of the surplus of the net taxable income above HNL1.0 million. On January 31, 2017, the Secretariat of Finance (SEFIN) issued a resolution through which it grants the Company an exemption of Net Asset Tax, Temporary Solidarity Contribution, Advance of 1 percent in respect of Income Tax provided for in Decree No. 96-2012, (Law on Anti-Evasion Measures on Income Tax) of the Income Tax modality corresponding to 1.5 percent of Gross Income Declared set forth in Article 22-A of the Income Tax Act, as well as from all those taxes related to income, for the lifetime of the project called “Design, Financing, Construction, Maintenance, Operation and Exploitation of Puerto Cortes’ Container and General Cargo Terminal”, as of the date of commencement of operations, and it must be renewed annually until the end of the concession by SEFIN. It is stated in the official document that SEFIN will verify that OPC complies with the commitments and objectives stipulated in the concession contract, otherwise, the benefit of the tax exemption will be suspended. The tax authorities will verify that OPC is in compliance with its obligations and, otherwise, the benefit will be suspended. Likewise, OPC shall update the registration of exempted payers annually.
YICT	25.0%	Registered as a Sino-foreign joint venture in China, Berths 61 and 62 of YICT are entitled to a full tax holiday in the first five years and 50 percent exemption in the subsequent five years starting 2008 and 2006, respectively. YICT’s tax exemption is until December 2015 and starting year 2016, YICT is subjected to the 25 percent regular income tax rate. Tax losses can be carried forward for five years.

Name of Company	Tax Rate	Tax Rules
		In January 2015, Berths 51 and 52 of YICT were granted a full tax holiday in the first three years and 50 percent exemption in the subsequent three years.
CGSA	25.0%	CGSA's corporate income tax rate applicable starting 2018 is 25 percent. This tax is calculated after deducting 15 percent of social contribution on profits for workers. CGSA is subject to the payment of an annual temporary contribution equivalent to 0.20 percent of taxable income in 2018, starting 2020 until 2022. In 2020, CGSA entered into an investment contract with the government of Ecuador, wherein the contract entitled CGSA to a reduction of a maximum of 10% in the income tax rate for the years 2021 to 2028, provided certain amount of investment is reached and other requirements are complied with.
MTS, IJP, OJA, and PT CTSSI	22.0%	MTS, IJP and OJA are subject to corporate income tax rate in Indonesia of 25 percent until 2019. For calendar year 2020-2021, an income tax rate of 22 percent applies to net taxable income. For calendar year 2022 onwards, an income tax rate of 20 percent applies to net taxable income. On March 31, 2020, the Indonesia issued a Government Regulation in lieu of the Law of the Republic of Indonesia Number 1 Year 2020 which stipulates, among others, reduction of the tax rates for corporate income tax and permanent establishments entities from previously 25% to 22% for fiscal years 2020 and 2021 and 20% starting fiscal year 2022 and onwards.
MICTSL and SPIA	20.0%	MICTSL is subject to statutory corporate income tax rate of 20 percent. A minimum tax of MGA0.32 million plus 0.5 percent of the annual turnover is levied if the company incurs a loss or if the corporate tax rate calculated using the 20 percent rate is less than the minimum tax.
		SPIA is incorporated in Colombia and on June 26, 2012, the Colombian Government issued the formal resolution granting SPIA a Free Trade Zone status. Effective 2012, the income tax applicable to SPIA is 15 percent instead of 33 percent general corporate income tax rate in force in 2012. General corporate income tax rate decreases to 32 percent in 2020, 31 percent in 2021, and 30 percent in 2022. Subsequently, a structural tax reform passed in December 2016 increased the income tax rate for Free Trade Zone users by 5 percent, from 15 percent to 20 percent effective starting 2017. Net tax losses until 2016 can be carried indefinitely. Net tax losses starting 2017 can be carried forward for the next twelve years.
BCT	19.0%	BCT is subject to statutory corporate income tax rate of 19 percent.
AGCT	18.0%	The statutory corporate income tax rate in Croatia for entities which operate in the free-trade zone is 18 percent from 2017 onwards.
TSSA	15.25%	TSSA's statutory income tax rate is 34.0 percent, including 9 percent as social contribution, and was granted a tax incentive reducing tax rate to 15.25 percent. The tax incentive is applicable for the years 2005 to 2022 on profits from port operating services in Suape, Pernambuco. Tax losses can be carried forward indefinitely but amount of tax loss that can be utilized is limited to 30 percent of taxable income for a tax year.
BICTL and ICTSI Iraq	15.0%	BICTL is subject to statutory corporate income tax rate of 15 percent. Starting January 1, 2017, income tax is calculated based on distributed profit.
		ICTSI Iraq is subject to statutory corporate income tax rate of 15 percent. Tax losses can be carried forward up to five years provided that losses may not offset more than half of the taxable income of each of the five years and the loss may offset only income from the same source from which the loss arose. Any carry-over losses are subject to discretion of the tax authorities.
SBITC, ICTSI Subic, Inc. and APBS	5.0%	SBITC and ICTSI Subic are registered with the Subic Bay Metropolitan Authority as Subic Bay Free Port Zone Enterprises that are entitled to certain tax incentives including a preferential income tax rate of 5.0 percent based on gross revenues less allowable deductions (see Note 30).
		APBS is registered with the Philippine Economic Zone Authority as an Ecozone IT Enterprise that is entitled to certain tax incentives including a

Name of Company	Tax Rate	Tax Rules
		preferential income tax rate of 5.0 percent on gross income from Philippine Economic Zone Authority-registered activities, in lieu of all national and local taxes. APBS is also entitled to an income tax holiday of four years from date of commercial operations on December 31, 2015.

23. **Related Party Transactions**

23.1 Transactions with the Shareholders and Affiliates

Related Party	Relationship	Nature of Transaction	2018 Amount	2018 Outstanding Receivable (Payable) Balance	2019 Amount	2019 Outstanding Receivable (Payable) Balance	**2020 Amount**	**2020 Outstanding Receivable (Payable) Balance**
					(In Millions)			
ICBV								
SPIA	Joint venture	Interest-bearing loans (Note 9) (i)	US$2.80	US$–	US$–	US$–	**US$–**	**US$–**
		Interest income (converted into interest-bearing loan) (Note 9) (i)	13.35	–	–	–	**–**	**–**
		Interest receivable (i)	14.35	–	–	–	**–**	**–**
SPIA Spain S.L.								
SPIA	Joint venture	Interest-bearing loans (Note 9) (i)	(1.29)	270.99	(103.21)	167.78	**(7.24)**	**160.54**
		Interest income (converted into interest-bearing loan) (Note 9) (i)	4.41	53.26	(29.94)	43.36	**4.82**	**55.42**
		Interest receivable (i)	4.95	9.73	16.69	6.37	**13.12**	**6.68**
YICT								
YPH	Non-controlling shareholder	Port fees (ii)	0.32	0.15	0.18	–	**0.02**	**–**
		Trade transactions (iii)	0.87	(0.07)	0.01	–	**(0.70)**	**(0.03)**
YPHT	Common shareholder	Outsourced services(iv)	–	–	–	–	**1.10**	**1.17**
YPG	Common shareholder	Port fees (ii)	3.86	0.90	2.86	0.55	**2.63**	**1.00**
		Trade transactions (iii)	1.74	(0.20)	1.24	(0.02)	**(1.54)**	**(0.01)**
SCIPSI								
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.19	(0.02)	0.18	(0.02)	**0.19**	**(0.04)**
AGCT								
Luka Rijeka D.D. (Luka Rijeka)	Non-controlling shareholder	Provision of services (v)	0.32	(0.03)	0.44	(0.04)	**0.44**	**–**
PICT								
Premier Mercantile Services (Private) Limited	Common Shareholder	Stevedoring and storage charges (vi)	2.09	(0.01)	2.22	(0.12)	**2.74**	**(0.19)**
		Container handling revenue (vi)	–	–	0.04	0.01	**0.11**	**0.02**
Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited	Common shareholder	Container handling revenue (vii)	0.13	–	0.22	0.01	**0.06**	**–**
LGICT								
NCT Transnational Corp.	Non-controlling shareholder	Management fees	0.45	(0.03)	0.48	(0.10)	**0.49**	**(0.22)**
		Maintenance and repairs	0.13	(0.02)	0.13	(0.04)	**0.05**	**(0.04)**
		Trade transactions	–	–	–	–	**0.02**	**(0.01)**
BIPI								
Atlantic Gulf and Pacific Co. of Manila, Inc. (AG&P)	Common shareholder	Rent expense	0.09	(0.03)	0.07	(0.03)	–	–
		Utilities	0.03	(0.01)	0.03	–	–	–
IDRC								
Ledya SARL	Non-controlling shareholder	Management fees	1.43	(0.53)	2.39	–	**2.26**	**(0.61)**

Related Party	Relationship	Nature of Transaction	2018 Amount	2018 Outstanding Receivable (Payable) Balance	2019 Amount	2019 Outstanding Receivable (Payable) Balance	**2020 Amount**	**2020 Outstanding Receivable (Payable) Balance**
					(In Millions)			
Parent Company								
Prime Metro BMD Corporation	Common shareholder	Construction services (viii)	US$ 4.73	US$ 5.73	US$35.10	(US$1.01)	**US$21.85**	**(US$1.99)**
		Dredging services (viii)	1.41	0.40	2.60	–	**5.36**	**–**
		Sublease(ix)	0.21	0.06	0.38	0.18	**0.32**	**0.08**
Prime Metro Power Holdings Corporation	Common shareholder	Reimbursement of operating expenses	0.04	US$0.04	US$0.03	US$0.01	**US$0.05**	**US$0.04**
		Sublease(ix)	–	–	0.09	0.04	**0.08**	**–**
Prime Metro Infrasturcture Holdings Corporation	Common shareholder	Reimbursement of operating expenses	–	–	0.07	–	–	–
		Sublease(ix)	–	–	0.09	0.04	**0.08**	**(0.01)**
FAMI	Joint Venture	Reimbursement of operating expenses	0.02	0.02	0.02	0.01	**0.13**	**(0.01)**
		Management fees	–	–	0.09	(0.02)	**0.87**	**0.19**
CGT								
Prime Metro BMD Corporation	Common shareholder	Contract administration and site management services (x)	0.61	(0.25)	0.16	(0.04)	**0.11**	**–**

(i) *On October 1, 2018, ICBV assigned to SPIA Spain S.L. all its outstanding interest-bearing loans, including interest converted into 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, rental and other transactions paid by YICT to YPH and YPG.*

(iv) *Starting October 2020 and for a period of two years, YPHT outsources its domestic container terminal business to YICT.*

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

(vi) *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.*

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

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

(ix) *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.*

(x) *CGT has entered into contract with Prime Metro BMD Corporation for contract administration and site management services.*

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

Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2018, 2019 and 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

23.2 Compensation of Key Management Personnel

Compensation of key management personnel consists of:

	2018	2019	**2020**
Short-term employee benefits	US$1,582,621	US$1,520,311	**US$1,476,190**
Post-employment pension	25,728	29,154	**22,191**
Share-based payments	1,054,395	969,691	**1,094,203**
Total compensation to key management personnel	US$2,662,744	US$2,519,156	**US$2,592,584**

24. Pension Plans

Defined Benefit Pension Plans

The Parent Company, BCT, BIPI, DIPSSCOR, SBITC, ROHQ, MTS, IJP, OJA, SCIPSI, MICTSL, MICTSI, AGCT, CGSA, CMSA, CMSA Servicios Portuarios SA De CV, CMSA Servicios Profesionales Y De Especialistas SA De CV, ICTSI Iraq and APBS have separate, noncontributory, defined benefit retirement plans covering substantially all of its regular employees. The benefits are based on employees' salaries and length of service. Net pension expense charged to operations included as manpower costs amounted to US$2.0 million in 2018 US$2.7 million in 2019 and US$4.0 million in 2020.

Pension plans consist of:

	2018	2019	**2020**
Pension assets (presented as "Other noncurrent assets")			
Asia	US$89,898	US$–	**US$–**
Pension liabilities (presented as "Other noncurrent liabilities")			
Asia	US$3,506,518	US$5,513,975	**US$6,799,208**
EMEA	2,091,535	1,944,206	**2,954,122**
Americas	3,642,521	4,847,870	**5,121,636**
	US$9,240,574	US$12,306,051	**US$14,874,966**

Pension Liabilities. The following tables summarize the components of the Group's net pension expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets.

	2018	2019	**2020**
Net pension expense:			
Current service cost	US$1,479,640	US$2,115,471	**US$3,100,683**
Net interest cost	310,069	457,327	**436,933**
Past service cost	129,984	105,226	**453,035**
	US$1,919,693	US$2,678,024	**US$3,990,651**
Pension liabilities:			
Present value of defined benefit obligation	US$17,359,581	US$22,307,102	**US$24,625,657**
Fair value of plan assets	(8,119,007)	(10,001,051)	**(9,750,691)**
	US$9,240,574	US$12,306,051	**US$14,874,966**

	2018	2019	**2020**
Changes in the present value of the defined benefit obligation:			
Balance at beginning of year	US$18,307,974	US$17,359,581	**US$22,307,102**
Current service cost	1,479,640	2,115,471	**3,100,683**
Interest cost	736,123	1,087,157	**889,418**
Actuarial loss (gain) on obligations - net	(239,853)	3,093,324	**1,332,370**
Past service cost	129,984	105,226	**453,035**
Benefits paid	(1,788,019)	(2,463,479)	**(4,564,047)**
Translation adjustment	(591,584)	433,958	**1,107,096**
Change in plan position	(674,684)	575,864	**–**
Balance at end of year	US$17,359,581	US$22,307,102	**US$24,625,657**
Changes in fair value of plan assets:			
Balance at beginning of year	US$8,830,663	US$8,119,007	**US$10,001,051**
Interest income	426,054	629,830	**452,485**
Actuarial gain (loss) on plan assets	(413,038)	120,698	**(40,042)**
Benefits paid	(844,130)	(1,481,506)	**(3,474,005)**
Actual contributions	1,168,962	1,590,167	**2,292,942**
Translation adjustment	(412,485)	357,093	**518,260**
Change in plan position	(637,019)	665,762	**–**
Balance at end of year	US$8,119,007	US$10,001,051	**US$9,750,691**
Actual return on plan assets	US$13,016	US$750,528	**US$412,443**

Pension Assets. The following tables summarize the components of the Group's net pension expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets.

	2018	2019	**2020**
Net pension expense:			
Current service cost	US$46,171	US$–	**US$–**
Net interest income	(619)	–	**–**
	US$45,552	US$0	**US$–**
Pension assets:			
Fair value of plan assets	US$665,762	US$–	**US$–**
Present value of defined benefit obligation	(575,864)	–	**–**
	US$89,898	US$–	**US$–**
Changes in the present value of the defined benefit obligation:			
Balance at beginning of year	US$–	US$575,864	**US$–**
Current service cost	46,171	–	**–**
Interest cost	34,825	–	**–**
Actuarial gain on obligations - net	(117,784)	–	**–**
Benefits paid	(19,690)	–	**–**
Translation adjustment	(42,342)	–	**–**
Change in plan position	674,684	(575,864)	**–**
Balance at end of year	US$575,864	US$–	**US$–**
Changes in fair value of plan assets:			
Balance at beginning of year	US$–	US$665,762	**US$–**
Interest income	35,444	–	**–**
Actuarial loss on plan assets	(24,132)	–	**–**
Benefits paid	(19,690)	–	**–**
Actual contribution	69,116	–	**–**
Translation adjustment	(31,995)	–	**–**
Change in plan position	637,019	(665,762)	**–**
Balance at end of year	US$665,762	US$–	**US$–**
Actual return (loss) on plan assets	US$11,312	US$–	**US$–**

The Group does not expect significant contributions to the retirement plans of the Parent Company and its subsidiaries in 2021.

The principal assumptions used in determining pension benefits obligation of the Parent Company, BIPI, SBITC, ISI, ROHQ, APBS, DIPSSCOR, MTS, OJA, IJP, SCIPSI, MICTSI, AGCT, BCT, MICTSL, ICTSI Iraq, CMSA, CMSA Servicios Portuarios SA De CV, CMSA Servicios Profesionales Y De Especialistas SA De CV and CGSA are shown below (in percentage):

	2018	2019	**2020**
Discount rate			
Asia	7.08% - 8.00%	4.40% - 6.25%	**3.61% - 7.65%**
EMEA	1.50% - 8.79%	2.00% - 8.79%	**1.50% - 7.93%**
Americas	4.25% - 7.97%	4.21% - 9.75%	**3.13% - 9.60%**
Future salary increases			
Asia	4.00% - 10.00%	3.00% - 10.00%	**2.00% - 8.00%**
EMEA	2.50% - 5.00%	3.00% - 5.00%	**3.00% - 5.00%**
Americas	1.00% - 5.04%	1.00% - 5.04%	**1.31% - 5.00%**

A quantitative sensitivity analysis for significant assumptions as at December 31, 2020 is shown below (amounts in millions):

	Discount rate		Future salary increases	
Sensitivity level	-1%	+1%	-1%	+1%
Impact on the net defined benefit obligation	1.9	(1.6)	(1.7)	2.0

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected to be made in the future out of the defined benefit plan obligation:

	2018	2019	**2020**
Within the next 12 months	US$1,906,203	US$2,604,914	**US$2,343,855**
Between 2 and 5 years	4,677,517	2,604,914	**2,343,855**
Between 5 and 10 years	7,743,023	9,688,902	**8,670,388**
Beyond 10 years	33,306,769	46,065,189	**38,001,702**
Total expected payments	US$47,633,512	US$60,963,919	**US$51,359,800**

The average duration of the defined benefit plan obligation as at December 31, 2020 is 13.82 years.

The amount of experience adjustments on pension obligations amounted to US$0.3 million in 2018, US$0.7 million in 2019 and US$0.8 million in 2020. The amount of experience adjustments on plan assets amounted to US$29.1 thousand in 2018 and nil in 2019 and 2020.

The plan assets of Group are being held by various trustee banks. The investing decisions of these plans are made by the respective trustees.

The following table presents the carrying amounts and fair values of the combined assets of the plans less liabilities:

	2018	2019	**2020**
Cash and cash equivalents	US$2,317,648	US$3,929,447	**US$3,119,660**
Investments in debt securities	1,004,346	1,188,909	**1,018,937**
Investments in government securities	4,108,594	3,375,337	**4,977,350**
Investments in equity securities	1,556,629	1,749,794	**1,498,519**
Others	105,058	93,935	**66,850**
	9,092,275	10,337,422	**10,681,316**
Liabilities	(307,506)	(336,372)	**(930,625)**
	US$8,784,769	US$10,001,050	**US$9,750,691**

The plan assets' carrying amount approximates its fair value since these are either short-term in nature or stated at fair market values.

The plans' assets and investments consist of the following:

- Cash and cash equivalents, which includes regular savings and time deposits;

- Investments in corporate debt instruments, consisting of both short-term and long-term corporate loans, notes and bonds, which bear interest ranging from 4.87 percent to 7.82 percent and have maturities from 2023 to 2027;

- Investments in government securities, consisting of retail treasury bonds that bear interest ranging from 1.37 percent to 11.14 percent and have maturities from 2021 to 2025; and

- Investments in equity securities include investment in shares of stock of ICTSI amounting to US$0.8 million, US$1.0 million and US$1.0 million as at December 31, 2018, 2019 and 2020, respectively. For years ended December 31, 2018, 2019 and 2020, mark-to-market gain arising from investment in ICTSI shares amounted to US$0.3 million, US$0.6 million and US$0.6 million, respectively.

  The carrying amounts of investments in equity securities also approximate their fair values given that they are stated at fair market values. The voting rights over these equity securities are exercised by the authorized officers of the respective subsidiary.

- Other financial assets held by these plans are primarily accrued interest income on cash deposits and debt securities held by the plan.

- Liabilities of the plan pertain to trust fee payable and retirement benefits payable.

<u>Defined Contribution Pension Plan</u>
The employees of YICT are members of a state-managed retirement benefit scheme operated by the local government. YICT is required to contribute a specified percentage of its payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of YICT with respect to the retirement benefit scheme is to make the specified contributions.

PICT operates a recognized provident fund scheme for all its eligible employees. Equal monthly contributions are made by PICT and the employees to the fund at a rate of 8.33 percent of the basic salary.

In addition, ICTSI Oregon maintains a Safe Harbor 401k plan (401k plan), covering all of its employees, which became effective January 1, 2011. Participants who are eligible can contribute up to 100 percent of their eligible compensation and those who have reached the age of 21 years old are eligible to make contributions following six months of continuous service. All participants in the 401k plan are eligible for matching contributions of 100 percent of each dollar contributed up to 6 percent of a participant's earnings. Participant's voluntary contributions and actual earnings thereon are immediately vested. ICTSI Oregon's matching contributions to the 401k plan are immediately vested and cannot be forfeited.

Contributions made by YICT, ICTSI Oregon and PICT to the plans and recognized as expense under manpower costs totaled US$0.8 million in 2018, US$1.1 million in 2019 and US$0.5 million in 2020.

25. **Significant Contracts and Agreements**

The Group has entered into a number of contracts and agreements mainly related to the operation, development and management of ports and container terminals. As at December 31, 2020, ICTSI and its subsidiaries, joint venture and associate are in compliance with their concession agreements.

25.1 Contract for the Management, Operation and Development of the MICT

The Parent Company has a contract with the PPA for the exclusive management, operation, and development of the MICT for a period of 25 years starting May 18, 1988, which was extended for another 25 years until May 18, 2038.

Under the provisions of the contract, "Gross Revenues" shall include all income generated by the Parent Company from the MICT from every source and on every account except interest income, whether collected or not, to include but not limited to harbor dues, berthing fees, wharfage, cargo handling revenues, cranage fees, stripping/stuffing charges, and all other revenues from ancillary services. Harbor dues, berthing fees, and wharfage included in gross revenues defined in the MICT contract amounted to US$17.3 million in 2018, US$18.3 million in 2019, and US$15.9 million in 2020.

In addition, under the original contract, the Parent Company agreed to pay the PPA a fixed fee of US$313.8 million payable in advance in quarterly installments converted to Philippine peso using the closing Philippine Dealing System (PDS) rate of the day before payment is made (net of harbor dues, berthing fees and wharfage allowed by PPA as deduction) and a variable fee based on percentages of the Parent Company's gross revenues ranging from 12 percent to 20 percent during the term of the contract. Under the renewal contract effective May 19, 2013, the Parent Company agreed to pay the PPA a fixed fee of US$600.0 million payable in 100 advanced quarterly installments and pay a variable fee of 20 percent of the gross revenues.

Both the original and renewal contracts contain commitments and restrictions which include, among others, prohibition on the change of Parent Company's controlling ownership without prior consent of the PPA and adherence to a container terminal equipment acquisition program and deployment schedule. Moreover, upon expiration of the term of the contract or in the event of pre-termination, all the structures, buildings, facilities and equipment of the Parent Company being used at the MICT shall automatically become the property of the PPA. The PPA has no obligation to reimburse the Parent Company for the equipment, except for those acquired during the last five years prior to the termination of the contract for which the PPA shall have the option to purchase at book value or to pay rentals. Upon expiration of the original contract of MICT in May 2013, the Parent Company executed a deed of absolute transfer to effect the transfer of ownership of the said structures, improvements, buildings, facilities and equipment, except equipment purchased during the last five years of the original contract. Berth 6 was included in the said transfer. However, ICTSI shall continue to have possession, control and use of the transferred assets for another 25 years in accordance with the terms of the renewal contract in consideration for the upfront fee payment made by the Parent Company.

In 1997, the Parent Company signed a contract for leasehold rights over the storage facilities at the MICT. Under the contract, the Parent Company is committed to pay the PPA ₱55.0 million (equivalent to US$1.1 million as at December 31, 2020) a year from January 16, 1997 up to January 15, 2007 and a variable fee of 30 percent of revenues in excess of ₱273.0 million (equivalent to US$5.7 million as at December 31, 2020) generated from the operation of the storage facilities. This contract was renewed on June 11, 2008 and has been made co-terminus with the MICT Management Contract, or up to May 18, 2038.

In 1998, the Parent Company also acquired a contract to handle non-containerized cargoes and the anchorage operations for a period of ten years starting January 1998. Such contract was renewed on June 11, 2008 and has been made co-terminus with the 1988 MICT Management Contract, or up to May 18, 2038. Under this contract, the Parent Company is required to pay a variable fee of 14 percent of its gross revenues from anchorage operations and 20 percent of its gross revenues from berthside operations for the first three years of the contract. Thereafter, the consideration to be paid by the Parent Company shall be a fixed fee plus a variable fee of 7.5 percent of its gross revenues from berthside operations or 20 percent of its gross revenues, whichever is higher. The fixed fee shall be determined based on the highest annual government share by the Parent Company for the handling of non-containerized cargoes at berthside for the first three years, plus 10 percent thereof.

25.2 Contract with Subic Bay Metropolitan Authority (SBMA) and Royal Port Services, Inc. (RPSI)

On February 20, 2007, SBITC was awarded by the SBMA the contract to operate the New Container Terminal 1 (NCT-1) at Cubi Point in Subic for a period of 25 years. The NCT-1 was constructed by SBMA in accordance with the SBMA Port Master Plan and the Subic Bay Port Development Project. In consideration for the concession, SBITC shall pay: (i) base rent of US$0.70 per square meter per month with 6 percent escalation on the 5th year and every three years thereafter; (ii) fixed fee of US$500,000 every year except for the first two years of the contract; and (iii) variable fee of 12 percent to 16 percent of SBITC's gross revenue based on the volume of containers handled at the terminal.

25.3 Agreement for Public Concession with Societe de Gestion du Port Autonome de Toamasina (SPAT)

On June 16, 2005, the Parent Company and SPAT signed a 20-year concession agreement for a Public Service Concession for the operation of a container terminal in the Port of Toamasina. Under the agreement, the Parent Company, through MICTSL (a wholly owned subsidiary), will undertake container handling and related services in the Port of Toamasina. The Parent Company agreed to pay SPAT an entry fee of €5.0 million (US$6.5 million) and fixed and variable fees converted to MGA using the Euro/MGA weighted exchange rate published by the Central Bank of Madagascar on the day payment is made. Fixed fees paid amounted to €1.0 million (US$1.3 million) per year for the years 2005 to 2007; €1.5 million (US$1.9 million) per year for the years 2008 to 2010; €2.0 million (US$2.6 million) per year for years 2011 to 2015; and

€2.5 million (US$3.2 million) per year for the years 2016 to 2025. The part of fixed fees attributable to year 2025 will be prorated up to the anniversary date of the concession handover. In addition, the Parent Company agreed to pay SPAT €5.0 million (US$6.5 million) for two quay cranes payable in three annual installments from the date of the agreement. Fixed and variable fees will be updated annually based on inflation rate of the Euro zone of the previous year. Annual fixed fee is payable in advance in semi-annual installments. The variable fee of €36.8 (US$47.7) per twenty-foot equivalents (TFE) is payable every 15th day of the following month. However, variable fee will be reduced by 20 percent after 12 consecutive months of operations with container traffic of more than 200,000 TFEs.

25.4 Concession Agreement with Autoridad Portuaria de Guayaquil (APG)

In May 2007, ICTSI, through CGSA, entered into a concession agreement with the Port Authority of Guayaquil for the exclusive rendering of port services that includes the exploitation, construction, financing, operation, management and maintenance of container and multipurpose terminals in the Port of Guayaquil, Ecuador for a period of 20 years ending in 2027.

CGSA took over the terminal operations on August 1, 2007. The terminal handles containerized and bulk cargo. ICTSI's technical plan is to convert the port into a modern multipurpose terminal, comprehensive of two main facilities: a dedicated container terminal of about one million TEUs capacity and a break bulk terminal of about three million tons (banana and other fruits are the main cargo component in this field). ICTSI's development plan covers a period of five to seven years for the terminal to reach the said capacities.

Under the concession agreement, CGSA undertook to pay APG the following: (i) upfront fee totaling US$30.0 million payable over five years; (ii) fixed fees of US$2.1 million payable quarterly; and (iii) variable fees of US$10.4 per TEU for containers handled and US$0.50 per ton for noncontainerized general cargo handled payable monthly. Fixed fees and variable fees are subject to annual increase according to index of adjustment factor calculated for the sum of 0.50 consumer price index (CPI) of Ecuador and 0.50 CPI of United States of America. The upfront fee, recorded as concession rights and concession rights payable at inception, is subject to interest based on three-month LIBOR rate.

In October 2014, the Concession Agreement was amended in order to modify the formula of calculation of variable fee from November 2014 at 9.5% of total gross revenues.

On December 3, 2019, CGSA and APG 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. Henceforth, the variable fee shall be computed based on gross revenues less credit notes (net revenue), using a rate of 9.5% applied up to a certain base level of volume that changes yearly until 2046. An additional variable fee shall be paid if the actual volume exceeds the base volume agreed, based on a rate from 1% to 5% applicable to an agreed range of volume in excess of the base volume.

25.5 Concession Agreement with La Plata

ICTSI, through Tecplata, entered into a concession agreement with La Plata on October 16, 2008. The concession is for 30 years starting from taking bare possession of the terminal or until 2038 and renewable for another 30 years with the following considerations: (i) fixed rent fee - payable on a monthly basis and in advance for AR$8.7755 (US$0.23) per square meter (sqm) per month (ii) variable royalty - payable monthly and based on annual traffic volume at the start of commercial operations; and (iii) assured royalty - payable annually once the terminal becomes operative to cover fixed rent fee, variable royalty, tariff for the use of waterways and port and service of containerized cargoes for the amount of US$4.0 million, which is to be adjusted according to the cost of dredging. The port of La Plata shall be operated by ICTSI through Tecplata. Tecplata took over bare possession of the terminal on November 10, 2008. On July 17, 2014, an addendum to the concession agreement was signed which indicated that the terminal is considered in commercial operations for purposes of payment of US$4.0 million assured royalty once the terminal accepts calls from post-panamax vessels. Tecplata started commercial operations in April 2019 but has not yet started to serve post-panamax vessels.

The contract contains commitments and restrictions which include works and investments to be completed at different stages of the concession, to wit:, among others: (i) First Stage - construction of a dock with a length of 500 meters, a yard for handling and storage with an area of 227,600 square meters, access pavements and parking lots for trucks, service facilities and internal parking lots, margins protection to avoid erosion, and a 600-meter secondary road for access to the terminal; (ii) Second Stage - extension of the main dock by 300 meters and expansion of the yard by 31,000 square meters; (iii) Third Stage - expansion of the yard for handling and storage by 44,000 square meters and construction of Container Freight Station (CFS) facilities with an area of 10,000 square meters; and (iv) work completion and performance bonds amounting to US$1.0 million and US$2.5 million, respectively. The First Stage was completed with a berth of 600 meters which is 100 meters more than the required. The Second Stage and Third Stage become mandatory in 2028.

25.6 Deed of Usufruct between Tecplata and Compañia Fluvial del Sud, S.A.

In 2008, Tecplata entered into a lease agreement with Compañia Fluvial del Sud, S.A. for the use of land and real property in relation to Tecplata's contract to operate the port of La Plata in Argentina. The lease agreement is for 20 years, starting in 2010, subject to renewal for another 20 years at the option of Tecplata. On December 20, 2010, Tecplata and Compañia Fluvial del Sud, S.A. executed an amendment to the lease agreement which provided that: (i) in 2010, Tecplata should not have to make any payments in connection with the lease; (ii) from January 2011, Tecplata shall pay a monthly lease of US$17,500 (approximately AR$87,500); and (iii) from the month following the commencement of operations in the terminal, monthly payments shall be US$35,000 (approximately AR$175,000), which was the amount originally agreed upon by both parties. In addition, the accumulated discount as a result of the amendment in 2010 relating to lease payments in 2011, 2012 and 2013 with respect to the original values of the lease amounting to approximately US$0.5 million (as at December 31, 2013) shall be paid in 36 installments once Tecplata starts operations (the aforementioned discount was paid in 2014).

25.7 Agreement on Concession of Container and Ro-Ro Terminal Brajdica

In March 2011, ICTSI, through its wholly-owned subsidiary, ICBV, entered into a Share Purchase Agreement (SPA) with Luka Rijeka, a Croatian company, to purchase a 51.0 percent interest in AGCT. AGCT operates the Brajdica Container Terminal in Rijeka, Croatia with a concession period of 30 years until 2041. The concession agreement calls for a payment of fixed port fees in the amount of US$0.60 per sqm of the occupied concession area until second quarter of 2013 and variable port fees equivalent to 1.0 percent of annual gross revenues. After the delivery or handover of the new area, port fees shall be as follows: fixed port fees of €4.0 (US$5.2) per sqm; and variable fees based on annual volume handled. Variable fees shall be calculated in the following manner based on annual throughput: €6.4 (US$8.3) per TEU until 350,000 TEUs of volume handled; €4.8 (US$6.2) per TEU for annual throughput of 350,001 to 400,000 TEUs; and €3.2 (US$4.1) per TEU for volume handled above 400,000 TEUs.

25.8 Contract for the Operation and Management on the New Container Terminal 2 (NCT-2 Contract)

On July 27, 2011, SBMA and ICTSI signed the concession agreement for the operation and management of NCT-2 at Cubi Point in Subic, Philippines for 25 years. On August 19, 2011, SBMA approved the assignment of ICTSI's rights, interests and obligations in the NCT-2 contract to ICTSI Subic, which was incorporated on May 31, 2011.

The NCT-2 was constructed by SBMA in accordance with the SBMA Port Master Plan and the Subic Bay Port Development Project. In consideration for the concession, ICTSI Subic shall pay: (i) base rent of US$1.005 per sqm per month with 6.0 percent escalation on the fifth year and every three years thereafter; (ii) fixed fee of US$502,500 every year; and (iii) variable fee of 12.0 percent to 17.0 percent of ICTSI Subic's gross revenue depending on the volume of containers handled at the terminal. Under the NCT-2 Contract, ICTSI Subic shall manage and provide container handling and ancillary services to shipping lines and cargo owners at NCT-2. While SBMA shall provide the equipment at NCT-2, ICTSI Subic shall also provide additional equipment and facilities it may deem necessary to efficiently manage NCT-2. Furthermore, ICTSI Subic is committed to invest a total of ₱658.0 million (approximately US$16.0 million) for the entire duration of the concession agreement.

On August 2, 2012, SBMA issued the Notice to Proceed with the operation and management of the NCT-2 to ICTSI Subic.

25.9 Implementation Agreement between Karachi Port Trust (KPT) and Premier Mercantile Services (PVT) Ltd. (PMS)

On June 18, 2002, KPT and PMS signed the Implementation Agreement for the exclusive construction, development, operations and management of a common user container terminal at the Karachi Port for a period of 21 years until 2023. PMS established PICT as the terminal operating company to develop, operate and maintain the site and the terminal in accordance with the Implementation Agreement. The Implementation Agreement sets forth the specific equipment and construction works to be performed based on the terminal's productivity level; calls for the payment of fixed and variable fees; and requires the turnover of specific terminal assets at the end of the term of the Implementation Agreement. Fixed fees are in the form of Lease Payments or Handling, Marshalling and Storage charges ("HMS Charges") at a unit rate of Rs.411 per sqm per annum in respect of the site occupied by PICT and subject to an escalation of 15 percent every three years in accordance with the Lease Agreement between KPT and PICT, which is an integral part of the of the Implementation Agreement. On the other hand, variable fees are in the form of Royalty payments at a rate of US$12.54 per Cross Berth revenue move, subject to an escalation of 5 percent every three years.

25.10 Agreement between OPC, the Republic of Honduras and Banco Financiera Commercial Hondurena, S.A

On February 1, 2013, ICTSI was awarded with a 29-year agreement by the Republic of Honduras, acting on behalf of the Commission for the Public-Private Alliance Promotion (COALIANZA), and Banco Financiera Comercial Hondurena, S.A. (FICOHSA Bank) for the design, financing, construction, maintenance, operation and development of the container terminal and general cargo of Puerto Cortés, Republic of Honduras (the "Agreement"). The Agreement was signed on March 21, 2013 and is valid until August 30, 2042. The Container and General Cargo Terminal of Puerto Cortés (the "Terminal") will have 1,100 meters of quay for containers and 400 meters of quay for general cargo, 14 meters of dredge, 62.2 hectares of total surface area, nine ship-to-shore cranes, and a volume capacity of approximately 1.8 million TEUs.

Pursuant to the Agreement, OPC is obliged to pay certain contributions to the following: (a) Municipality of Puerto Cortés - 4% of the gross income without considering the tax over sales, payable monthly; (b) National Port Company - US$100,000 for each hectare occupied of the existing surfaces, from the beginning of the development of the occupied spaces and the new built surfaces referring to the ENP Works known as OPC Works from the date of occupation, payable annually; US$75,000 for each hectare of the new built and/or earned to the sea surfaces referring to the On Demand Mandatory Works from the beginning of the operative exploitation of the occupied surfaces, payable annually; a certain amount for each movement of the container of importation/exportation regardless if it is full or empty, with a right to reimbursement in an amount equivalent to 25% of the imposed amount; for the load not packed in containers - US$1 for each ton of fractioned load that is operated in the Terminal, US$5 for each unit of rolling load that is operated in the Terminal, US$1 for each passenger operated in the Terminal; Upfront payment of US$25.0 million; (c) COALIANZA - 2% of the total of the Reference Investment of the Project, paid on execution date of the Agreement; and (d) Trustee (FICOHSA Bank) - 0.37% of the annual gross income, payable monthly; and US$1,584,835 paid on execution date of the Agreement. Total payments in relation to this Agreement aggregated US$34.9 million, which are presented as part of "Intangibles" account in the consolidated balance sheets (see Note 5).

On October 29, 2015, the Agreement was amended to incorporate the following, among others: (a) OPC shall carry out the Works of the National Port Company relating to the construction and development of Berth 6 with a length of 550 meters out of the 1,100 meters of quay for containers under the Agreement. OPC shall complete the second phase on June 30, 2023 at the latest; (b) 10% reduction from the original variable and fixed rates related to the annual contribution paid to the National Port Company as well as contributions per movement of container of importation/exportation, ton of load not packed in containers, unit of rolling load and terminal passenger. The reduction in variable and fixed rates were effective upon the commencement of the first phase of berth construction subject to annual escalation based on inflation calculated as prescribed in the amended agreement; (c) reduction in the number of port equipment investment commitment; and (d) modification in the timing of committed investment in infrastructure and equipment.

25.11 Contract for the Construction and Operation of Three New Quays and Management and Operation of Quay No. 20 in the Port of Umm Qasr in Iraq

ICTSI, through its wholly owned subsidiary, ICTSI Dubai and GCPI signed on April 10, 2014 the Contract in the Port in Iraq. The Contract grants ICTSI the rights to: (a) manage and operate the existing container facility at Berth 20 of the Port for a period of 10 years, (b) build in three phases, under a 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, the 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, the 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 Contact 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 commercial operations in the third quarter of 2018 while the rehabilitation works are on-going.

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 will have 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 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.

25.12 Terminal Operating Agreement and Subscription and Shareholders Agreement - Lae

Terminal Operating Agreement (TOA). 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 25-year agreement signed by ICTSI's PNG subsidiary, SPICTL, with PNGPCL for the operation, management and development of the international port in Lae in PNG. SPICTL was allowed by PNGPCL to take over the port facilities and begin operations at the Port of Lae in February 2018. The TOA and other related contracts took effect on June 1, 2018 after all the parties have complied with the agreed conditions precedent.

The initial annual rent amounted to PGK22.8 million (US$6.9 million) and is subject to periodic review. The TOA also required the payment of advance rent amounting to PGK57.0 million (US$17.3 million) to be applied equally over the first 10 years of the term of the TOA.

Subscription and Shareholders Agreement (SSA). ICTSI, through its subsidiaries, ISPL and SPICTL entered into an SSA with the local communities for the management and governance of and the further transfers and/or issues of shares of SPICTL. The SSA became effective upon the effectivity of the TOA for Lae on June 1, 2018. Under the SSA, the local communities have the right to subscribe up to 30% of the total initial shares of SPICTL. Pre-emptive rights on additional subscriptions are available to all shareholders. 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 signing of the said agreements.

25.13 Terminal Operating Agreement and Subscription and Shareholders Agreement - Motukea

Terminal Operating Agreement (TOA). In September 2017, ICTSI received a notification from PNGPCL, a PNG state-owned enterprise, of the confirmation by the Independent Consumer and Competition Commission in PNG with respect to the 25-year agreement signed by ICTSI's PNG subsidiary, MITL, with PNGPCL for the operation, management and development of the international port in Motukea in PNG. MITL was allowed by PNGPCL to take over the port facilities and begin operations at the Port of Motukea in May 2018. The TOA and other related contracts took effect on June 1, 2018 after all the parties have complied with the agreed conditions precedent.

The initial annual rent amounted to PGK16.2 million (US$5.2 million) and is subject to periodic review. The TOA also required the payment of advance rent amounting to PGK43.0 million (US$13.1 million) to be applied equally over the first 10 years of the term of the TOA.

Subscription and Shareholders Agreement (SSA). ICTSI, through its subsidiaries, ISPL and MITL entered into a SSA with the impacted communities (IC) for the management and governance of and the further transfers and/or issues of shares of MITL. The SSA became effective upon the effectivity of the TOA for MITL on June 1, 2018. Under the SSA, the local communities have the right to subscribe up to 30% of the total initial shares of MITL. Pre-emptive rights on additional subscriptions are available to all shareholders. 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 30% stake in MITL, together with all the benefits and rights attached to those shares, will be transferred to Noho-Mage, following 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.

25.14 Concession Agreement between Sea Ports Corporation of Sudan and ICTSI Middle East DMCC

On January 3, 2019, ICTSI, through its wholly-owned subsidiary ICTSI Middle East DMCC, signed a Concession Agreement with the SPC to operate, manage and develop the SPCT at the port of Port Sudan, Republic of the Sudan for 20 years. Pursuant to the concession agreement, ICTSI is required to pay: (a) an upfront fee of €530.0 million in installments of €410.0 million (US$467.2 million) and five other installments each in the amount of €24.0 million (US$27.3 million) from the third to the seventh operation year; (b) fixed monthly fee of €1.0 million in the first 72 months of the concession term and €1.5 million, subject to adjustments, for the remainder of the term; and (c) royalty fee of 14% of gross revenue during the first six operating years of the concession and 16% of gross revenue starting the seventh operating year.

The port of Port Sudan is the only major modern port in the country and serves as the international gateway for more than 95% of Sudan's cargo flows. The Agreement is secured by a sovereign guarantee by the Republic of the Sudan. On January 13, 2019, ICTSI paid the initial installment of upfront fee of EUR410.0 million (US$470.2 million, the "Upfront Fee"). In February 2019, ICTSI established 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 Sudanese Ministry sent ICTSI a letter confirming: (1) the remittance of EUR195.2 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 recently 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.

25.15 Lease Agreement Between Companhia Docas Do Rio De Janeiro (CDRJ) and Libra Terminal Rio S.A. (ICTSI Rio)

ICTSI Rio was declared the winning bidder for the exclusive management, operation and development of the facilities in Terminal 1 of the Port of Rio de Janeiro to carry out container handling and storage services by virtue of the lease agreement signed with CDRJ in March 1998. The lease agreement sets out the investment commitments of ICTSI Rio, minimum operational requirements, remuneration to be paid by ICTSI Rio for the use of the port facilities including waterway access and CDRJ's share of container handling charges, as well as the committed minimum annual volume to be handled including the penalty for not meeting the required minimum annual volume. The original term of the lease was 25 five years until May 2023 extendable for up to another 25 years.

Pursuant to the twelfth amendment of the Lease Agreement signed on September 16, 2011, in order to adopt the terminal to the requirements of integrated logistics in international trade, ICTSI Rio committed to invest BRL543.1 million in construction works and equipment. The port modernization requirement is in accordance with the Modernization of Ports Act in Brazil. To allow for the recovery of the committed investments, the term of the agreement was early renewed for another 25 years until May 2048. CDRJ and ICTSI Rio also agreed to adjust the minimum annual volume to be handled and set the new base fixed fee considering additional areas as each of the three phases of expansion is completed, and base variable fee from BRL18.0 to BRL22.5 per container handled. The base fixed and variable fees are readjusted based on the general price index in Brazil.

25.16 Shareholders' Agreement (Agreement) of the Kribi Multipurpose Terminal (KMT)

In June 2020, the Group, through its subsidiary, ICTSI Middle East DMCC, entered into an Agreement with the PAK forming KMT, a Cameroonian company. KMT, which is 75%-owned by the Group, will be responsible for the development, operation, and maintenance of the multi-purpose terminal under the Concession Agreement. Pursuant to the Agreement, KMT will be headed by a President, who shall be nominated by the Group and appointed by the Executive Committee (EC). The EC shall be comprised of four members, three of which shall be proposed by the Group.

25.17 Concession Agreement for the Development, Operation and Maintenance of the Multipurpose Terminal of the Port of Kribi

On July 27, 2020, the 25-year concession agreement was officially signed by Kribi Multipurpose Terminal (KMT), a Cameroonian subsidiary of ICTSI, and Port Authority of Kribi (PAK). 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. The concession can be extended based on terms and conditions to be mutually agreed by the parties.

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.

Under the contract, KMT shall be responsible for the planning, design, and implementation of the development, operation, and maintenance of the terminal. In consideration for the rights granted under the contract, KMT shall pay PAK the following: (a) an entry fee amounting to EUR50.0 million of which, EUR20.0 million shall be due not later than the effectivity of the concession agreement and the remaining EUR30.0 million shall be due upon the handover of Sub-phase 2; (b) annual fixed fees of EUR3.0 million, that shall increase to EUR6.0 million upon handover of Sub-phase 2; and (c) variable fees of 10% of KMT's annual turnover, excluding tax, pertaining to conceded services specified in the agreement. KMT is required to pay an annual minimum variable fee as committed during the bid as defined in the agreement. Also, KMT shall be required to pay other fees like PAK's 50% share of storage revenue and exceptional fees based on a threshold as defined in the agreement.

25.18 Lease Agreement for the Installation and Exploitation of a Container Terminal for Mixed Private Use of the Port of Suape-Complexo Industrial Portuario (Suape)

On July 2, 2001, TSSA entered into a lease agreement with Suape for the operation and development of a container terminal in a port in Suape, Brazil for a period of 30 years starting from the date of agreement. In consideration for the lease, TSSA shall pay Suape a fee in Brazilian Reais (R$) consisting of three components: (i) R$8.2 million, payable within 30 days from the date of agreement; (ii) R$3.1 million, payable in quarterly installments; and (iii) an amount ranging from R$15 to R$50 (depending on the type of container and traffic, i.e., full, empty/ removal and transshipment) handled for each container, payable quarterly. For the third component of the fee (which rates per container increase by 100 percent every ten years), if the total amount paid for containers handled in the four quarters of the year is less than the assured minimum amount for such component indicated in the agreement, TSSA will pay the difference to Suape based on a certain formula. The lease fee is subject to readjustment annually, unless there is a change in legislation, which allows a reduction in the frequency of readjustment, based on a certain formula contained in the agreement.

Under the lease agreement, TSSA undertakes to make the investment in works, equipment, systems and others necessary to develop and operate the Suape port within the agreed time frame.

Upon the expiration of the term of the contract or in the event of pre-termination, the building and other structures constructed in the port by TSSA shall become the property of Suape in addition to assets originally leased by Suape to TSSA. TSSA may remove movable goods from the container terminal, unless the parties agree otherwise.

25.19 Contracts with Gdynia Port Authority (the "Harbour")

On May 30, 2003, the Parent Company and the Harbour signed three Agreements, namely Agreement on Commercial Cooperation, Lease Contract and Contract for Sale of Shares, which marked the completion of the privatization of BCT. BCT owns the terminal handling assets and an exclusive lease contract to operate the Gdynia container terminal for 20 years until 2023, extendable for another specified or unspecified period, depending on the agreement.

Under the Agreement on Commercial Cooperation, US$78.0 million is the estimated investment for terminal improvements over the life of the concession, of which €20.0 million is necessary within the first eight-year period. As at December 31, 2020, BCT invested US$110.5 million (€89.0 million), thus exceeding the minimum investment level required.

In the original Lease Contract signed between the Harbour and the original owners of BCT, the Harbour shall lease to BCT its land, buildings and facilities for a period of 20 years for a consideration of Polish zloty (PLN) equivalent of US$0.62 million per month to be paid in advance. Subsequently, twenty-two amendments in the contract were made reducing the monthly rental to US$0.61 million and US$0.55 million in May 2004 and October 2013, respectively. Under the revised Agreement with BCT, the Harbour further reduced the rental fee by US$0.9 million (PLN2.8 million) annually effective January 1, 2005. This amount has been translated into US dollar using the average exchange rate of US dollar effective in the National Bank of Poland as at December 31, 2004 and deducted from the existing rental rate in US dollar.

25.20 Concession Agreement with Batumi Port Holdings Limited (BPHL)

In September 2007, IGC obtained the concession from BPHL to develop and operate a container terminal and a ferry and dry bulk handling facility in the Port of Batumi in Georgia. BPHL has the exclusive management right over the State-owned shares in Batumi Sea Port Limited (BSP). IGC established BICTL to operate the concession.

In relation to the concession, BICTL, through IGC, entered into a lease and operating agreement with BSP for a 48-year lease over a total area of 13.6 hectares of land in Batumi Port, consisting of Berths 4 and 5 for a container terminal, and Berth 6 as ferry terminal and for dry bulk general cargo. The lease and operating agreement will expire on June 30, 2055. IGC paid BPHL US$31.0 million, shown as “Intangible assets” account in the consolidated balance sheets and amortized up to year 2055, in consideration of the procurement for the lease between BICTL and BSP. Under the lease and operating agreement between BICTL and BPHL, BICTL shall pay BSP an annual rent of US$0.1 million from November 2, 2007 to 2008, US$0.2 million from November 2, 2008 to 2009, US$0.5 million from November 2, 2009 to 2011 and US$0.8 million from November 2, 2011 to expiration date of the contract as stipulated in the agreement.

25.21 Concession Contract for the Management and Operation of the MCT

On April 25, 2008, Phividec Industrial Authority (PIA) awarded the management and operation of MCT in Misamis Oriental, in the Philippines to ICTSI. The concession contract is for a period of 25 years starting from the date of the agreement. ICTSI established MICTSI to operate the concession. Under the contract, MICTSI shall be responsible for planning, supervising and providing full terminal operations for ships, container yards and cargo handling. MICTSI shall also be responsible for the maintenance of the port infrastructure, facilities and equipment set forth in the contract and shall procure any additional equipment that it may deem necessary for the improvement of MCT’s operations. In consideration for the contract, MICTSI shall pay PIA fixed fee of ₱2,230.0 million (US$46.9 million) payable in advance in quarterly installments and variable fees based on percentages of MICTSI’s gross revenue ranging from 15 to 18 percent during the term of the contract. In September 2020, PIA and MICTSI entered into a Memorandum of Agreement on the Renegotiation of Concession Fees of the Mindanao Container Terminal (MOA) in order to renegotiate the fixed and variable fees, set out the investment requirements subject to market performance and viability and for MICTSI to pay the PIA an amount of Php100.0 million (US$2.1 million) as a result of the renegotiation of concession fees.

25.22 Contract Granting Partial Rights and Obligations to Contecon Manzanillo, S.A. de C.V.

In November 2009, ICTSI was declared by the Administracion Portuaria Integral de Manzanillo, S.A., de C.V. (API) the winner of a 34-year concession for the development and operation of the second Specialized Container Terminal (TEC-II) at the Port of Manzanillo. ICTSI established CMSA on January 6, 2010 to operate the Port of Manzanillo. The concession agreement was signed on June 3, 2010. CMSA paid upfront fees of MXN50.0 million (US$4.0 million) to API in two installments: MXN25.0 million (US$2.0 million) on June 3, 2010, the date of signing of the contract; and another MXN25.0 million (US$2.0 million) on September 17, 2010.

Under the terms of the contract granting partial rights and obligations, CMSA will build, equip, operate and develop the terminal that will specialize in the handling and servicing of containerized cargo. Investments in the Port of Manzanillo include maritime works, dredging, quay (including crossbeams and fenders), maneuver yards, storage installations, land access and signals, as well as all those works necessary to fulfill the productivity indexes contained in the contract.

The port facilities will be turned over by API to CMSA in three phases: (a) Phase I, North Area, Position 18: 379,534.217 sqm of the federal land area and 18,000 sqm of the maritime area; (b) Phase II, Centre Area Position 19: 158,329.294 sqm of the federal land area and 18,000 sqm of the maritime area; and (c) Phase III, South Area (Position 20): 186,355.22 sqm of the federal land area and 18,000 sqm of the maritime area. On November 30, 2010, the first phase of the ceded area was formally delivered to CMSA while a portion of the second phase of the ceded area equivalent to 42,000 sqm of the federal land area and 18,000 sqm of the maritime area were delivered in advance to CMSA. The remaining portion of the second phase of the ceded area equivalent to 116,329.294 sqm was delivered to CMSA on June 30, 2017. On June 30, 2020, the third phase of the ceded area was formally delivered to CMSA.

CMSA shall pay annual fixed fees of MXN163.0 million (US$12.9 million), MXN75.5 million (US$6.0 million) and MXN 83.8 million (US$6.6 million) for the first, second and third phases of the ceded area, respectively. The annual fixed fees shall be paid and adjusted based on CPI on a monthly basis. Further, CMSA shall pay monthly variable fees of US$10.40 (MXN200) per TEU, up to a maximum volume of 1,500,000 TEUs per year. The contract requires the payment of a minimum variable fee calculated based on a certain minimum guaranteed volume per year starting on the sixth year of the contract until the end of the concession.

CMSA started commercial operations in November 2013.

25.23 Lease Agreement between the Port of Portland and ICTSI Oregon

On May 12, 2010, ICTSI Oregon signed a 25-year lease with the Port of Portland for the container/break bulk facility at Terminal 6. Under the terms of the agreement, ICTSI Oregon and ICTSI paid the Port of Portland US$8.0 million (US$2.0 million on May 12, 2010 as a signing deposit; and the remaining US$6.0 million on August 12, 2010) in addition to an annual rent payment of US$4.5 million, subject to any increases in the consumer price index. As terminal volume increases over time, ICTSI will pay the Port of Portland additional incremental revenue per container moved. Furthermore, the Port of Portland shall; (a) demise and lease the terminal land, the improvements, cranes, and all appurtenances pertaining thereto or arising in connection therewith to ICTSI, for and during the term of the lease; (b) grant an exclusive right to conduct stevedoring services at the terminal and to operate, manage, maintain and rehabilitate the port infrastructure, as well as to provide terminal services and collect and retain user fees; and (c) grant a non-exclusive right during the term of the lease to use the common areas in connection with permitted uses of the terminal.

The US$8.0 million upfront fee was allocated to concession rights and property and equipment amounting to US$4.2 million and US$3.8 million, respectively. ICTSI Oregon took over the operations of the Terminal 6 of the Port of Portland on February 12, 2011.

In October 2016, the Board of ICTSI Ltd. has authorized the management of ICTSI Oregon to negotiate with the Port of Portland and reach terms mutually acceptable to both parties with respect to the termination of the lease agreement after two major customers, Hanjin Shipping Co. and Hapag-Lloyd, stopped calling the Port of Portland in March 2015 due to continuing labor disruptions. During the latter part of 2016, the Port of Portland and ICTSI Oregon began discussions of a mutual agreement to terminate the lease agreement. The estimated amount of probable loss from the pre-termination of the lease agreement of US$23.4 million, which includes the cash compensation and the carrying value of the container handling equipment and spare parts was charged to the 2016 consolidated statement of income.

On March 8, 2017, ICTSI, through ICTSI Oregon, and the Port of Portland signed a Lease Termination Agreement and both parties have mutually agreed to terminate the 25-year Lease Agreement to operate the container facility at Terminal 6 of the Port of Portland with an effective date of March 31, 2017. The Lease Termination Agreement allowed ICTSI Oregon to be relieved of its long-term lease obligations. In exchange, the Port of Portland received US$11.45 million in cash compensation on March 29, 2017 and container handling equipment, including spare parts and tools on March 31, 2017.

As a result of the Lease Termination Agreement, ICTSI Oregon is no longer engaged in container operations at Terminal 6 or at any other locations. ICTSI Oregon's activities are currently devoted to supporting the on-going legal proceedings.

25.24 Development Agreement between VICT and POMC

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

In consideration for the contract, VICT is committed to pay fixed fee subject to escalation over the lease term.

Phase 1 of the Terminal and the ECP with capacities of 350,000 TEUs and 250,000 TEUs, respectively, commenced commercial operations in the second quarter of 2017. Phase 2 of the Terminal commenced commercial operations in the first quarter of 2018 and has increased the capacity to 1,000,000 TEUs.

25.25 Concession to Construct and Operate a Maritime Container Terminal in the Port of Tuxpan

On May 27, 2015, ICTSI, through its subsidiary, ICTSI Tuxpan B.V., acquired from Grupo TMM S.A.B and Immobiliaria TMM S.A. de C.V 100 percent of the capital stock of TMT for US$54.5 million. TMT is a company duly incorporated in accordance with the laws of Mexico with a concession to construct and operate a maritime container terminal in the Port of Tuxpan, Mexico and is the owner of the real estate where the maritime container terminal will be constructed. The concession agreement is valid until May 25, 2021, subject to extension for another 20 years. The concession covers an area of 29,109.68 square meters, which is adjacent to the 43 hectares land owned by TMT. Under the concession agreement, TMT is liable and committed to: (1) pay fixed fee of MXN23.24 plus VAT, per square meter of assigned area; and (2) pay minimum guaranteed fee starting January 2018 ranging from MXN145.33 (US$9.51) per TEU to MXN340.60 (US$22.29) per TEU for containerized cargo and MXN3.37 (US$0.22) per ton to MXN5.62 (US$0.37) per ton for general cargo, based on agreed minimum volume. As at March 2, 2021, management is continuing to assess the long-term plans for the concession and the land.

25.26 Lease Agreement between the Nigerian Ports Authority (NPA) and ICTSNL

In 2020, the NPA and ICTSNL began discussions on a lease agreement for 21 hectares of paved and unpaved land including Berths 9, 10 and 11 of the Federal Ocean Terminal, Onne Port Complex in Rivers State, Nigeria. Subsequently, ICTSNL entered into an agreement to begin operations on the site. In consideration of the lease, ICTSNL shall pay in advance on an annual basis a rent of NGN505.2 million (plus VAT).

25.27 Shareholders’ Agreement (Agreement) with AG&P

On September 30, 1997, IWI CTHI entered into an Agreement with AG&P forming BIPI. BIPI developed the property acquired from AG&P at Bauan, Batangas into an international commercial port duly licensed as a private commercial port by the PPA.

Simultaneous with the execution of the Agreement, AG&P executed a Deed of Conditional Sale in favor of IWI CTHI conveying to the latter a parcel of land for a total purchase price of ₱632.0 million (equivalent to US$13.2 million as at December 31, 2020). The said land was transferred by IWI CTHI to BIPI under a tax-free exchange of asset for shares of stock.

Notwithstanding the sale and purchase on April 10, 2019 of the 20% stake in BIPI held by AG&P, the unfulfilled obligations under the Agreement shall remain in force.

25.28 Long-term Contract for the Operations of Cargo Handling Services at Makar Wharf

On February 20, 2006, the PPA granted SCIPSI a ten-year contract for the exclusive management and operation of arrastre, stevedoring, 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 hold-over authority 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 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. As at March 2, 2021, SCIPSI has not received a new hold-over authority.

25.29 Long-term Contract for the Operations of Cargo Handling Services at Sasa Wharf

On April 21, 2006, the PPA granted DIPSSCOR a ten-year contract for cargo handling services at Sasa Wharf, Port of Davao in the Philippines that expired on April 20, 2016. Thereafter, the PPA granted DIPSSCOR a series of hold-over authority 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 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. As at March 2, 2021, DIPPSCOR has not received a new hold-over authority.

25.30 Joint Venture Contract on Yantai Rising Dragon International Container Terminal, Ltd. (YRDICTL) and YICT

In January 2007, the Group (through IHKL) entered into a joint venture contract with YPG and SDIC Communications, Co. on YRDICTL to operate and manage the Yantai port in Shandong Province, China. The registered capital of YRDICTL is RMB600.0 million (equivalent to US$99.1 million as at December 31, 2013) and the term of the joint venture is 30 years, and may be extended upon agreement of all parties. The joint venture became effective on February 28, 2007.

In 2010, YPG and SDIC invested its 40 percent stock holdings in YRDICTL into Yantai Port Holdings (YPH). As such, the non-controlling shareholder of the Company was changed from YPG and SDIC to YPH.

Pursuant to a joint venture agreement, the Board of YRDICTL shall be comprised of five members, three of which the Group has the right to elect. The land operated by YRDICTL was contributed as an in-kind capital contribution by YPG for a period of 30 years.

On July 1, 2014, the Group, through its subsidiary IHKL, acquired 51 percent of the total equity interest of YICT and the Group sold its 60 percent ownership interest in YRDICTL to YPH. The Group entered into a joint venture agreement on YICT with DP World and YPH for a period of 29 years until September 29, 2043 and may be extended upon agreement of all parties. The objective of these transactions is to consolidate and optimize the overall port operations within the Zhifu Bay Port Area in Yantai, China. YICT became the only foreign container terminal within the Zhifu Bay Port Area. DP World China (Yantai) and YPH owns 12.5 percent and 36.5 percent ownership interest in YICT, respectively, with ICTSI as the majority shareholder.

Pursuant to the said joint venture agreement, the Board of YICT shall be comprised of six members, three of which the Group has the right to elect. The Chairman of the Board shall be appointed by the Group and the said Chairman shall be entitled to a casting vote in the event of equality of votes. The Group is also entitled to appoint the General Manager and Financial Controller. The land operated by YICT was contributed by YPH and is valid until August 28, 2043.

YICT is authorized by YPH to collect, on its behalf, the port charges (including port charges levied on cargoes and facilities security fees) in accordance with the state regulations and shall, after retaining 50% of the port charges levied on cargoes (as the fees for maintaining the facilities within the port owned by YICT) and 80% of the facilities security fees (as the fees for maintaining and improving the security facilities within the terminal owned by YICT) collected, pay to YPH the remaining parts no later than the fifteenth (15^{th}) day of the following month.

25.31 Domestic Trade Container Terminal Service Outsourcing Agreement with YPHT

Effective October 15, 2020, YICT agreed with YPH and Yantai Port Container Terminal Ltd. (YPHT, a subsidiary of YPH) to promote the integration of container terminal business in Port of Yantai by moving the domestic container business of YPHT to YICT. YPHT, as principal, subcontracts all of its container business to YICT, with YICT, as subcontractor, provides terminal services such as ship berthing, loading and discharging, container receiving and dispatching, and storage. YPHT pays an agreed amount per TEU with respect to the agreed standard services. The outsourcing agreement is valid for a period of two years.

25.32 Cooperation Agreement for Operation of Terminal Area III of the Tanjung Priok Port at Jakarta, Indonesia between PT Pelabuhan Indonesia II (Pelindo) and OJA

OJA has existing cooperation agreements with Pelindo under a revenue sharing scheme covering the terminal operations of berths 300, 301, 302 and 303 located in Terminal Area III (referred to as "Cooperation Area") of the Tanjung Priok Port, Jakarta, Indonesia. OJA and Pelindo share a fixed percentage based on various activities or services with container handling equipment and other facilities provided and operated by OJA in the Cooperation Area including stevedoring, lift-on/lift off, reefer container plugging and monitoring, trucking, and container customs inspection. The cooperation agreement was signed on March 7, 2011 and expired on March 7, 2013. On June 5, 2013, OJA signed a 15-year Cooperation Agreement with Pelindo for international container stevedoring services wherein the parties will share a fixed percentage of revenues. Pending the fulfillment of certain conditions, the 15-year term of the Cooperation Agreement has not yet commenced as at March 2, 2021. The refrigerated container plugging and monitoring and inspection of container customs are being renewed yearly.

25.33 Cooperation Agreement for the Procurement, Installation and Operation of Container Handling Equipment under a Revenue Sharing Scheme at the Makassar Container Terminal Port of Makassar, South Sulawesi, Indonesia

MTS has an existing agreement with PT Pelabuhan Indonesia IV (Pelindo), the Indonesian government-owned corporation that owns and operates the Makassar Container Terminal, for the procurement, installation and operation of Container Handling Equipment (CHE) at the Makassar Container Terminal under a revenue sharing scheme for ten years until 2013, renewable for another 10 years by mutual agreement. In December 2012, MTS extended the joint operation contract, which will originally expire on September 30, 2013, until February 1, 2023. Under the agreement, MTS provides and operates CHE at the Port of Makassar. For the services provided, MTS is paid by Pelindo 60 percent of the gross revenue based on the published tariff for the operation of CHE owned by MTS.

25.34 Shareholders' Agreement on IDRC

On January 23, 2014, the Group, through its subsidiary, ICTSI Cooperatief, forged a business partnership with SIMOBILE for the establishment and formation of a joint venture company, IDRC. IDRC, which is then 60 percent-owned by ICTSI Cooperatief, will build a new terminal along the river bank of the Congo River in Matadi and manage, develop and operate the same as a container terminal, as well as provide exclusive container handling services and general cargo services therein.

At incorporation, the share capital of IDRC amounted to US$12.5 million represented by 12,500 ordinary voting shares. IDRC was incorporated for an initial term of 99 years, subject to early dissolution or prorogation. ICTSI contributed US$2.0 million cash upon incorporation and the US$5.5 million cash in tranches while SIMOBILE contributed land valued at US$5.0 million. On May 19, 2015, ICTSI, through its subsidiary, ICTSI Cooperatief, and its joint venture partner, SIMOBILE, transferred their respective 8% and 2% ownership interest in IDRC to SCTP SA in exchange for the latter's contribution of technical knowledge, skills and substantial experience in the port and port system in DRC and operation of railroad system and undertaking to facilitate the activities of IDRC and to assist in its relations with the public authorities. SIMOBILE transferred to its subsidiary, SIP Sprl, its 10% ownership in IDRC. Thereafter, IDRC is owned 52% by ICTSI, 28% by SIMOBILE, 10% by SIP Sprl and 10% by SCTP SA.

Pursuant to the shareholders' agreement, the Board of IDRC shall be comprised of nine members, five of which will be appointed by the Group.

Phase 1 of the facility consists of two berths that can handle 175,000 TEUs and 350,000 metric tons. The capacity and berth length can, subject to demand, be doubled in Phase 2. 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 second 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. As at December 31, 2020, the empty container yard expansion was completed while development of the full container yard is ongoing.

The existing contracts and agreements entered into by the Group contain commitments and restrictions which include, among others, the prohibition of the change in subsidiaries' shareholders without the prior consent of the port authority, maintenance of minimum capitalization and certain financial ratios, investment in the works stipulated in the investment program, provisions for insurance, submission of performance bonds, non-compete arrangements, productivity targets and other related matters.

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

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

On November 26, 2010, the PPA, through the Office of the Solicitor General, filed a Petition for *Certiorari* and Prohibition with Application for the Issuance of a Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction (WPI) assailing City Council Resolution No. 141 before the Supreme Court.

The Supreme Court granted a TRO enjoining the Mayor of Manila and the City Council of Manila from stopping or suspending the implementation of the MICT Berth 6 Project of the PPA. The Supreme Court also granted MICT's motion to intervene in the case of PPA vs. City of Manila and City Council of Manila. The Supreme Court, in a Resolution dated August 14, 2019, dismissed this case for being moot and academic since the Berth 6 construction has been completed and is currently operational.

Notwithstanding the pendency of the foregoing legal proceedings at the time of completion, the MICT Berth 6 Project was inaugurated by the President of the Republic of the Philippines in July 2012.

In 2013, a case was filed by Malayan Insurance Co., Inc. (MICO) against ICTSI before the Regional Trial Court of Manila, Branch 55, for damages allegedly sustained by the assured cargo of Philippine Long Distance Telephone Company (PLDT) consisting of telecommunications equipment. The amount of claim is ₱223.8 million (approximately US$4.5 million) plus legal interest and attorney's fees of ₱1.0 million (US$20.1 thousand).

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

PICT
In 2007, the Trustees of the Port of Karachi (KPT) filed a civil suit against Pakistan International Container Terminal (PICT) in the Honorable High Court of Sindh (HCS) claiming a sum of approximately US$2.0 million along with the interest, as default payment of wharfage and penalty thereon, for the alleged mis-declaration of the category of goods on the import of Ship to Shore Cranes and Rubber Tyre Gantry Cranes in 2004. The HCS has rendered a judgement and decree in favor of PICT and ordered that KPT is not entitled to the amount of wharfage charges claimed by it. In June 2017, KPT filed an appeal against the aforesaid judgment before the Divisional Bench of HCS. Upon advice of PICT's legal advisor, management believes that there is no merit in this claim.

Also in 2007, PICT has filed an interpleader civil suit before HCS against the Deputy District Officer, Excise and Taxation (DDO) and the Trustees of KPT in respect of demand raised by the DDO on PICT to pay property tax out of the Handling, Marshalling and Storage (HMS) charges payable to KPT amounting to approximately US$0.2 million for the period from 2003 to 2007. In compliance with the Order of HCS, PICT deposited the amount with Nazir of HCS, out of amount withheld by PICT from HMS charges billed by KPT. In 2014, another demand was made by DDO amounting to approximately US$0.7 million for the period from 2008 to 2014. On an application filed by PICT for directions, HCS ordered for deposit of the aforementioned amount out of HMS charges billed by KPT and PICT subsequently complied with the order of HCS. In 2015, HCS issued further orders directing PICT to deposit the remaining HMS charges due and payable with Nazir of HCS in quarterly installments and PICT complied accordingly. The decision of the suit is still pending, and PICT's legal advisor believes that there may be no adverse implication for depositing the payments with Nazir of HCS due to KPT in view of complying with the HCS's order.

PICT is involved in several tax proceedings. However, PICT's management and its legal counsels believe that the said cases will be decided in favor of PICT.

<u>TSSA</u>
In 2008, a civil suit was filed by former customer Interfood Comercio (Interfood) against TSSA for damages to perishable cargo amounting to BRL7.0 million (approximately US$3.0 million). Interfood's cargo (garlic and birdseed) was declared improper for human and animal consumption due to long storage period at TSSA before it was claimed and such cargo was destroyed by Brazilian customs authorities. The lower court and Court of Appeals ruled in favor of Interfood. An amount of BRL12.0 million (approximately US$3.1 million) in TSSA's bank account has been garnished by the lower court. The provision aggregating BRL13.8 million (US$3.6 million), BRL13.5 million (US$3.5 million) and BRL13.5 million (US$2.6 million) were recognized as part of "Accounts payable and other current liabilities" account in the consolidated balance sheets as at December 31, 2018, 2019 and 2020, respectively. In July 2016, the State Court rendered a decision against TSSA. The said judgment, however, is still subject to a last appeal with the Supreme Court in Brasilia. In September 2019, the State Court issued a decision that rendered TSSA a credit against Interfood for the amount of BRL3.5 million (US$0.7 million). This decision is still subject to confirmation by the Supreme Court in Brasilia.

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

<u>BICTL</u>
In 2015, BICTL filed a case against Revenue Service with the Tbilisi City Court for the cancellation of the tax assessment in the amount of US$860.7 thousand (GEL2.3 million). The case involves Value-Added Tax (VAT) on fees collected by BICTL for services rendered in relation to the export of scrap materials. The Revenue Service alleged that such fees are subject to VAT while BICTL believes that it has good legal basis to treat the services as a VAT zero-rated sale of services. In March 2016, the Tbilisi City Court rendered a decision in favor of Revenue Service. BICTL has appealed the said decision with the appellate court. The Tbilisi Court of

Appeals considered the arguments and position of BICTL and on May 16, 2018 partially satisfied the claim of BICTL, and major part of the penalty (around 83%) was cancelled.

The decision of the Court of Appeals was appealed by BICTL to the Supreme Court of Georgia in May 2019. The decision also was appealed by the Ministry of Finance and Revenue Service.

The Supreme Court is currently hearing the case. BICTL expects the hearings to conclude within the year 2021.

<u>ICTSI Oregon</u>
Due to continuing labor disruptions caused by the International Longshore and Warehouse Union and ILWU Local 8 (collectively "ILWU") in Portland, Oregon commencing in June 2012 and continuing over several years, ICTSI Oregon filed a claim in federal court for damages caused by the ILWU's unlawful secondary activity under the National Labor Relations Act. In connection with this claim, the National Labor Relations Board (NLRB) sought and obtained two federal court injunctions against the ILWU prohibiting illegal work stoppages and a finding of contempt of court against the ILWU for injunction violations. The federal district court initially stayed ICTSI Oregon's damage claim for unlawful secondary activity pending completion of administrative proceedings before the NLRB. The NLRB's administrative proceedings were completed favorably to ICTSI Oregon in 2015. However, the ILWU appealed to the United States (US) Court of Appeals for the District of Columbia Circuit in Washington D.C. On November 6, 2017, the US Court of Appeals rejected the ILWU's appeals and upheld two NLRB decisions declaring that the ILWU engaged in deliberate work stoppages and slowdowns, made false safety claims, and engaged in other illegal coercive conduct against ICTSI Oregon and its customers.

As a result of the US Court of Appeals decisions, the federal district court in Oregon lifted the stay in early 2018 and scheduled a trial of ICTSI Oregon's damage claim commencing in October 2019. After a two-week trial in Portland, Oregon, a jury verdict was rendered on November 4, 2019 in favor of ICTSI Oregon against ILWU for unlawful labor practices. The jury verdict awarded damages to ICTSI Oregon in the total sum of US$93.6 million.

The ILWU then filed a motion for judgment as a matter of law and for a new trial. On March 5, 2020, the District Court issued its Opinion and Order denying the ILWU's motion for judgment as a matter of law. The District Court also denied the ILWU's motion for new trial on all issues except for damages, which it denied conditioned upon ICTSI Oregon accepting reduced damages in the amount of US$19.1 million. The District Court stated that, if ICTSI Oregon do not accept this reduced judgment amount, then ILWU's motion for new trial is granted in part, limited to damages. On March 19, 2020, ICTSI Oregon notified the District Court of its decision to decline acceptance of the reduced judgment and to instead proceed to retrial.

On April 1, 2020, the ILWU then filed: (1) a motion for an interlocutory appeal of the District Court's March 5, 2020 order to the US Court of Appeals for the Ninth Circuit; and (2) a motion for reconsideration of the District Court's decision to limit the retrial to only damages. On May 28, 2020, the District Court granted the ILWU's motion to certify the order denying the ILWU's Motion for Judgment as a Matter of Law for interlocutory review to the Ninth Circuit Court of Appeals. However, the District Court denied the ILWU's motion to reconsider its previous order that the new trial in this case would be limited to only damages. Federal law states that the party seeking to appeal must file a Petition to Appeal the Certified Order with the appellate court within 10 days of the District Court's certification order. On June 5, 2020, the ILWU filed such a Petition to Appeal with the Ninth Circuit. On June 15, 2020, ICTSI Oregon filed its Answer Opposing

ILWU's Petition to Appeal, and in the Alternative, Conditional Cross-Petition Requesting Review of Additional Issues. By this pleading, ICTSI Oregon opposed ILWU's request for an appeal to the Ninth Circuit and instead sought a prompt retrial of its claim before the District Court, limited to damages. However, in the event that the Ninth Circuit decided to accept the ILWU's appeal for consideration, ICTSI Oregon requested that the Ninth Circuit also review and reverse the District Court's decision to set aside the jury's verdict of US$93.6 million and reduce it to US$19.1 million.

On September 17, 2020, a panel of three judges of the Ninth Circuit Court of Appeals issued its decision granting the ILWU's petition for permission to appeal. The Ninth Circuit also granted ICTSI Oregon's conditional petition to appeal that portion of the trial court's order reducing the jury's verdict from US$93.6 million to US$19.1 million. ILWU filed its opening brief with the Ninth Circuit on January 27, 2021 and ICTSI Oregon's response brief is due on March 29, 2021. The current schedule calls for briefing to be completed by May 2021. However, these dates are subject to change. Oral arguments before the Ninth Circuit are estimated to be held in the fourth quarter of 2021 or the first quarter of 2022 and that, if the Ninth Circuit orders a retrial of ICTSI Oregon's damage claim against the ILWU, a second jury trial will be conducted before the District Court either in late 2022 or sometime in 2023.

<u>SPIA</u>
In February 2018, Conalvias Construcciones S.A.S., (Conalvias) filed an arbitration case at the Arbitration Center of the Chamber of Commerce of Bogota against SPIA for the unlawful termination of the Construction of Paving Works and Utilities contract ("the Contract"), and for several breaches committed by SPIA under the Contract. In August 2019, the arbitral tribunal ceased its functions due to the lack of payment of the arbitrators' fees by the parties.

On June 11, 2019, Colombia's Superintendence of Companies (the "Bankruptcy Court") ordered the commencement of Conalvías' liquidation proceeding. On July 31, 2019, SPIA timely filed its claim before the Bankruptcy Court to be acknowledged as contingent creditor and as fifth class creditor on Conalvías liquidation proceeding. SPIA's contingent claim and fifth class claim amounted to COP105.6 billion (US$32.1 million) and COP27.7 billion (US$8.4 million), respectively. SPIA's claims were not included because no judicial proceeding was currently ongoing between the parties in the Project of Claims submitted by the Liquidator before the Bankruptcy Court. SPIA objected the Liquidator's Project of Claims, requesting to be acknowledged as creditor. Among other arguments, SPIA stated that it was already acknowledged as a creditor in the reorganization proceeding. On February 13, 2020, the Liquidator sent a settlement proposal in which SPIA's claim is acknowledged as a fifth class postponed contingent claim. From February 25 until April 8, 2020, the Bankruptcy Court suspended the judicial terms as a measure to contain the COVID-19 outbreak in Colombia.

On April 17, 2020, the Bankruptcy Court served SPIA of the Inventory of Assets of Conalvias submitted by the Liquidator. The value of the assets is approximately COP68.2 billion (US$19.9 million**)**. On August 25, 2020, the Bankruptcy Court summoned the parties to the Hearing to Rule on the Objections against the Project of Claims and the Inventory. On September 30, 2020 during the Hearing to Rule on the Objections against the Project of Claims and the Inventory the Bankruptcy Court ruled that: (a) regarding the claim for COP27.7 billion (US$8.1 million), the Bankruptcy Court accepted our objection and ordered the inclusion of this amount as a fifth-class claim; (b) regarding the claim for COP105.6 billion (US$30.8 million; the amount of the counterclaim filed in the arbitration proceeding), it was recognized as a postponed claim of the reorganization proceeding. As a next step, the Liquidator will file before the Bankruptcy Court the adjudication agreement.

27 Financial Instruments

27.1 Fair Values

Set out below is a comparison of carrying amounts and fair values of the Group's financial instruments by category whose fair value is different from its carrying amount as at December 31:

	2018		2019		**2020**	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	**Carrying Amount**	**Fair Value**
Financial Liabilities						
Other financial liabilities:						
Long-term debt	US$1,271,335,292	US$1,318,503,380	US$1,662,628,789	US$1,752,911,779	**US$1,764,478,740**	**US$1,913,246,945**
Lease liabilities	1,137,147,123	1,136,850,285	1,189,175,168	1,191,280,770	**1,234,777,473**	**1,493,843,178**
Concession rights payable	541,269,412	556,134,127	660,740,508	646,423,482	**703,327,707**	**881,522,245**
	US$2,949,751,827	US$3,011,487,792	US$3,512,544,465	US$3,590,616,031	**US$3,702,583,920**	**US$4,288,612,368**

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 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 1.26 percent to 12.90 percent in 2018, 1.26 to 15.48 percent in 2019 and 0.32 to 11.87 percent in 2020.

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

The fair values of derivative assets and liabilities, specifically forward contracts and prepayment options, are calculated using valuation techniques with inputs and assumptions that are based on market observable data and conditions. For cross-currency swap, interest rate swaps, currency forwards and other structured derivatives, fair values are based on counterparty bank valuation.

27.2 Fair Value Hierarchy

The following tables below present the fair value hierarchy of the Group's financial instruments as at December 31:

	2018			
	Amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
Derivative assets	US$579,321	US$–	US$579,321	US$–
Derivative liabilities	2,835,502	–	2,835,502	–
Financial assets at FVOCI	13,032,349	13,032,349	–	–
Liabilities for which fair values are disclosed:				
Other financial liabilities:				
Long-term debt	1,318,503,380	984,325,835	–	334,177,545
Concession rights payable	556,134,127	–	–	556,134,127
Lease Liabilities	1,136,850,285	–	–	1,136,850,285

	2019			
	Amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
Derivative assets	US$23,123	US$–	US$23,123	US$–
Derivative liabilities	21,513,563	–	21,513,563	–
Financial assets at FVOCI	2,482,923	2,482,923	–	–
Liabilities for which fair values are disclosed:				
Other financial liabilities:				
Long-term debt	1,752,911,779	1,032,125,609	–	720,786,170
Concession rights payable	646,423,482	–	–	646,423,482
Lease Liabilities	1,191,280,770	–	–	1,191,280,770

	2020			
	Amount	**Quoted prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value:				
Derivative assets	**US$–**	**US$–**	**US$–**	**US$–**
Derivative liabilities	**43,383,572**	**–**	**43,383,572**	**–**
Financial assets at FVOCI	**2,224,093**	**2,224,093**	**–**	**–**
Liabilities for which fair values are disclosed:				
Other financial liabilities:				
Long-term debt	**1,913,246,945**	**1,307,283,020**	**–**	**605,963,925**
Concession rights payable	**881,522,245**	**–**	**–**	**881,522,245**
Lease liabilities	**1,493,843,178**	**–**	**–**	**1,493,843,178**

In 2018, 2019 and 2020, there were no transfers between *Level 1* and *Level 2* fair value measurements and no transfers into and out of *Level 3* fair value measurements.

27.3 Derivative Financial Instruments

ICTSI enters into derivative transactions as economic hedges of certain underlying exposures arising from its foreign currency-denominated loans, revenues and expenses. Such derivatives, which include interest rate swaps and currency forwards, are accounted for either as cash flow hedges or transactions not designated as hedges.

27.4 Derivative Instruments Accounted for as Cash Flow Hedges

Interest Rate Swap. In 2014, AGCT entered into an interest rate swap transaction to hedge the interest rate exposure on its floating rate Euro-denominated loan maturing in 2023. A notional amount of EUR5.1 million (US$6.2 million) and EUR3.8 million (US$4.6 million) out of the total EUR10.6 million (US$12.8 million) floating rate loan was swapped to fixed rate. Under the interest rate swap, AGCT pays fixed interest of 6.19 percent for EUR5.1 million and 5.55 percent for EUR3.8 million and receives floating rate of one-month EURIBOR plus 4.20 bps on the notional amount. Starting July 2016, the fixed interest for EUR5.1 million and EUR3.8 million was reduced to 5.39 percent and 4.75 percent, respectively, and AGCT receives floating rate of one-month EURIBOR plus 3.40 bps on the notional amount. The market valuation loss on the outstanding interest rate swap amounted to EUR0.2 million (US$0.3 million) as at December 31, 2018. The effective portion of the change in the fair value of the interest rate swap amounting to EUR0.2 million (US$0.2 million), net of EUR40.1 thousand (US$46.0 thousand) deferred tax, for the year ended December 31, 2018 was taken to equity under other comprehensive loss (see Note 15.7).

On December 31, 2019, AGCT terminated the outstanding interest rate swap due to the payment of the underlying EUR-denominated floating rate loan. The amount deferred in equity representing the effective portion of the change in fair value of the swap amounting to EUR0.2 million (US$0.2 million) at the time of prepayment was transferred to profit and loss and recognized under “Interest expense and financing charges on borrowings” account in the 2019 consolidated statement of income.

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 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 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. VICT pays an annual fixed interest of 2.885 to 2.9730 percent for the loans maturing in 2026 and 2031, respectively. The market valuation loss on the outstanding interest rate swaps amounted to AUD1.5 million (US$1.1 million), AUD14.4 million (US$10.1 million), and AUD19.7 million (US$15.2 million) as at December 31, 2018, 2019, and 2020, respectively. The effective portion of the change in the fair value of the interest rate swap amounting to AUD4.3 million (US$3.3 million), net of AUD1.8 million (US$1.4 million) deferred tax, AUD9.1 million (US$6.4 million), net of AUD3.9 million (US$2.7 million) deferred tax, and AUD3.7 million (US$3.5 million), net of AUD1.6 million (US$1.5 million) deferred tax, for the years ended December 31, 2018, 2019 and 2020, respectively, was taken to equity under other comprehensive loss (see Note 15.7).

In January 2016, CMSA entered into interest rate swap transactions to hedge the interest rate exposure on its floating rate US$-denominated floating rate loan maturing in 2027. A total notional amount of US$181.0 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, CMSA pays annual fixed interest of an average 2.44 percent and receives floating rate of six-month LIBOR on the notional amount. In May 2018, ICTSI entered into offsetting interest rate swaps in order to manage the changes in and lock the fair values on the planned pre-termination of CMSA’s outstanding interest rate swaps in anticipation of the prepayment of the underlying loan.

On May 14, 2018, CMSA and ICTSI terminated all outstanding interest rate swaps due to the prepayment of the underlying US$-denominated floating rate loan. The amount deferred in equity representing the effective portion of the change in fair value of the swap amounting to US$3.9 million at the time of prepayment was transferred to the profit and loss and recognized under “Other income” account in the 2018 consolidated statement of income.

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. As at December 31, 2018, 2019 and 2020, the market valuation gain on the outstanding interest rate swaps amounted to US$0.3 million, US$23.1 thousand, and US$5.8 thousand, respectively. The effective portion of the change in the fair value of the interest rate swap amounting to

US$1.2 thousand, net of US$0.5 thousand deferred tax, US$161.7 thousand, net of US$69.2 thousand deferred tax and US$20.2 thousand, net of US$8.7 thousand deferred tax, for the years ended December 31, 2018, 2019 and 2020, respectively, was taken to equity under other comprehensive loss (see Note 15.7).

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 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, 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 December 31,2019 and 2020, the market valuation loss on the outstanding interest rate swaps amounted to US$10.8 million and US$28.2 million, respectively. The effective portion of the change in the fair value of the interest rate swap amounting to US$7.6 million, net of US$3.2 million deferred tax, and US$11.8 million, net of US$5.6 million deferred tax, for the years ended December 31, 2019 and 2020, respectively, 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 from the translation of its net investment in MICTSL into US Dollar. As at December 31, 2018 and 2019, the market valuation loss on the outstanding cross currency swap amounted to EUR1.1 million (US$1.2 million) and EUR0.5 million (US$0.6 million), respectively. The effective portion of the fair value of the cross currency swap amounting EUR0.7 million (US$0.8 million), net of EUR0.4 million (US$0.4 million) deferred tax EUR0.4 million (US$0.4 million), net of EUR0.2 million (US$0.2 million) deferred tax , for the years ended December 31, 2018 and 2019, respectively, was taken to equity under other comprehensive loss. 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 (see Note 15.7).

Translation Hedging. In 2018, ICTSI designated EUR138.3 million (US$158.5 million) of its Euro-denominated cash equivalents as cash flow hedges to hedge the variability of a Euro-denominated transaction that would arise as a result of changes in the EUR:USD exchange rate. The related foreign currency translation loss on the Euro-denominated cash equivalents designated as cash flow hedges aggregating to US$10.2 million was taken to equity under other comprehensive loss. No ineffectiveness was recognized in the consolidated statements of income for the year ended December 31, 2018.

On January 8, 2019, ICTSI terminated the cash flow hedge of its Euro-denominated cash equivalents. The related foreign currency translation loss on the Euro-denominated cash equivalents designated as cash flow hedges aggregating to US$10.6 million that was taken to equity was reclassified as part of upfront fee paid to SPC included in "Other noncurrent assets" account in the 2019 consolidated balance sheet (see Notes 9, 11 and 24.14).

27.5 Other Derivative Instruments Not Designated as Hedges

Foreign Currency Forwards. In March 2020, ICTSI entered into a sell-US$ buy-PHP non-deliverable forward contracts 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.

27.6 Fair Value Changes on Derivatives

The net movements in fair value changes of ICTSI's derivative instruments are as follows:

	2018	2019	**2020**
Balance at beginning of year	US$699,815	(US$2,256,181)	**(US$21,490,440)**
Net changes in fair value of derivatives:			
Designated as accounting hedges	(2,955,996)	(19,234,259)	**(21,893,132)**
	(2,256,181)	(21,490,440)	**(43,383,572)**
Less fair value of settled instruments	–	–	**–**
Balance at end of year	(US$2,256,181)	(US$21,490,440)	**(US$43,383,572)**

The net movement in fair value changes of freestanding derivative instruments designated as cash flow hedges are presented in the consolidated statements of comprehensive income as follows:

	2018	2019	**2020**
Balance at beginning of year	US$247,337	(US$1,534,126)	**(US$15,421,637)**
Changes in fair value of cash flow hedges of designated derivatives	(2,955,996)	(19,234,259)	**(21,893,133)**
Tax effects	1,174,533	5,346,748	**(1,206,914)**
Balance at end of year (Note 15.7)	(US$1,534,126)	(US$15,421,637)	**(38,521,684)**

Fair value changes on freestanding derivatives as at December 31 are presented as follows:

	2018	2019	**2020**
Derivative assets (Note 10)	US$579,321	US$23,123	**US$–**
Derivative liabilities (Note 17)	(2,835,502)	(21,513,563)	**(43,383,572)**
Total	(US$2,256,181)	(US$21,490,440)	**(US$43,383,572)**

28 Financial Risk Management Objectives and Policies

The principal financial instruments of the Group comprise mainly of bank loans and cash and cash equivalents. The main purpose of these financial instruments is to raise working capital and major capital investment financing for the Group's port operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

ICTSI has port operations and development projects in 19 countries as at December 31, 2020. Short-term treasury activities are carried out at the subsidiary level, however, overall policy decisions concerning the Group's financial risks are centralized at the Parent Company in Manila. The Board reviews and approves the Group's policies for managing each of these risks, as summarized below, as well as authority limits. Treasury operations are regularly reviewed annually by Internal Audit to ensure compliance with the Group's policies.

ICTSI finances its business activities through a mix of cash flows from operations and long-term loans from banks. It is the Group's policy to minimize the use of short-term loans. The Group's borrowings are in US Dollar, Philippine Peso, Euro, Chinese Renminbi, Papua New Guinean Kina and Australian Dollar at fixed and floating rates of interest. The Group minimizes its currency exposure by matching its currency of borrowing to the currency of operations and functional currency at the relevant business unit whenever possible. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

In the context of PFRS 7, the main risks arising from the normal course of the Group's business are interest rate risk, liquidity risk, foreign currency risk and credit risk.

Working Capital Management
The Parent Company has minimal working capital requirements due to the short cash collection cycle of its business. Working capital requirements are well within the credit facilities established which are adequate and available to the Parent Company to meet day-to-day liquidity and working capital requirements. The credit facilities are regularly reviewed by the Treasury Group to ensure that they meet the objectives of the Group. Most of the foreign operating subsidiaries currently do not access short-term credit facilities as their respective cash flows are sufficient to meet working capital needs.

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

The following tables set out the carrying amount, by maturity, of the Group's liabilities that are exposed to interest rate risk as at December 31:

2018	Less than 1 Year to 2 years	>2 Years to 3 years	>3 Years to 4 years	>4 Years to 5 years	Over 5 Years		Total	Net Debt*
						(In Original Currency)	*(In US Dollar)*	
Liabilities								
Long-term Debt								
Floating Rate:								
US$ Loan	29,500,000	–	–	–	–	29,500,000	US$29,500,000	US$29,500,000
Interest rate	LIBOR + 1.15% spread							
RMB Loan	–	10,000,000	20,000,000	20,000,000	–	50,000,000	7,269,027	7,269,027
Interest rate	PBOC standard rate less 5%							

2019	Less than 1 Year to 2 years	>2 Years to 3 years	>3 Years to 4 years	>4 Years to 5 years	Over 5 Years		Total	Net Debt*
						(In Original Currency)	*(In US Dollar)*	
Liabilities								
Long-term Debt								
Floating Rate:								
US$ Loan	90,000,000	–	–	–	–	90,000,000	US$90,000,000	US$90,000,000
Interest rate	LIBOR + 0.75% spread							
Eur Loan	-	38,225,000	–	–	–	38,225,000	42,861,693	42,445,397
Interest rate	EURIBOR + 1.00% spread							
PGK Loan	42,760,000	21,380,000	21,380,000	21,380,000	–	106,900,000	31,603,843	31,603,843
Interest rate	ANZ ILR* less 6.45%							
RMB Loan	-	10,000,000	20,000,000	–	–	30,000,000	4,308,364	4,308,364
Interest rate	PBOC standard rate less 5%							

2020	**Less than 1 Year to 2 years**	**>2 Years to 3 years**	**>3 Years to 4 years**	**>4 Years to 5 years**	**Over 5 Years**		**Total**	**Net Debt***
						(In Original Currency)	***(In US Dollar)***	
Liabilities								
Long-term Debt								
Floating Rate:								
Eur Loan	38,225,000		–	–	–	38,225,000	46,695,660	46,393,091
Interest rate	EURIBOR + 1.00% spread							
PGK Loan	42,760,000	21,380,000	21,380,000		–	85,520,000	24,188,257	23,821,653
Interest rate	ANZ ILR* less 6.45%							

	2020							
	Less than 1 Year to 2 years	**>2 Years to 3 years**	**>3 Years to 4 years**	**>4 Years to 5 years**	**Over 5 Years**		**Total**	**Net Debt***
						(In Original Currency)	***(In US Dollar)***	
Liabilities								
Long-term Debt								
Floating Rate:								
Eur Loan	38,225,000		–	–	–	38,225,000	46,695,660	46,393,091
Interest rate	EURIBOR + 1.00% spread							
PGK Loan	42,760,000	21,380,000	21,380,000		–	85,520,000	24,188,257	23,821,653
Interest rate	ANZ ILR* less 6.45%							

**Net of Debt Issuance Costs*

Re-pricing of floating rate financial instruments is mostly done monthly, quarterly or semi-annually. Interest on fixed rate financial instruments is fixed until maturity of the instrument. Financial instruments not included in the above tables are either noninterest-bearing, therefore not subject to interest rate risk or has minimal interest rate exposure due to the short-term nature of the account (i.e., cash equivalents).

The sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of ICTSI's income before income tax (through the impact on unhedged floating rate borrowings), at December 31 are as follows (amounts in millions unless otherwise indicated):

		Effect on Profit Before Tax		
	Increase/Decrease in Interest Rates (%)	2018	2019	**2020**
Loans	+1.0	(US$0.4)	(US$1.7)	**(US$0.7)**
	-1.0	0.4	1.7	**0.7**

Liquidity Risk

The Group monitors and maintains a certain level of cash and cash equivalents and bank credit facilities deemed adequate by management to finance the Group's operations, ensure continuity of funding and to mitigate the effects of fluctuations in cash flows. The Group's policy is that not more than 25 percent of borrowings should mature in any 12-month period. Five percent, four percent and 14 percent of the Group's total borrowings, gross of debt issuance costs as at December 31, 2018, 2019 and 2020, respectively, will mature in the ensuing 12 months. The Group is re-assessing its policy in mitigating liquidity risk in line with the current developments and demands of its rapidly growing business.

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31 based on contractual undiscounted payments (amounts in millions unless otherwise indicated).

	2018					
	Less than 3 Months	3 to 6 Months	>6 to 12 Months	>1 to 5 Years	More than 5 Years	Total
Long-term debt	US$6.0	US$19.9	US$31.5	US$679.8	US$578.5	US$1,315.7
Concession rights payable	11.3	12.3	22.8	187.2	579.1	812.7
Accounts payable and other current liabilities*	170.8	22.9	20.9	–	–	214.6
Other noncurrent liabilities*	–	–	–	56.5	104.7	161.2
Loans payable	4.0	31.7	–	–	–	35.7
Derivative liabilities	–	–	–	1.5	1.3	2.8
Lease liabilities	14.7	14.7	30.9	589.2	2,128.4	2,777.9
Total	US$206.8	US$101.5	US$106.1	US$1,514.2	US$3,392.0	US$5,320.6

**Excludes statutory liabilities, noncurrent potion of derivative liabilities and provisions for claims and losses.*

	2019					
	Less than 3 Months	3 to 6 Months	>6 to 12 Months	>1 to 5 Years	More than 5 Years	Total
Long-term debt	US$196.6	US$32.4	US$22.7	US$1,166.3	US$321.4	US$1,739.4
Accounts payable and other current liabilities*	208.5	18.2	60.6	–	–	287.3
Other noncurrent liabilities*	–	–	–	11.0	1.2	12.2
Loans payable	–	–	–	–	–	–
Derivative liabilities	0.6	0.8	3.2	1.4	15.6	21.6
Concession rights payable	13.6	14.2	26.8	316.8	952.5	1,323.9
Lease liabilities	24.4	24.4	50.8	618.9	2,014.5	2,733.0
Total	US$443.7	US$90.0	US$164.1	US$2,114.4	US$3,305.2	US$6,117.4

**Excludes statutory liabilities, noncurrent potion of derivative liabilities and provisions for claims and losses.*

	2020					
	Less than 3 Months	**3 to 6 Months**	**>6 to 12 Months**	**>1 to 5 Years**	**More than 5 Years**	**Total**
Long-term debt	**US$17.0**	**US$10.3**	**US$24.7**	**US$1,038.3**	**US$717.6**	**US$1,807.9**
Accounts payable and other current liabilities*	**199.8**	**11.2**	**70.1**	**–**	**–**	**281.1**
Other noncurrent liabilities*	**–**	**–**	**–**	**7.7**	**–**	**7.7**
Loans payable	**2.8**	**–**	**–**	**–**	**–**	**2.8**
Derivative liabilities	**–**	**1.1**	**8.6**	**1.6**	**32.0**	**43.3**
Concession rights payable	**15.9**	**15.9**	**31.9**	**286.0**	**1,298.2**	**1,647.9**
Lease liabilities	**29.9**	**28.5**	**59.3**	**503.0**	**2,106.5**	**2,727.2**
Total	**US$265.4**	**US$67.0**	**US$194.6**	**US$1,836.6**	**US$4,154.3**	**US$6,517.9**

Excludes statutory liabilities, noncurrent potion of derivative liabilities and provisions for claims and losses.

The financial liabilities in the above tables are gross undiscounted cash flows. However, those amounts may be settled using cash on hand and in banks, aggregating US$139.1 million, US$164.4 million and US$248.4 million as at December 31, 2018, 2019 and 2020, respectively. Furthermore, cash equivalents, amounting to US$307.9 million, US$70.5 million and US$486.5 million, as at December 31, 2018, 2019 and 2020, respectively, may also be used to manage liquidity.

Changes in liabilities arising from financing activities

	December 31, 2018	Cash flows	Foreign exchange movement	Translation Adjustment	Changes in fair values	Others*	December 31, 2019
Long-term debt	US$1,315,702,628	US$393,575,601	US$14,314	(US$4,780,746)	US$–	US$–	US$1,704,511,797
Loans payable	35,718,397	(35,574,959)	–	(143,438)	–	–	–
Concession rights payable	541,269,412	(18,168,198)	651,989	(3,316,232)	–	140,303,536	660,740,507
Dividends payable	1,080,917	(215,499,171)	–	(33,886)	–	220,352,106	5,899,966
Derivative liability	2,835,502	–	–	(707,831)	19,385,893	–	21,513,564
Accrued interest	22,767,343	(99,613,148)	–	(17,775)	–	100,973,657	24,110,077
Lease liabilities	1,137,147,123	(57,876,260)	1,912,927	–	–	107,991,378	1,189,175,168
Total liabilities from financing activities	US$3,056,521,322	(US$33,156,135)	US$2,579,230	(US$8,999,908)	US$19,385,893	US$569,620,677	US$3,605,951,079

** Others includes capitalization of fixed fees under IFRIC 12, reclassifications, accrual of dividends and accrual of interest from interest-bearing loans.*

	December 31, 2019	**Cash flows**	**Foreign exchange movement**	**Translation Adjustment**	**Changes in fair values**	**Others***	**December 31, 2020**
Long-term debt	**US$1,704,511,797**	**US$80,995,974**	**US$–**	**US$22,505,690**	**US$–**	**(US$140,605)**	**US$1,807,872,856**
Loans payable	**–**	**2,890,675**	**–**	**(202,806)**	**–**	**140,505**	**2,828,374**
Concession rights payable	**660,740,507**	**(12,504,486)**	**981,547**	**(19,631,316)**	**–**	**73,741,454**	**703,327,706**
Dividends payable	**5,899,966**	**(170,878,253)**	**193,230**	**174,513**	**–**	**167,964,082**	**3,353,538**
Derivative liability	**21,513,564**	**–**	**–**	**1,385,825**	**20,484,184**	**–**	**43,383,573**
Accrued interest	**24,110,077**	**(106,154,932)**	**–**	**265,321**	**–**	**101,628,016**	**19,848,482**
Lease liabilities	**1,189,175,168**	**(109,333,649)**	**–**	**1,467,753**	**–**	**153,468,202**	**1,234,777,474**
Total liabilities from financing activities	**US$3,605,951,079**	**(US$314,984,671)**	**US$1,174,777**	**US$5,964,980**	**US$20,484,184**	**US$496,801,654**	**US$3,815,392,003**

** Others includes capitalization of fixed fees under IFRIC 12, reclassifications, accrual of dividends and accrual of interest from interest-bearing loans.*

Foreign Currency Risk

As a result of operations in subsidiaries whose functional currency is not the US dollar, the Group's consolidated balance sheets can be affected significantly by movements in the subsidiaries' functional currency and US dollar exchange rates (see Note 1.3).

In respect of financial assets and liabilities held in currencies other than the functional currencies of the Parent Company and the operating subsidiaries, the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot/forward rates where necessary to address short-term imbalances.

The Group recognized in the consolidated statements of income net foreign exchange loss amounting US$1.4 million, net foreign exchange gain amounting to US$9.2 million, and net foreign exchange loss amounting to US$4.2 million arising from net foreign currency-denominated financial assets and liabilities as at December 31, 2018, 2019 and 2020, respectively, which resulted mainly from the movements of Philippine peso, Brazilian real, Mexican peso and Colombian peso against the US dollar and Malagasy ariary against Euro.

The following table shows the Group's significant foreign currency-denominated financial assets and liabilities and their US Dollar equivalents at December 31:

	2018		2019		**2020**	
	Foreign Currency	US Dollar	Foreign Currency	US Dollar	**Foreign Currency**	**US Dollar**
Current Financial Assets						
Cash and cash equivalents:						
EUR	213,954,993	US$245,342,191	8,472,751	US$9,498,600	**4,970,806**	**US$6,072,336**
Philippine peso	3,093,628,295	58,836,597	4,159,243,079	82,141,662	**8,736,061,156**	**181,914,107**
AUD	13,119,603	9,248,008	16,620,742	11,671,869	**66,572,254**	**51,220,692**
RMB	54,956,682	7,989,632	57,432,757	8,248,278	**41,271,777**	**6,323,045**
MXN	156,636,561	7,971,164	100,988,591	5,335,689	**1,080,336,367**	**54,249,277**
PGK	26,833,063	7,964,224	79,282,850	23,435,664	**20,685,181**	**5,850,543**
MGA	23,753,405,826	6,792,956	7,345,505,091	2,023,555	**17,840,522,727**	**4,611,360**
PKR	424,947,479	3,039,682	1,315,643,101	8,494,926	**1,875,077,619**	**11,705,408**
IDR	24,704,560,188	1,716,787	40,594,603,400	2,927,636	**45,102,273,996**	**3,210,126**
BRL	3,670,933	945,824	55,719,999	13,843,478	**144,267,371**	**27,778,448**
HRK	3,169,459	490,438	2,981,670	449,453	**14,744,274**	**2,385,766**
PLN	2,092,191	559,828	1,443,388	380,440	**311,241**	**83,369**
ARS	9,329,237	247,671	25,303,439	422,619	**13,528,325**	**160,772**
BND	–	–	105,102	78,142	**105,117**	**79,472**
SGD	–	–	79,701	59,213	**217**	**164**
HKD	–	–	520	67	**520**	**67**
GEL	–	–	945,822	330,360	**531,594**	**161,554**
INR	–	–	6,333,424	88,728	**6,333,433**	**86,676**
ZAR	–	–	2,721	194	**2,880**	**196**
HNL	–	–	42,630,646	1,730,913	**43,618,436**	**1,808,086**
CDF	–	–	16,623	10	**17,600**	**9**
AED	–	–	5,261,189	1,432,395	**6,793,812**	**1,849,663**
IQD	–	–	2,323,211,507	1,964,043	**1,808,474,596**	**1,238,681**
JPY	–	–	–	–	**8,206**	**79**
XAF	–	–	–	–	**1,589,821,738**	**2,974,200**
Receivables:						
Philippine peso	614,488,899	11,686,742	755,909,009	14,928,587	**632,348,707**	**13,167,622**
BRL	38,053,710	9,804,625	52,304,657	12,994,946	**79,701,382**	**15,346,372**
PKR	1,101,583,695	7,879,712	1,337,463,167	8,635,815	**1,781,897,960**	**11,123,722**
AUD	10,754,822	7,581,074	19,288,558	13,545,336	**20,715,892**	**15,938,807**
RMB	39,307,057	5,714,481	38,605,854	5,544,428	**39,864,558**	**6,107,452**
IDR	71,522,854,562	4,970,317	16,099,722,713	1,161,094	**30,659,186,661**	**2,182,149**
PGK	14,766,769	4,382,871	9,413,492	2,782,587	**9,524,201**	**2,693,800**
MXN	73,765,812	3,753,909	62,051,602	3,278,470	**81,720,002**	**4,103,584**
EUR	1,774,644	2,034,984	2,368,852	2,655,664	**2,550,940**	**3,116,228**
MGA	6,367,904,259	1,821,082	5,975,156,125	1,646,049	**5,589,386,346**	**1,444,726**
PLN	4,086,074	1,093,352	3,691,126	972,885	**2,234,245**	**598,464**
HRK	1,611,405	249,347	1,912,521	288,291	**1,325,908**	**214,545**
SGD	–	–	886,196	658,393	**–**	**–**
ARS	–	–	8,745,769	146,072	**10,192,815**	**121,132**
HNL	–	–	1,151,960	46,773	**(2,234,998)**	**(92,646)**
IQD	–	–	530,820,422	448,756	**232,453,637**	**159,215**
HKD	–	–	–	–	**83,474**	**10,767**
AED	–	–	–	–	**35,496**	**9,664**
XAF	–	–	–	–	**162,098,084**	**303,249**
		412,117,498		244,292,080		**440,312,948**
Current Financial Liabilities						
Accounts payable and other current liabilities:						
Philippine peso	7,277,391,689	138,406,080	5,367,006,393	105,994,004	**5,776,477,050**	**120,285,635**
MXN	989,382,822	50,349,246	1,154,900,840	61,018,695	**500,954,652**	**25,155,524**
AUD	21,082,301	14,860,914	23,596,888	16,570,848	**34,756,314**	**26,741,508**
BRL	51,571,721	13,287,571	116,039,760	28,829,754	**122,376,632**	**23,563,422**

(Forward)

	2018		2019		**2020**	
	Foreign Currency	US Dollar	Foreign Currency	US Dollar	**Foreign Currency**	**US Dollar**
PKR	1,635,347,661	US$11,697,766	1,854,081,215	US$11,971,546	**2,718,053,953**	**US$16,967,794**
MGA	24,879,751,965	7,115,067	19,383,357,840	5,339,768	**29,200,859,073**	**7,547,743**
IQD	6,536,932,513	5,480,868	6,168,828,888	5,215,128	**3,744,190,440**	**2,564,514**
PLN	16,807,113	4,497,247	9,781,376	2,578,117	**9,102,028**	**2,438,065**
GEL	11,379,902	4,254,169	7,309,617	2,553,132	**14,919,025**	**4,533,969**
PGK	10,995,059	3,263,404	26,039,316	7,697,108	**25,017,025**	**7,075,751**
RMB	18,190,558	2,644,553	12,998,521	1,866,799	**15,339,645**	**2,350,111**
HRK	11,160,234	1,726,922	13,624,239	2,053,699	**10,181,412**	**1,647,451**
IDR	11,578,983,459	804,655	10,300,718,616	742,876	**10,415,489,800**	**741,316**
EUR	403,130	462,269	731,629	820,212	**13,840,740**	**16,907,848**
SGD	–	–	129,273	96,042	**53,332**	**40,339**
ARS	–	–	1,317,330,296	22,002,076	**1,893,044,993**	**22,497,121**
HNL	–	–	94,877,706	3,852,276	**93,936,592**	**3,893,890**
AED	–	–	349,159	95,061	**1,512,887**	**411,894**
JPY	–	–	–	–	**7,947,256**	**76,971**
HKD	–	–	–	–	**89,316**	**11,520**
XAF	–	–	–	–	**614,816,595**	**1,150,184**
Noncurrent Financial Liabilities						
Other noncurrent liabilities:						
AUD	209,923,421	147,975,019	11,676,238	8,199,605	**15,740,439**	**12,110,694**
PLN	44,503,147	11,908,152	36,713,904	9,676,833	**27,293,835**	**7,310,914**
Philippine peso	51,226,640	974,261	216,680,873	4,279,271	**164,824,973**	**3,432,209**
MXN	13,104,784	666,897	11,181,552	590,773	**18,683,991**	**938,220**
IDR	8,727,320,178	606,485	10,285,235,425	741,759	**9,945,846,249**	**707,889**
EUR	331,576	380,219	267,041	299,374	**118,779**	**145,100**
MGA	700,568,053	200,347	603,501,802	166,254	**506,649,621**	**130,957**
BRL	–	–	651,685	161,909	**399,410**	**76,906**
HRK	–	–	622,119	93,777	**594,531**	**96,201**
ARS	–	–	26,498,544	442,579	–	–
AED	–	–	883,535	240,548	–	–
Long-term debt						
AUD	354,714,813	250,038,472	328,455,102	230,656,673	**292,105,136**	**224,745,692**
RMB	50,000,000	7,269,027	29,999,132	4,308,363	–	–
EUR	5,411,905	6,205,831	37,861,294	42,445,397	**37,977,317**	**46,393,091**
PGK	–	–	106,915,794	31,603,841	**84,223,829**	**23,821,651**
Concession rights payable						
EUR	11,861,501	13,601,583	10,580,966	11,862,070	**9,157,446**	**11,186,736**
HRK	82,604,968	12,782,202	81,408,249	12,271,367	**80,977,078**	**13,102,875**
PKR	656,513,953	4,696,110	549,290,996	3,546,696	**418,793,316**	**2,614,370**
PGK	267,847,531	79,498,861	268,959,664	79,503,300	**281,774,808**	**79,696,461**
BRL	–	–	412,528,070	102,491,446	**422,964,571**	**81,441,142**
Lease Liability	–	–				
Philippine peso	–	–	817,139,326	16,137,836	**715,682,447**	**14,902,910**
AUD	–	–	889,616,538	624,730,715	**894,025,816**	**687,863,463**
BRL	–	–	859,744,572	213,601,136	**30,074,634**	**5,790,822**
MXN	–	–	5,639,190,706	297,944,244	**6,450,775,493**	**323,926,801**
AED	–	–	–	–	**519,755**	**141,507**
IDR	–	–	–	–	**185,698,850**	**13,217**
		795,654,197		1,975,292,907		**1,827,192,398**
Net foreign currency-denominated financial liabilities		(US$383,536,699)		(US$1,731,000,827)		**(US$1,386,879,450)**

In translating the foreign currency-denominated monetary assets and liabilities into US dollar amounts, the Group used the exchange rates as shown in the table of exchange rates (see Note 3.3).

The following tables present the impact on the Group's income before income tax (due to change in the fair value of foreign currency-denominated financial assets and liabilities) and equity (due to translation hedging), of changes in the exchange rate between the foreign currencies and the US dollar (holding all other variables held constant) as at December 31 (amounts in millions unless otherwise indicated):

	2018	
	Effect on Profit Before Tax	Effect on Equity
Change in US dollar to other foreign currency exchange rates:		
5% appreciation	US$0.6	US$0.7
5% depreciation	(0.6)	(0.6)

	2019	
	Effect on Profit Before Tax	Effect on Equity
Change in US dollar to other foreign currency exchange rates:		
5% appreciation	2.9	2.1
5% depreciation	(3.2)	(2.4)

	2020	
	Effect on Profit Before Tax	**Effect on Equity**
Change in US dollar to other foreign currency exchange rates:		
5% appreciation	**6.7**	**4.7**
5% depreciation	**(6.1)**	**(4.2)**

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to float interest rates of the debt and derivatives and the proportion of the financial instruments in foreign currencies are all constant and on the basis of hedge designation in place at each balance sheet date.

Credit Risk

The Group trades only with recognized, creditworthy third parties and the exposure to credit risk is monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Since the Group trades only with recognized third parties, collateral is not required in respect of financial assets. Moreover, counterparty credit limits are reviewed by management on an annual basis. The limits are set to minimize the concentration of risks and mitigate financial losses through potential counterparty failure.

With respect to credit risk arising from the other financial assets of the Group, which comprise of cash and cash equivalents, and available-for-sale investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

As at December 31, 2018, 2019 and 2020, about 75 percent and 38 percent, and 66 percent, respectively, of cash and cash equivalents of the Group is with Philippine local banks. Investments of funds are made only with counterparties approved by the Board. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets.

At December 31, the following tables provide credit information and maximum exposure of ICTSI's financial assets (amounts in millions unless otherwise indicated):

	2018			
	Neither Past Due nor Impaired	Past Due but Not Impaired	Impaired	Total
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	US$137.5	US$–	US$–	US$137.5
Cash equivalents	307.9	–	–	307.9
Receivables				
Trade	71.4	34.8	7.5	113.7
Advances and nontrade	10.4	3.8	0.5	14.7
Financial assets at FVOCI	13.7	–	–	13.7
Derivative assets	0.6	–	–	0.6
	US$541.5	US$38.6	US$8.0	US$588.1

	2019			
	Neither Past Due nor Impaired	Past Due but Not Impaired	Impaired	Total
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	US$161.7	US$–	US$–	US$161.7
Cash equivalents	70.5	–	–	70.5
Receivables				
Trade	71.7	26.9	8.6	107.2
Advances and nontrade	7.2	18.6	0.5	26.3
Financial assets at FVOCI	3.2	–	–	3.2
Derivative assets	–	–	–	–
	US$314.3	US$45.5	US$9.1	US$368.9

	2020			
	Neither Past Due nor Impaired	**Past Due but Not Impaired**	**Impaired**	**Total**
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	**US$247.9**	**US$–**	**US$–**	**US$247.9**
Cash equivalents	**486.5**	–	–	**486.5**
Receivables				
Trade	**78.2**	**21.8**	**8.9**	**108.9**
Advances and nontrade	**22.3**	**7.0**	**0.7**	**30.0**
Financial assets at FVOCI	**2.9**	–	–	**2.9**
	US$837.8	**US$28.8**	**US$9.6**	**US$876.2**

At December 31, the credit quality per class of financial assets that were neither past due nor impaired follow (amounts in millions unless otherwise indicated):

	2018			
	Neither Past Due nor Impaired			
	Grade A	Grade B	Grade C	Total
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	US$137.5	US$–	US$–	US$137.5
Cash equivalents	307.9	–	–	307.9
Receivables:				
Trade	51.0	16.8	3.6	71.4
Advances and nontrade	7.3	3.1	–	10.4
Financial assets at FVOCI	13.7	–	–	13.7
Derivative assets	0.6	–	–	0.6
	US$518.0	US$19.9	US$3.6	US$541.5

	2019			
	Neither Past Due nor Impaired			
	Grade A	Grade B	Grade C	Total
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	US$161.7	US$–	US$–	US$161.7
Cash equivalents	70.5	–	–	70.5
Receivables:				
Trade	43.7	24.9	3.1	71.7
Advances and nontrade	7.0	0.2	–	7.2
Financial Assets at FVOCI	3.2	–	–	3.2
Derivative Assets	–	–	–	–
	US$286.1	US$25.1	US$3.1	US$314.3

	2020			
	Neither Past Due nor Impaired			
	Grade A	**Grade B**	**Grade C**	**Total**
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	**US$247.9**	**US$–**	**US$–**	**US$247.9**
Cash equivalents	**486.5**	–	–	**486.5**
Receivables:				
Trade	**57.2**	**17.7**	**3.3**	**78.2**
Advances and nontrade	**20.6**	**1.7**	–	**22.3**
Financial Assets at FVOCI	**2.9**	–	–	**2.9**
	US$815.1	**US$19.4**	**US$3.3**	**US$837.8**

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents, derivative financial assets and financial assets at FVOCI - based on the credit standing of the counterparty.

Receivables - Grade A receivables pertain to those receivables from clients or customers that always pay on time or even before the maturity date. Grade B includes receivables that are collected on their due dates provided that they were reminded or followed up by the Group. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Group are included under Grade C.

At December 31, the aging analyses of the receivables that were past due but not impaired follow (amounts in millions unless otherwise indicated):

	2018				
	Past Due but Not Impaired				
	1 to 30 Days	31 to 60 Days	61 to 120 Days	More than 120 Days	Total
Trade	US$23.4	US$5.2	US$4.2	US$2.0	US$34.8
Advances and nontrade	–	1.5	0.2	2.1	3.8
	US$23.4	US$6.7	US$4.4	US$4.1	US$38.6

	2019				
	Past Due but Not Impaired				
	1 to 30 Days	31 to 60 Days	61 to 120 Days	More than 120 Days	Total
Trade	US$20.8	US$2.2	US$1.4	US$2.5	US$26.9
Advances and nontrade	0.4	2.0	1.4	14.8	18.6
	US$21.2	US$4.2	US$2.8	US$17.3	US$45.5

	2020				
	Past Due but Not Impaired				
	1 to 30 Days	**31 to 60 Days**	**61 to 120 Days**	**More than 120 Days**	**Total**
Trade	**US$19.6**	**US$0.4**	**US$1.6**	**US$0.2**	**US$21.8**
Advances and nontrade	**1.2**	**0.1**	**–**	**5.7**	**7.0**
	US$20.8	**US$0.5**	**US$1.6**	**US$5.9**	**US$28.8**

Capital Management

The primary objective of the Group's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group considers total equity and debt as its capital. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and raise additional debt through either the bond or loan markets or prepay existing debt. No changes were made in the objectives, policies or processes during the years ended December 31, 2018, 2019 and 2020.

The Group monitors capital using gearing ratio. Gearing ratio is total debt over net worth (total equity) where total debt includes long-term debt and loans payable. Some creditor banks compute gearing ratio as total debt less cash and cash equivalents over net worth for the computation of the Group's financial covenants.

The Group's policy is to keep the gearing ratio within two times.

	2018	2019	**2020**
Long-term debt	US$1,271,335,292	US$1,662,628,789	**US$1,764,478,740**
Loans payable	35,718,397	–	**2,828,374**
Total debt (a)	1,307,053,689	1,662,628,789	**1,767,307,114**
Net worth or total equity (b)	1,947,940,517	1,634,526,343	**1,861,619,574**
Gearing ratio (a/b)	0.67 times	1.02 times	**0.95 times**

29 Earnings Per Share Computation

The following table presents information necessary to calculate earnings per share:

	2018	2019	**2020**
Net income attributable to equity holders of the parent	US$207,477,473	US$100,366,870	**US$101,764,236**
Adjustment for the effect of cumulative distribution on subordinated perpetual capital securities (Note 15.6)	(63,903,980)	(59,379,985)	**(62,016,315)**
Net income attributable to equity holders of the parent, as adjusted (a)	US$143,573,493	US$40,986,885	**US$39,747,921**

(Forward)

	2018	2019	**2020**
Common shares outstanding at beginning of year	2,045,177,671	2,045,177,671	**2,045,177,671**
Weighted shares held by subsidiaries	(734,970)	(734,970)	**(4,007,042)**
Weighted treasury shares	(12,705,706)	(34,353,423)	**(39,829,665)**
Weighted average shares outstanding (b)	2,031,736,995	2,010,089,278	**2,001,340,964**
Effect of dilutive stock grants	4,630,729	3,807,507	**3,888,072**
Weighted average shares outstanding adjusted for potential common shares (c)	2,036,367,724	2,013,896,785	**2,005,229,036**
Basic earnings per share (a/b)	US$0.071	US$0.020	**US$0.020**
Diluted earnings per share (a/c)	US$0.071	US$0.020	**US$0.020**

30 Other Matters

Continuing COVID-19 pandemic

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. Appreciation of the US dollar relative to other major currencies, particularly the Australian dollar, Brazilian real, and Mexican peso, 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. The whole Metro Manila will be under General Community Quarantine until February 28, 2021.

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.

Ratification by Congress of the CREATE Bill
On February 3, 2021, the House of Representatives and the Senate have ratified the Bicameral Committee's version of the proposed "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", reconciling the disagreeing provisions of Senate Bill No. 1357 and House Bill No. 4157.

The ratified version of the bill was submitted to the President for his approval and upon receipt of the bill, the President may do any of the following:
1. Sign the enrolled bill without vetoing any line or item therein;
2. Sign the enrolled bill with line or item veto which veto may be overridden by Congress; or
3. Inaction within 30 days from receipt which would result to the automatic approval of the enrolled bill as it is.

Once the ratified bill is signed into law, it is set to take effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation.

One of the important provisions of the ratified bill that may affect the Group's consolidated financial statements as at and for the year ending December 31, 2020 is the reduction of the income tax rate from 30% to 25% effective July 1, 2020.

Once the CREATE bill is signed into law, the estimated impact on the consolidated financial statements based on balances as of and for the year ended December 31, 2020, are as follows:

Consolidated Balance Sheet

(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 loss 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

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
International Container Terminal Services, Inc.
ICTSI Administration Building, Manila International
Container Terminal South Access Road, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of International Container Terminal Services, Inc. and its subsidiaries (the Group) as at December 31, 2018, 2019 and 2020, and for each of the three years in the period then ended, included in this Form 17-A and have issued our report thereon dated March 2, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Roel E. Lucas

Roel E. Lucas
Partner
CPA Certificate No. 98200
SEC Accreditation No. 1079-AR-3 (Group A),
October 17, 2019, valid until October 16, 2022
Tax Identification No. 191-180-015
BIR Accreditation No. 08-001998-095-2019,
November 7, 2019, valid until November 6, 2022
PTR No. 8534314, January 4, 2021, Makati City

March 2, 2021

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November 6, 2018, valid until November 5, 2021

**INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION
OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION**

The Stockholders and the Board of Directors
International Container Terminal Services, Inc.
ICTSI Administration Building, Manila International
Container Terminal South Access Road, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of International Container Terminal Services, Inc. and its subsidiaries (the Group) as at December 31, 2018, 2019 and 2020, and for each of the three years in the period then ended, and have issued our report thereon dated March 2, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Group's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. This has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Roel E. Lucas

Roel E. Lucas
Partner
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BIR Accreditation No. 08-001998-095-2019,
November 7, 2019, valid until November 6, 2022
PTR No. 8534314, January 4, 2021, Makati City

March 2, 2021

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
International Container Terminal Services, Inc.
ICTSI Administration Building, Manila International
Container Terminal South Access Road, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of International Container Terminal Services, Inc. and its subsidiaries (the Group) as at December 31, 2018, 2019 and 2020, and for each of the three years in the period then ended and have issued our report thereon dated March 2, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as at and for the years ended December 31, 2018, 2019 and 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Roel E. Lucas

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Partner
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November 7, 2019, valid until November 6, 2022
PTR No. 8534314, January 4, 2021, Makati City

March 2, 2021

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule A. Financial Assets
December 31, 2020

Financial Assets	Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued
Financial Assets at FVTPL					
Freestanding Derivatives	N/A	N/A	US$–	N/A	US$–
Amortized Cost					
Cash and Cash Equivalents	N/A	N/A	734,831,780	N/A	4,729,080
Receivables	N/A	N/A	129,332,074	N/A	–
Financial Assets at FVOCI					
Quoted Equity Shares	N/A	N/A	2,224,093	US$2,224,093	–
Unquoted Equity Shares	N/A	N/A	726,279	N/A	–
			US$867,114,226		US$4,729,080

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2020

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Not Current	Balance at End of Period
			Amounts Collected	Amounts Written Off			

NOT APPLICABLE

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2020

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions			Current	Not current	Balance at End of Period
			Amounts collected	Amounts Written Off	Others			
Abbotsford Holdings, Inc. (AHI)	US$11,440,427	US$68	(US$951,651)	US$–	US$864,018	US$–	US$11,352,863	US$11,352,863
Africa Gateway Terminal Co. Ltd.	–	827	–	–	-	–	827	827
Basra Gateway Terminal (BGT)	–	2,492,525	(8,629)	–	(1)	–	2,483,896	2,483,896
Batumi International Container Terminal LLC (BICTL)	82	8,812	–	–	61	–	9,694	9,694
Bauan International Port, Inc. (BIPI)	1,976	144,938	(115,579)	–	(1)	–	31,334	31,334
Cavite Gateway Terminal, Inc. (CGT)	29,332,969	866,024	(773)	–	1,984,155	–	32,182,376	32,182,376
Cebu International Container Terminal	733	–	–	–	40	–	773	773
CMSA BV	–	1,016	–	–	-	–	1,016	1,016
Contecon Manzanillo S.A. (CMSA)	297,749	4,237,822	(2,265,174)	–	12,658	–	2,283,055	2,283,055
Cordilla Properties Holdings, Inc. (CPHI)	50,570	149,497	–	–	2,778	–	202,844	202,844
Davao Integrated Port and Stevedoring Services Corporation (DIPSSCOR)	24,449	290,855	(57,475)	–	776	–	258,605	258,605
Falconer Aircraft Management, Inc. (FAMI)	354,659	–	–	–	94,004	–	448,663	448,663
Global Container Capital, B.V.	12,522	2,033	–	–	1,077	–	15,632	15,632
Hijo International Port Services, Inc. (HIPS)	26,005	27,226	–	–	85	–	53,316	53,316
Icon Logistiek B.V.	–	2,033	–	–	-	–	2,033	2,033
ICTSI Africa B.V.	–	2,033	–	–	-	–	2,033	2,033
ICTSI Africa (Pty) Ltd.	22,993	–	–	–	773	–	23,766	23,766
ICTSI Americas B.V.	–	2,195	–	–	-	–	2,196	2,196
ICTSI Asia Pacific Business Services, Inc. (APBS)	875,997	33,207	(31,945)	–	81,710	–	958,968	958,968
ICTSI Capital B.V. (ICBV)	9,433,085	–	–	–	(9,432,069)	–	1,016	1,016
ICTSI Cooperatief U.A.	–	65,322	–	–	2,007	–	67,329	67,329
ICTSI DR Congo S.A. (IDRC)	18,923	1,787,552	(886,781)	–	24,829	–	944,524	944,524
ICTSI Far East Pte. Ltd. (IFEL)	2,697	1,927,611	–	–	43,616	–	1,973,924	1,973,924

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions			Current	Not current	Balance at End of Period
			Amounts collected	Amounts Written Off	Others			
ICTSI Global Cooperatief U.A.	US$–	US$691,137	US$–	US$–	US$146,717	US$–	US$837,854	US$837,854
ICTSI Ltd.	–	2,181,184	(191,400)	–	916,346	–	2,906,130	2,906,130
ICTSI Ltd. Regional Headquarters (RHQ)	408,409	24	(35)	–	78,470	–	486,867	486,867
ICTSI Ltd. Regional Operating Headquarters (ROHQ)	–	925,983	(165,216)	–	2,092,919	–	2,853,686	2,853,686
ICTSI Oceania B.V.	–	1,016	-	–	-	–	1,016	1,016
ICTSI Oregon	843	–	-	–	1	–	844	844
ICTSI Rio Brasil	–	14,443	-	–	5	–	14,448	14,448
ICTSI South Pacific Limited (ISPL)	1,569,461	6,651	(1,572,426)	–	(2,008)	–	1,678	1,678
ICTSI Sudan B.V. (formerly ICTSI Cameroon B.V.)	120,615	–	-	–	1,050	–	121,665	121,665
Intermodal Terminal Holdings, Inc.	311,270	–	-	–	16,930	–	328,200	328,200
IW Cargo Handlers, Inc. (IW Cargo)	1,802,954	- –	(249,840)	–	(62,365)	–	1,490,749	1,490,749
IWI Container Terminal Holdings, Inc.(IWICTHI) (formerly ICTSI Warehousing, Inc. (IWI))	7,052,563	12,893,443	(8,554,383)	–	456,510	–	11,848,133	11,848,133
Kribi Multipurpose Terminal	–	101,203	-	–	337	–	101,540	101,540
Laguna Gateway Inland Container Terminal, Inc. (LGICT)	289,174	1,330,673	(1,214,447)	–	7,091	–	412,491	412,491
Madagascar International Container Terminal Services, Ltd. (MICTSL)	–	1,069,169	-	–	660	–	1,069,829	1,069,829
Manila North Harbour Port, Inc. (MNHPI)	60,560	- –	(69,392)	–	217,880	–	209,048	209,048
Mindanao International Container Terminal Services, Inc. (MICTSI)	414,470	730,393	(6,578)	–	170	–	1,138,455	1,138,455
Motukea International Terminal Limited (MITL)	50,178	267,708	(244,857)	–	(1,804)	–	71,225	71,225
Operadora Portuaria Centroamericana,	7,547	49,944	-	–	536	–	58,027	58,027
Pakistan International Container Terminal (PICT)	72,045	27,048	-	–	3,550	–	102,644	102,644
Prime Staffers and Selection Bureau, Inc. (PSSBI)	533	24	-	–	30	–	587	587
PT ICTSI Jasa Prima Tbk (IJP) and Subsidiaries	9	132	-	–	6	–	147	147

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions			Current	Not current	Balance at End of Period
			Amounts collected	Amounts Written Off	Others			
PT Makassar Terminal Services, Inc. (MTS)	US$42,885	US$27,429	US$–	US$–	US$63	US$ –	US$70,378	US$70,378
PT Perusahaan Bongkar Muat Olah Jasa Andal (OJA)	101,157	72,856	–	–	837	–	174,851	174,851
Sociedad Puerto Industrial Aguadulce SA (SPIA)	134,690	33,615	(135,579)	–	103	–	32,829	32,829
South Cotabato Integrated Port Services, Inc. (SCIPSI)	28	542,548	(115,069)	–	(629)	–	426,878	426,878
South Pacific International Container Terminal Limited (SPICTL)	320,965	551,896	(695,203)	–	29,976	–	207,634	207,634
SPIA Colombia B.V.	-	2,033	–	–	-	–	2,033	2,033
SPIA Spain S.L.	17	–	–	–	2	–	19	19
Subic Bay International Terminal Holdings, Inc. (SBITHI)	12,359	2,262,500	–	–	679	–	2,275,538	2,275,538
Tartous Int'l Container Terminal	6,945	–	–	–	378	–	7,323	7,323
Tecplata S.A. (Tecplata)	499,922	18,844	–	–	5,240	–	524,005	524,005
Victoria International Container Terminal Ltd. (VICT)	511,375	2,290,149	(187,934)	–	88,576	-	2,702,166	2,702,166
Yantai Int'l. Container Terminal Lt	2,610	5,814	–	–	30	-	8,453	8,453
	US$65,690,159	US$38,139,455	(US$17,720,366)	–	(US$2,321,198)	–	US$83,788,053	US$83,788,053

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule D. Intangible Assets – Other Assets
December 31, 2020

Description	Beginning Balance	Additions at Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes Additions (Deductions)	Ending Balance
	See Notes 5 and 9 to the Audited Consolidated Financial Statements					

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule E. Long-term Debt
December 31, 2020

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Balance Sheet	Amount Shown Under Caption "Noncurrent Portion of Long-term Debt" in Related Balance Sheet	Remarks
ITBV - US dollar-denominated medium-term notes		US$–	US$767,582,889	
ICTSI - US dollar-denominated notes		–	392,206,914	See Notes 16 to the Audited Consolidated Financial Statements
IGFBV - US dollar-denominated loan		8,695,267	274,602,569	
IDRC - US dollar-denominated loan		11,219,138	10,802,514	
CGSA - US dollar-denominated loan		2,268,907	2,142,857	
VICT - AUD-denominated term loan		21,731,865	203,011,076	
ICTSI Middle East DMCC - Euro-denominated term loan		–	46,393,091	
SPICTL - PGK-denominated term loan		3,318,437	10,096,563	
MITL - PGK-denominated term loan		2,574,268	7,832,385	
		US$49,807,882	US$1,714,670,858	

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule F. Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2020

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
NONE		

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule G. Guarantees of Securities of Other Issuers
December 31, 2020

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which this Statement is Filed	Nature of Guarantee

NONE

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule H. Capital Stock
December 31, 2020

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding As Shown Under Related Balance Sheet Caption	Number of Shares Reserved for Options, Warrants, Conversion, and Other Rights	Number of Shares Held By: Subsidiaries	Number of Shares Held By: Directors, Officers and Employees	Number of Shares Held By: Others
Preferred Shares						
Preferred A Shares	993,000,000	3,800,000	–	3,800,000	–	–
Preferred B Shares	700,000,000	700,000,000	–	–	700,000,000	–
Common Shares	4,227,397,381	2,042,770,709	2,406,962	5,970,990	990,680,645	1,046,119,074

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule I. Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2020

Name and Designation of Creditor	Balance at Beginning of Period	Additions	Deductions		Current	Not current	Balance at End of Period
			Amounts paid	Others			
Adriatic Gateway Container Terminal (AGCT)	(US$353,325)	US$–	US$–	US$19,673	US$–	(US$333,652)	(US$333,652)
Baltic Container Terminal Ltd. (BCT)	(45,653)	–	–	15,181	–	(30,472)	(30,472)
Container Terminal Systems Solutions Philippines, Inc.	(68)	–	–	(5)	–	(73)	(73)
Contecon Guayaquil, S.A. (CGSA)	(43,545)	–	20,000	14,698	–	(8,847)	(8,847)
CGSA B.V.	–	(2,997,967)	–	-	–	(2,997,967)	(2,997,967)
ICTSI Global Cooperatief U.A.	(2,329,879)	–	2,329,879	-	–	-	-
ICTSI Global Finance B.V. (IGFBV)	(179,032,704)	(1,278,357)	–	58,302	(13,803,888)	(166,448,872)	(180,252,760)
ICTSI Ltd.	(9,184,168)	–	9,184,168	-	–	-	-
ICTSI Middle East DMCC	(47,763)	–	–	2,445	–	(45,318)	(45,318)
ICTSI Project Delivery Services Co. Pte. Ltd.	(841)	–	–	414	–	(427)	(427)
ICTSI Ltd. Regional Operating Headquarters (ROHQ)	(539,471)	–	539,471	-	–	–	–
ICTSI Subic, Inc. (ICTSI Subic)	(2,399,881)	–	595,211	(529,734)	–	(2,334,403)	(2,334,403)
ICTSI Treasury B.V. (ITBV)	(804,040,870)	(43,885,738)	42,515,900	(33,355)	(15,325,410)	(790,118,653)	(805,444,063)
International Container Terminal Holdings, Inc. (ICTHI) and Subsidiaries	(315,910,762)	72	106,240,173	(930,871)	–	(210,601,388)	(210,601,388)
Madagascar International Container Terminal Services, Ltd. (MICTSL)	(108,570)	–	108,570	-–	–	–	–
Royal Capital B.V. (RCBV)	(693,509,772)	(54,777,493)	46,228,337	(3,021)	(6,079,574)	(695,982,376)	(702,061,950)
Subic Bay International Terminal Corporation (SBITC)	(3,312,568)	–	1,411,863	(1,535,045)	–	(3,435,750)	(3,435,750)
Tecon Suape, S.A. (TSSA)	(171,616)	–	6,091	19,428	–	(146,097)	(146,097)
	(US$2,011,031,456)	(US$102,939,483)	US$209,179,663	(US$2,901,890)	(US$35,208,872)	(US$1,872,484,295)	(US$1,907,693,167)

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule J. Parent Company Retained Earnings Available for Dividend Declaration
December 31, 2020

		Amount
Unappropriated parent company retained earnings, beginning		**US$294,285,469**
Reconciliation:		
Add (Less):		
Unrealized foreign exchange gain		–
Deferred tax assets (excluding those recognized in OCI)		**(61,924,624)**
Mark-to-market gain on derivatives		**90,879**
Treasury shares		**(82,077,792)**
Effect to retained earnings of adoption of PAS 19R		**(156,918)**
Unappropriated parent company retained earnings, as restated and adjusted, beginning		**150,217,014**
Parent company net income actually earned/realized during the period	**3,197,683**	
Less: Non-actual/unrealized income net of tax:		
Increase in mark-to-market gain on derivatives	**(90,879)**	
Increase in unrealized foreign exchange gain	**(2,739,330)**	
Parent company net income actually earned/realized during the period		**367,474**
Add (Less):		
Dividend declaration during the period		**(130,039,721)**
Decrease in deferred tax assets (excluding those recognized in OCI)		**1,840,586**
Sale and issuance of treasury shares		**77,646,535**
Unappropriated parent company retained earnings, as adjusted, ending		**US$100,031,888**

ICTSI Group – Map of Subsidiaries

As of December 31, 2020

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Financial Soundness Indicators

	As of and for the Year Ended December 31	
	2019	**2020**
Liquidity ratios		
Current ratio[a]	0.72	**1.98**
Interest rate coverage ratio[b]	7.67	**7.99**
Solvency ratios		
Debt to equity ratio[c]	1.02	**0.95**
Asset to equity ratio[d]	3.52	**3.33**
Profitability ratio		
EBITDA margin[e]	56.0%	**58.2%**

[a] *Current assets over current liabilities*

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

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

[d] *Total assets over total equity*

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

Reporting Template

(in Compliance with SEC Memorandum Circular No 4 -2019)

International Container Terminal Services, Inc. (PSE Ticker: ICT, hereinafter "ICTSI" or the "Company") first published its Sustainability Report (SR) in 2017 even before the issuance of the same was required by the Securities and Exchange Commission (SEC) Memorandum Circular No. 04-2019 (the "MC"). The Company issued its SR in 2017, 2018 2019, and 2020 using the Global Reporting Initiative's (GRI) Sustainability Reporting Standards. A copy of the Company's SR can be accessed on its official website: https://www.ictsi.com/what-we-do/sustainability.

The MC clearly states, on page 2 thereof, that: "For other companies already reporting in accordance with internationally recognized sustainability frameworks or standards, their sustainability reports shall be considered as their compliance." Since the Company's SR is based on GRI, which is an internationally recognized standard, its SR is considered as the Company's compliance with the MC.

The Company indicated below the portions of its SR which complies with this Reporting Template for the SEC's and its stockholders' easy reference. This Reporting Template, with references to our SR, is attached to the Company's 2020 Annual Report as required by the MC.

Contextual Information

*Please refer to the Sustainability Context section of the Company's 2020 SR: https://www.ictsi.com/what-we-do/sustainability

Company Details Name	
of Organization Location	
of Headquarters Location	
of Operations	
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	
Business Model, including Primary Activities, Brands, Products, and Services	
Reporting Period	
Highest Ranking Person responsible for this report	

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
*Please refer to the About this Report section of the Company's 2020 SR: https://www.ictsi.com/what-we-do/sustainability

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

*Please refer to the Economy and Governance sections of the Company's 2020 SR: https://www.ictsi.com/what-we-do/sustainability

Disclosure	Amount	Units
Direct economic value generated (revenue)		PhP
Direct economic value distributed:		
a. Operating costs		PhP
b. Employee wages and benefits		PhP
c. Payments to suppliers, other operating costs		Php
d. Dividends given to stockholders and interest payments to loan providers		PhP
e. Taxes given to government		PhP
f. Investments to community (e.g. donations, CSR)		PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
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What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization		

Climate-related risks and opportunities[15]

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities	Disclose the actual and potential impacts[16] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	Disclose how the organization identifies, assesses, and manages climate-related risks	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material
Recommended Disclosures			
a) Describe the board's oversight of climate-related risks and opportunities	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	a) Describe the organization's processes for identifying and assessing climate-related risks	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process
b) Describe management's role in assessing and managing climate-related risks and opportunities	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	b) Describe the organization's processes for managing climate-related risks	b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	

[15] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.
[16] For this disclosure, impact refers to the impact of climate-related issues on the company.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers		%

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Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to		%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to		%
Percentage of directors and management that have received anti-corruption training		%

Percentage of employees that have received anti-corruption training		%

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Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption		#
Number of incidents in which employees were dismissed or disciplined for corruption		#
Number of incidents when contracts with business partners were terminated due to incidents of corruption		#

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ENVIRONMENT

Resource Management

*Please refer to the Environment section of the Company's 2020 SR: https://www.ictsi.com/what-we-do/sustainability

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)		GJ
Energy consumption (gasoline)		GJ
Energy consumption (LPG)		GJ
Energy consumption (diesel)		GJ
Energy consumption (electricity)		kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)		GJ
Energy reduction (LPG)		GJ
Energy reduction (diesel)		GJ
Energy reduction (electricity)		kWh
Energy reduction (gasoline)		GJ

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What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

Identify the opportunity/ies related to material topic of the organization		

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal		Cubic meters
Water consumption		Cubic meters
Water recycled and reused		Cubic meters

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Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable		kg/liters

• non-renewable		kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services		%

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Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	**Quantity**	**Units**
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	(identify all sites)	
Habitats protected or restored		ha
IUCN[17] Red List species and national conservation list species with habitats in areas affected by operations	(list)	

What is the impact and where does it occur? What is the	**Which stakeholders are affected?**	**Management Approach**

[17] International Union for Conservation of Nature

organization's involvement in the impact?		
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Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions		Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions		Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)		Tonnes

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linked to impacts through its business relationship)		
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Air pollutants

Disclosure	Quantity	Units
NO_x		kg
SO_x		kg
Persistent organic pollutants (POPs)		kg
Volatile organic compounds (VOCs)		kg
Hazardous air pollutants (HAPs)		kg
Particulate matter (PM)		kg

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Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated		kg
Reusable		kg
Recyclable		kg
Composted		kg
Incinerated		kg
Residuals/Landfilled		kg

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Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated		kg
Total weight of hazardous waste transported		kg

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Effluents

Disclosure	Quantity	Units
Total volume of water discharges		Cubic meters
Percent of wastewater recycled		%

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Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations		PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations		#
No. of cases resolved through dispute resolution mechanism		#

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SOCIAL

*Please refer to the Employees, Customers, Society and Governance sections of the Company's 2020 SR: https://www.ictsi.com/what-we-do/sustainability

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[18]		
a. Number of female employees		#
b. Number of male employees		#
Attrition rate[19]		rate
Ratio of lowest paid employee against minimum wage		ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS			
PhilHealth			
Pag-ibig			
Parental leaves			
Vacation leaves			
Sick leaves			
Medical benefits (aside from PhilHealth))			
Housing assistance (aside from Pag-ibig)			
Retirement fund (aside from SSS)			
Further education support			
Company stock options			
Telecommuting			
Flexible-working Hours			
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*

[18] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)
[19] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees		hours
b. Male employees		hours
Average training hours provided to employees		
a. Female employees		hours/employee
b. Male employees		hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Labor-Management Relations

Disclosure	Quantity	Units

% of employees covered with Collective Bargaining Agreements		%
Number of consultations conducted with employees concerning employee-related policies		#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce		%
% of male workers in the workforce		%
Number of employees from indigenous communities and/or vulnerable sector*		#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Management Approach**

Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours		Man-hours
No. of work-related injuries		#
No. of work-related fatalities		#
No. of work related ill-health		#
No. of safety drills		#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
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What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor		#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor		
Child labor		
Human Rights		

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What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

____

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance		
Forced labor		
Child labor		
Human rights		
Bribery and corruption		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms,*

Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*and/or projects, programs, and initiatives do you have to manage the material topic?*
What are the Risk/s Identified?	**Management Approach**
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Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: ______________

Certificates	Quantity	Units
FPIC process is still undergoing		#
CP secured		#

What are the Risk/s Identified?	Management Approach
Identify risk/s related to material topic of the organization	
What are the Opportunity/ies Identified?	**Management Approach**
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Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction		

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What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*		#
No. of complaints addressed		#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
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What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*		#
No. of complaints addressed		#

**Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

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Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
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What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization	

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*		#
No. of complaints addressed		#
No. of customers, users and account holders whose information is used for secondary purposes		#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

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What are the Opportunity/ies Identified?	**Management Approach**
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Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data		#

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UN SUSTAINABLE DEVELOPMENT GOALS

*Please refer to the About this Report section of the Company's 2020 SR: https://www.ictsi.com/what-we-do/sustainability, and the sustainability initiatives featured throughout the SR which target specific UN SDGs

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*