THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in **COSCO SHIPPING Ports Limited** (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

COSCO SHIPPING Ports Limited
中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

MAJOR TRANSACTION

ACQUISITION OF SHARES IN NOATUM PORT HOLDINGS, S.L.U.

A letter from the Board is set out on pages 5 to 15 of this circular.

A notice convening the SGM to be held at 47/F, COSCO Tower, 183 Queen's Road Central, Hong Kong on Thursday, 27 July 2017 at 2:30 p.m. is set out on pages N-1 to N-2 of this circular. Whether or not you are able to attend the SGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

Shareholders who are entitled to vote at the SGM are those whose names appear as Shareholders on the register of members of the Company as at the close of business on Friday, 21 July 2017. In order to be entitled to vote at the SGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 21 July 2017.

30 June 2017

CONTENTS

This circular in both English and Chinese is available in printed form and published on the respective websites of the Company at "http://ports.coscoshipping.com" and Hong Kong Exchanges and Clearing Limited at "http://www.hkexnews.hk". To the extent that there are any inconsistencies between the English version and the Chinese version of this circular, the English version shall prevail.

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Board"	the board of Directors;
"Business Day"	a day other than a Saturday or Sunday or public holiday in England and Wales, Spain or Hong Kong;
"Company"	COSCO SHIPPING Ports Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1199);
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement;
"Completion Date"	the date which is five Business Days after the date on which the conditions precedent are satisfied or waived in accordance with the Sale and Purchase Agreement (or, if the SPV so elects, the date which is five Business Days after the date on which the conditions precedent (other than condition (v) referred to in the section headed "Conditions precedent to Completion" in the Letter from the Board) are satisfied or waived in accordance with the Sale and Purchase Agreement provided that condition (v) is satisfied or waived in accordance with the Sale and Purchase Agreement on such date) or such other date as is agreed in writing between the SPV and TPIH, but in any event not later than the Longstop Date;
"Consideration Amount"	the consideration for the Sale Shares;
"Conterail Madrid"	Conte-Rail, S.A., a joint venture company of NPH incorporated in Spain;
"Director(s)"	the director(s) of the Company;
"EBITDA"	the consolidated earnings before interest, tax, depreciation and amortisation adjusted for exceptional items;
"Enlarged Group"	the Group and the NPH Group;
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;

"IFRS"	International Financial Reporting Standards;
"KPMG Spain"	KPMG Auditores, S.L.;
"Latest Practicable Date"	27 June 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
"Longstop Date"	13 December 2017 or such later date as is agreed between the SPV and TPIH;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Material Adverse Change"	(a) any act of God in Spain; or (b) any: (i) national emergency; (ii) war; (iii) outbreak of hostilities (or escalation thereof); or (iv) embargo as a result of a war or hostilities in or directly affecting Spain (excluding, for the avoidance of doubt, any act of terrorism, sanctions or industrial action), which has or is reasonably expected to have a material adverse effect on the business of (i) the NPH Group taken as a whole or (ii) NCTV;
"NCTB"	Noatum Container Terminal Bilbao, S.L., a subsidiary of NPH incorporated in Spain;
"NCTV"	Noatum Container Terminal Valencia, S.A.U., a subsidiary of NPH incorporated in Spain;
"NPH"	Noatum Port Holdings, S.L.U., a company incorporated in Spain;
"NPH Group"	NPH and its subsidiaries other than the Retained Noatum Group;

"NRTZ Zaragoza"	Noatum Rail Terminal Zaragoza, S.L., a subsidiary of NPH incorporated in Spain;
"OCEAN Alliance"	an alliance of shipping companies comprising COSCO SHIPPING Lines, CMA CGM, Evergreen Line and Orient Overseas Container Line;
"PRC"	the People's Republic of China;
"Pre-Completion Restructuring"	the restructuring of the NPH Group and the Retained Noatum Group in accordance with the terms agreed between the SPV and TPIH;
"PwC"	PricewaterhouseCoopers, the auditor of the Company and the reporting accountant as to the unaudited pro forma financial information of the Enlarged Group in relation to the Transaction;
"Retained Noatum Group"	subsidiaries and subsidiary undertakings of Noatum Maritime Holdings, S.L.U., including the subsidiaries and subsidiary undertakings of NPH that will be acquired by Noatum Maritime Holdings, S.L.U. upon completion of the Pre-Completion Restructuring;
"RMB"	Renminbi, the lawful currency of the PRC;
"Sale and Purchase Agreement"	the agreement dated 12 June 2017 between the Company, the SPV and TPIH in relation to the sale and purchase of the Sale Shares;
"Sale Shares"	11,805,452 ordinary, indivisible and cumulative shares (*participaciones sociales*) of €1 each in the capital of NPH, which represent 51% of the capital of NPH;
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
"SGM"	the special general meeting of the Company to be convened for the purpose of the Shareholders considering and, if thought fit, approving the Transaction;
"Shareholder(s)"	shareholder(s) of the Company;
"Shareholders' Agreement"	the shareholders' agreement dated 12 June 2017 between the Company, the SPV, TPIH and NPH in respect of NPH;

"SPV"	COSCO SHIPPING Ports (Spain) Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"TEU"	Twenty-foot equivalent unit;
"Transaction"	the transactions under the Sale and Purchase Agreement and the Shareholders' Agreement, including the acquisition of the Sale Shares by the SPV under the Sale and Purchase Agreement and the possible acquisition by the SPV of TPIH's shares in NPH under the Shareholders' Agreement;
"TPIH"	TPIH Iberia, S.L.U., a company incorporated in Spain;
"US$"	United States dollars, the lawful currency of the United States of America;
"€"	the Euro, the lawful currency of the Eurozone; and
"%"	per cent.

COSCO SHIPPING Ports Limited
中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1199)

Directors:
Mr. HUANG Xiaowen[2] *(Chairman)*
Mr. ZHANG Wei (張為)[1]
(Vice Chairman & Managing Director)
Mr. FANG Meng[1]
Mr. DENG Huangjun[1]
Mr. FENG Boming[2]
Mr. ZHANG Wei (張煒)[2]
Mr. CHEN Dong[2]
Mr. XU Zunwu[2]
Mr. WANG Haimin[2]
Dr. WONG Tin Yau, Kelvin[1]
Dr. FAN HSU Lai Tai, Rita[3]
Mr. Adrian David LI Man Kiu[3]
Mr. FAN Ergang[3]
Mr. LAM Yiu Kin[3]
Prof. CHAN Ka Lok[3]

General Counsel & Company Secretary:
Ms. HUNG Man, Michelle

[1] Executive Director
[2] Non-executive Director
[3] Independent Non-executive Director

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business:
49/F, COSCO Tower
183 Queen's Road Central
Hong Kong

30 June 2017

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
ACQUISITION OF SHARES IN NOATUM PORT HOLDINGS, S.L.U.

INTRODUCTION

Reference is made to the announcement of the Company dated 12 June 2017 that the Company, the SPV (a wholly-owned subsidiary of the Company) and TPIH entered into the Sale and Purchase Agreement on 12 June 2017, pursuant to which TPIH has conditionally agreed to sell, and the SPV has conditionally agreed to purchase, the Sale Shares, which represent 51% of the shares in NPH and that on the same date, the Company (as the SPV's guarantor), the SPV, TPIH and NPH also entered into the Shareholders' Agreement, which is conditional upon Completion.

The purpose of this circular is to provide you with, among other information, (i) further details of the Transaction; (ii) financial information of the Group and the NPH Group; and (iii) a notice of the SGM.

The Transaction is subject to Shareholders' approval and satisfaction or waiver of conditions precedent. There is no assurance that the Transaction will take place or as to when it may take place. Shareholders and potential investors in the Company should therefore exercise caution when dealing in the securities of the Company.

SALE AND PURCHASE AGREEMENT

On 12 June 2017, the Company, the SPV (a wholly-owned subsidiary of the Company) and TPIH entered into the Sale and Purchase Agreement pursuant to which TPIH has conditionally agreed to sell, and the SPV has conditionally agreed to purchase, the Sale Shares, which represent 51% of the shares in NPH.

Major assets of NPH include NCTV, NCTB (being two container terminals), Conterail Madrid and NRTZ Zaragoza (being two facilitative rail terminals).

Consideration

The Consideration Amount is €203,490,000 subject to a post-Completion adjustment by reference to the net asset value of the NPH Group on the Completion Date.

The Consideration Amount was determined based on normal commercial terms after arm's length negotiations between the parties to the Sale and Purchase Agreement, taking into account the financial and operational conditions of the NPH Group in recent years as well as future prospects of the NPH Group.

The acquisition of the Sale Shares will be financed by internal resources and bank borrowings.

Conditions precedent to Completion

Completion is conditional upon the satisfaction (or, in the case of the conditions in (i), (ii), (iv) and (v) below, the waiver by the SPV) of the following conditions:

(i) the approval of the SPV's purchase of the Sale Shares pursuant to the merger control laws and regulations of Spain;

(ii) the submission of all necessary documents to the State-owned Assets Supervision and Administration Commission of the PRC State Council for the purpose of filing of the Transaction;

(iii) the notification by the Port Authority of Valencia and the Port Authority of Bilbao that the SPV's purchase of the Sale Shares is cleared;

(iv) the approval by the Shareholders of the Transaction;

(v) no Material Adverse Change having occurred from the date of the Sale and Purchase Agreement until the date falling five Business Days after all the other conditions have been satisfied (or waived); and

(vi) completion of the Pre-Completion Restructuring, including the separation of the Retained Noatum Group from the NPH Group.

Completion shall take place on the Completion Date.

Break fee

If condition (iv) above is not satisfied on or before the date falling five Business Days prior to the Longstop Date (or such other date as is agreed between TPIH and the SPV), the SPV shall pay to TPIH a break fee of €1,000,000.

NCTV Concession Extension

NCTV's concession to operate its container terminal at Valencia will expire on 7 March 2031. NCTV has applied to the Port Authority of Valencia to extend the concession until 7 March 2041. If the extension is granted for a shorter period or is not granted at all, TPIH has agreed to pay to the SPV an amount, which will vary depending on whether an extension is granted at all and, if so, the length of such extension.

Termination of the Sale and Purchase Agreement

Either the SPV or TPIH may terminate the Sale and Purchase Agreement if any of the conditions precedent to Completion has not been satisfied or waived by 9:00 p.m. (London time) on the date falling five Business Days prior to the Longstop Date or if the other party fails to comply with any of its obligations at Completion.

Company's guarantee

The Company, as guarantor, has agreed to guarantee the performance of the obligations of the SPV under the Sale and Purchase Agreement.

THE SHAREHOLDERS' AGREEMENT

Upon Completion, the SPV will hold 51% of the shares in NPH and TPIH will hold 49% of the shares in NPH and NPH will become a subsidiary of the Company.

The Company (as the SPV's guarantor), the SPV, TPIH and NPH entered into the Shareholders' Agreement on 12 June 2017. The Shareholders' Agreement is conditional upon Completion.

The principal terms of the Shareholders' Agreement are summarised below:

Management

As the majority shareholder of NPH, the SPV shall have the right to appoint and remove a majority of the directors of NPH. The SPV is entitled to nominate one of its nominated directors as chairman of the board of NPH. The SPV is also entitled to nominate the chief executive and the chief financial officer of NPH.

Non-compete

No shareholder of NPH shall invest in any container terminal business within a 250 nautical miles radius of the Port of Valencia without the prior written consent of the other as long as the first shareholder holds at least 10% of the total issued voting shares in NPH.

Restrictions on disposal of shares

No shareholder of NPH may dispose of its shares before the second anniversary of the Completion Date. The Shareholders' Agreement contains a right of first offer, a tag along right and a drag along right.

Liquidity mechanism

If an independent committee to be jointly appointed by the SPV and TPIH decides that the directors of NPH nominated by the SPV have failed to act in the best interests of NPH and all of its shareholders as a whole, the NPH Group has suffered losses as a result of such failure and the amount of such losses is greater than 20% of the EBITDA of the NPH Group for the financial year in which such failure happened, TPIH has an option (which is not subject to the SPV's discretion), during the period starting on but excluding the date on which the audited consolidated accounts of the NPH Group for the financial year ending 31 December 2019 are delivered to the shareholders of NPH and ending on and including the date on which the audited consolidated accounts of the NPH Group for the financial year ending 31 December 2020 are delivered to the shareholders of NPH, to require the SPV to acquire all of its shares in NPH for a consideration which:

(a) is equal to the amount calculated by the following formula (being an amount calculated by reference to the EBITDA of the NPH Group for the relevant financial years and the EBITDA multiple represented by the Consideration Amount):

(Average EBITDA) x (COSCO Acquisition Multiple) x (TPIH's percentage shareholding in NPH)

Where:

(i) "**Average EBITDA**" means the sum of:

(A) 30 per cent. of the EBITDA for the financial year ending 31 December 2018;

(B) 30 per cent. of the EBITDA for the financial year ending 31 December 2019; and

(C) 40 per cent. of the EBITDA for the financial year ending 31 December 2020.

(ii) "**COSCO Acquisition Multiple**" means the acquisition multiple of the EBITDA implied by the Consideration Amount, being the amount arrived at by dividing the Consideration Amount (a) first by 51% and (b) then by the EBITDA for the 12 months ending on the last day of the calendar month in which the Completion Date falls; and

(b) will not exceed a cap equal to the pro rata amount of the Consideration Amount.

Any exercise by TPIH of such option will not be subject to the Group's discretion. The Company has taken into account the cap on the consideration payable for TPIH's shares in NPH upon any such exercise in determining the consideration ratio for the Transaction. (Any such exercise will not affect the other percentage ratios for the Transaction.) Accordingly, the numerator for the consideration ratio for the Transaction is equal to the aggregate of (a) such cap; and (b) the Consideration Amount (being the consideration for the SPV's acquisition of 51% of the shares in NPH under the Sale and Purchase Agreement). Such aggregate is arrived at by dividing the Consideration Amount by 51%.

The Company has agreed to guarantee the performance of the obligation of the SPV to acquire such shares.

Performance fee

If the amount of cash distributed to the shareholders of NPH (excluding any cash arising from any refinancing of any third party debt financing) in a financial year of NPH exceeds that predicted in the annual budget of NPH, TPIH has agreed to pay to the SPV a performance fee, the amount of which will be equal to a maximum of 40% of TPIH's share of such excess depending on the extent of such excess.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors note that the NPH Group incurred a loss after tax in 2016. The loss after tax of the NPH Group in 2016 amounted to €14,942,000. The finance costs of NPH under such participating loan amounted to €17,574,000 in 2016. The profit after tax of the NPH Group would have been €2,632,000 had such finance costs been disregarded. As explained in the section headed "Information About NPH" of this letter, upon completion of the Pre-Completion Restructuring, no amounts (whether principal or interest) will be outstanding from NPH, and NPH will not incur any further financial costs, under any participating loan.

The Company pursues its stated strategies of "developing a global terminals portfolio", "strengthening control and management of the ports and terminals business" and "bringing into full play the synergies with the container fleets of China COSCO Shipping Corporation Limited ("**COSCO SHIPPING**"), the ultimate controlling company of the Company, and OCEAN Alliance". The Transaction is a strategic fit to the stated strategies. After the completion of the acquisition of the Sale Shares, the Company will have a controlling interest in NPH, furthering the Company's efforts in extending its networks over the Mediterranean and European areas. NCTV and NCTB (being two container terminals) will benefit from management and technical supports of the Group, as well as business support from COSCO SHIPPING's container fleet and OCEAN Alliance together with the current valuable customers the Company will effectively leverage on such synergistic advantages to create value for Shareholders.

The Group will seek to maximise the capacity of the two container terminals, to optimise the structure and efficiency of the NPH Group's business and to improve the synergies and quality of its services.

NCTV is the largest container terminal in the Port of Valencia in terms of volume and capacity. The Port of Valencia is one of the top three container ports in the Mediterranean with half of its volume from stable gateway traffic. The immediate hinterland within a 350 kilometres radius of the Port of Valencia accounts for nearly 50% of Spanish GDP. The Port of Valencia acts as the main gateway for the Iberian Peninsula and the natural port of Madrid, the capital of Spain. Due to its location, the Port of Valencia is well situated to act as a West Mediterranean transshipment hub. NCTV had a long-standing relationship with its neighbour in the Port of Valencia, Mediterranean Shipping Company Terminal Valencia S.A.. The Group will strive to provide customers with the best terminal facility and logistics support in the Western Mediterranean.

NCTB is the sole container terminal in the Port of Bilbao. It is one of the largest and most modernised container terminals of the Atlantic region of Southern Europe in terms of volume and operation. It serves as the ideal gateway for the transportation of containers throughout the Iberian Peninsula and Southwest of France.

The Group will seek to strengthen NCTV and NCTB's position as the logistics hubs of their respective regions by: (1) seeking to increase the volume movement at both terminals utilising the Group's strong and strategic partnership with major exporters and importers and logistics providers from the PRC; and (2) improving the two terminals' productivity and efficiency through the Group's expertise as a global terminal operator.

Conterail Madrid and NRTZ Zaragoza can improve the connection between the hinterland and the foreland, help create a more efficient logistics chain for operators and shippers, and channel their products through the Ports of Valencia and Bilbao. NRTZ Zaragoza is located in one of the biggest rail logistic centres of the Iberian Peninsula, and is one of the most important intermodal rail hubs of the Spanish general public rail network, in terms of size of business and operation.

Since April 2017, OCEAN Alliance has begun to switch from other terminals to NCTV and has started a feeder service in NCTB.

The Board believes that the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE TRANSACTION ON THE GROUP

Earnings

Upon Completion, NPH will become a subsidiary of the Company and the results of NPH Group will be accounted for in the consolidated financial statements of the Group.

Assets

Based on the unaudited pro forma financial information on the Enlarged Group in Appendix IV, Completion would increase the total assets of the Group by the amount of approximately US$606.9 million.

Liabilities

Based on the unaudited pro forma financial information on the Enlarged Group in Appendix IV, Completion would increase the total liabilities of the Group by the amount of approximately US$496.5 million.

INFORMATION ABOUT THE GROUP AND THE SPV

The SPV is a wholly-owned subsidiary of the Company. Its sole business is to hold the Company's investment in NPH.

The Group is principally engaged in the businesses of managing and operating terminals, and related businesses.

INFORMATION ABOUT NPH

The NPH Group is principally engaged in the development, operation and management of container terminals in Spain, including at the Port of Valencia and the Port of Bilbao. Set out below is the financial information of the NPH Group (as derived from the accountant's report on the NPH Group prepared in accordance with IFRS) for the two financial years ended 31 December 2015 and 31 December 2016 and as at 31 December 2016.

	For the year ended 31 December 2016	For the year ended 31 December 2015
	€'000	*€'000*
Loss before tax from continuing operations	22,749	22,398
Loss after tax from continuing operations	14,942	18,226

	As at 31 December 2016
	€'000
Net liabilities	165,688

As at 31 December 2015 and 31 December 2016, NPH owed Turia Port Investments (Holdings), C.V. (which was the sole shareholder of NPH until the transfer of its shares in NPH to TPIH (which has happened)), €346,641,000 and €354,107,000, respectively, under a participating loan (including accrued interest). The finance costs of NPH under such loan amounted to €16,940,000 and €17,574,000, respectively, for the financial years ended 31 December 2015 and 31 December 2016.

The Pre-Completion Restructuring includes the contribution of participating loans (including interest) to the equity of NPH as voluntary reserves such that no amounts (whether principal or interest) will be outstanding from NPH, and NPH will not incur any further financial costs, under any participating loan.

INFORMATION ABOUT TPIH

TPIH, which is owned by institutional investors advised by J.P. Morgan Global Alternatives and by APG Asset Management N.V. as to 67% and 33%, respectively, is a holding company of a group of companies principally engaged in terminal operations and related logistics businesses. J.P. Morgan Global Alternatives is the alternative investment arm of J.P. Morgan Asset Management, being the asset management business of JPMorgan Chase & Co, a leading global financial services firm. APG Asset Management N.V., which is headquartered in the Netherlands, is a financial services provider for (pension) funds and employers in various sectors.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, TPIH and its ultimate beneficial owners are third parties independent of the Company and its connected persons under the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

The highest of the applicable percentage ratios in respect of the Transaction exceeds 25% and is lower than 100%. The Transaction therefore constitutes a major transaction of the Company. The Transaction is subject to the reporting, disclosure and shareholder approval requirements applicable to a major transaction under Chapter 14 of the Listing Rules.

The Transaction is subject to Shareholders' approval and satisfaction or waiver of conditions precedent. There is no assurance that the Transaction will take place or as to when it may take place. Shareholders and potential investors in the Company should therefore exercise caution when dealing in the securities of the Company.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

Under Rule 4.03 of the Listing Rules, the accountants' report on the NPH Group (the "**Accountants' Report**") must normally be prepared by certified public accountants who are qualified under the Professional Accountants Ordinance (Cap. 50 of the Laws of Hong Kong) (the "**Professional Accountants Ordinance**") for appointment as auditors of a company and who are independent both of the issuer and of any other company concerned to the same extent as that required of an auditor under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and in accordance with the requirements on independence issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), provided that, in the case of a circular issued by a listed issuer in connection with the acquisition of an overseas company, the Stock Exchange may be prepared to permit the Accountants' Report to be prepared by a firm of practising accountants which is not so qualified but which is acceptable to the Stock Exchange. Such a firm must normally have an international name and reputation and be a member of a recognised body of accountants.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 4.03 of the Listing Rules such that KPMG Spain, a firm of practising accountants not qualified under the Professional Accountants Ordinance, was accepted by the Stock Exchange to prepare the Accountants' Report.

KPMG Spain is a member of the KPMG network of independent firms affiliated with KPMG International Cooperative, which is an internationally recognised accounting firm, and its professional accountants are members of the Instituto de Censores Jurados de Cuentas de España (ICJCE), which is a member of the International Federation of Accountants. KPMG Spain is a licensed audit firm in Spain under the supervision of the Instituto de Contabilidad y Auditoría de Cuentas (ICAC) which is a member of the International Forum of Independent Audit Regulators (IFIAR), registered under no. S0702 in the Spanish Official Registry of Accountants (Registro Oficial de Auditores de Cuentas (ROAC)).

KPMG Spain has been the auditors of the NPH Group and the Retained Noatum Group (together as the "**Larger Group**") since 2012. The consolidated financial statements of the Larger Group for the three financial years ended 31 December 2014, 2015 and 2016, being the periods to be covered by the Accountants' Report, were audited by KPMG Spain. The Company considers that KPMG Spain's knowledge of the Larger Group's operations and financial reporting system puts it in a better position than other accountants to give the Accountants' Report. The Company also considers that the preparation by an accounting firm qualified under the Professional Accountants Ordinance of the Accountants' Report would be unduly burdensome and impractical and would not be in the best interests of the Shareholders.

SGM

A notice convening the SGM to be held at 2.30 p.m. on Thursday, 27 July 2017 at 47/F, COSCO Tower, 183 Queen's Road Central, Hong Kong for the Shareholders to consider and, if thought fit, approve the Transaction is set out on pages N-1 to N-2 of this circular.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Transaction. As such, no Shareholder will be required to abstain from voting at the SGM in respect of the relevant resolution relating to the Transaction.

Shareholders who are entitled to vote at the SGM are those whose names appear as Shareholders on the register of members of the Company as at the close of business on Friday, 21 July 2017. In order to be entitled to vote at the SGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 21 July 2017.

A proxy form for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM or any adjournment thereof, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting if you so wish.

RECOMMENDATION

The Directors are of the opinion that the Transaction is fair and reasonable and in the interests of the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices of this circular.

Yours faithfully,
For and on behalf of
COSCO SHIPPING Ports Limited
ZHANG Wei (張為)
Vice Chairman & Managing Director

1. FINANCIAL REPORTS

The audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2014, 2015 and 2016 are disclosed in the annual reports of the Company for each of such three financial years respectively. All of the above financial information has been published on the website of the Company (http://ports.coscoshipping.com) and the website of the Stock Exchange (www.hkexnews.hk) and can be accessed by the direct hyperlinks below:

(i) in respect of the annual report of the Company for the year ended 31 December 2016 published on 12 April 2017 (pages 114 to 200):

http://www.coscopac.com.hk/admin/upload/ir/financial_report/ear2016.pdf

(ii) in respect of the annual report of the Company for the year ended 31 December 2015 published on 14 April 2016 (pages 112 to 184):

http://www.coscopac.com.hk/eng/ar_eversion/2015/

(iii) in respect of the annual report of the Company for the year ended 31 December 2014 published on 13 April 2015 (pages 117 to 194):

http://www.coscopac.com.hk/eng/ar_eversion/2014/

2. INDEBTEDNESS

The Group

As at the close of business on 30 April 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total outstanding borrowings of approximately US$1,709.1 million. Details of the total indebtedness are summarised below:

	US$ million
Current	
Short-term borrowings	195.7
Long-term borrowings, current portion	102.4
Current portion of loans from a fellow subsidiary	9.5
Loans from non-controlling shareholders of subsidiaries	167.6
Loan from a joint venture	40.4
Non-current	
Long-term borrowings, net of current portion	869.3
Notes payables	298.0
Loan from a fellow subsidiary	26.2
Total	1,709.1

Apart from a secured long-term bank loan of approximately US$357.8 million, all other indebtedness were unsecured and unguaranteed.

At the close of business on 30 April 2017, the Group pledged its property, plant and equipment with a total carrying amount of approximately US$103.9 million, and the Company's investment in subsidiaries which amounted to approximately US$107.8 million was used as a security for a banking facility granted to the Group.

At the close of business on 30 April 2017, the Group had provided bank guarantees amounting to approximately US$10.4 million to a joint venture of the Group. The fair value of the guarantee contracts was not material and has not been recognised.

Save as disclosed above and apart from intra group liabilities, as at the close of business on 30 April 2017, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages, charges, contingent liabilities or guarantees.

NPH Group

As at the close of business on 30 April 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the NPH Group had total outstanding borrowings of approximately €645.5 million. Details of the total indebtedness are summarised below:

	€ million
Current	
Loans and borrowings	15.4
Payables to related parities	5.8
Other financial liabilities	0.4
Derivative financial instruments	0.6
Non-current	
Loans and borrowings	264.0
Payables to related parties	355.0
Derivative financial instruments	4.3
	645.5

Apart from the secured loans and borrowings and derivative financial instruments of approximately €279.4 million, all of such indebtedness was unsecured and unguaranteed.

At the close of business on 30 April 2017, the NPH Group had granted the following guarantees to the lenders of its bank facilities in NCTV and NCTB; (1) promissory mortgage over the concession agreements in Valencia and Bilbao which represented the administrative concessions and the concession arrangements with carrying amount of €178.8 million; (2) pledge over NPH's investments in NCTV and NCTB which amounted to €163.6 million; and (3) a pledge over certain trade receivables, certain current investments and certain cash and cash equivalents which amounted to €16.3 million.

Save as disclosed above and apart from intra group liabilities, as at the close of business on 30 April 2017, the Target Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages, charges, contingent liabilities or guarantees.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the effect of the Transaction and the financial resources and banking facilities available to the Enlarged Group, the Enlarged Group will have sufficient working capital to meet its present requirement for at least 12 months following the date of publication of this circular and in absence of unforeseen circumstances.

4. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Following the reorganization in March 2016, the Group has been transformed into a pure terminal manager and operator with an enlarged terminal portfolio and greater market share.

Having a controlling interest in NPH is in line with the Group's business transformation strategy.

The Group will seek to maximise the capacity of two container terminals, to optimise the structure and efficiency of the NPH Group's business and to improve the synergies and quality of its services. The inauguration of NCTV's Muelle de Costa berth in July 2016 added another one million TEU of capacity and put NCTV in the rare position of being able to handle up to four ultra large containerships at the same time. NCTV had a long-standing relationship with its neighbour in the Port of Valencia, Mediterranean Shipping Company Terminal Valencia S.A.. The Group will strive to provide customers with the best terminal facility and logistics supports in the Western Mediterranean. Since April 2017, OCEAN Alliance has begun to switch from other terminals to NCTV and has a feeder service in NCTB.

As at 31 December 2016, NPH owed Turia Port Investments (Holdings), C.V. (which was then the sole shareholder of NPH and has transferred its shares in NPH to TPIH) €354,107,000 under a participating loan (including accrued interest). The Pre-Completion Restructuring includes the contribution of participating loans (including interest) to the equity of NPH as voluntary reserves such that no amounts (whether principal or interest) will be outstanding from NPH, and NPH will not incur any further financial costs, under any participating loan.

The loss after tax of the NPH Group for the financial year ended 31 December 2016 amounted to €14,942,000. The finance costs of NPH under such participating loan amounted to €17,574,000 for the financial year ended 31 December 2016. The profit after tax of the NPH Group for the financial year ended 31 December 2016 would have been €2,632,000 had such finance costs been disregarded.

The net liabilities of the NPH Group as at 31 December 2016 was €165,688,000. The net assets of the NPH Group as at 31 December 2016 would have been €188,419,000 had NPH's liabilities under such participating loan been disregarded.

There are institutional and economic commitments to improve and develop train connections with Zaragoza. The port authority of Valencia will invest €50 million in 3 years dedicated to improve the tracks in the freight corridor.

According to Drewry Report, Spain's economy has a stronger economic outlook compared to most economies in the west Mediterranean region. Real gross domestic product (GDP) from 2015 to 2021 of Spain is forecast to grow at a compound annual growth rate (CAGR) of 2.1%. Total Spanish container volumes are forecast to grow from 13.6 million TEU in 2016 to 26.8 million TEU in 2035, representing a compound annual growth rate of 3.6%. According to Lloyd's List and Containerization International Top 100 Container Port 2016, the port of Valencia is the largest container complex in Mediterranean.

The stevedoring sector in Spain has undertaken a reform in order to comply with the decision of the European Court of Justice to be in line with the regulations of the European Union on the freedom of establishment. The Spanish Parliament passed a bill on the labour law reform in May 2017. The labour law reform will bring a new era to NCTV and NCTB with new opportunities to enhance efficiency, productivity and competitivity as well as excellent customer services.

Looking ahead, the Company will continue to focus on developing its terminals business and enhance the operational collaboration and strategic synergy with its parent company, strategic partners and key customers. The management of the Group will closely monitor the economic trend around the world, and will continue to focus on improving operational efficiency and profitability.

5. MATERIAL ACQUISITION AFTER 31 DECEMBER 2016

On 20 January 2017, Shanghai China Shipping Terminal Development Co., Ltd. ("**SCSTD**", a wholly-owned subsidiary of the Company) and Qingdao Port International Co., Ltd. ("**QPI**") entered into an agreement pursuant to which SCSTD has conditionally agreed to subscribe for 1,015,520,000 non-circulating domestic shares in QPI at a total consideration of RMB5,798,619,200 (equivalent to RMB5.71 per share), of which RMB3,198,650,840 was settled by the transfer of a 20% equity interest in Qingdao Qianwan Container Terminal Co., Ltd. to QPI and the remaining RMB2,599,968,360 was settled in cash. On the same date, the Company also entered into a strategic co-operation agreement with QPI. Completion took place on 22 May 2017 upon which SCSTD held 16.82% equity interests in QPI.

QPI is a primary operator of the Port of Qingdao, one of the world's largest comprehensive ports. QPI provides a wide range of port-related services, ranging from basic port services, such as stevedoring and storage services, to ancillary and extended services such as logistics services and financing-related services. QPI's H shares are listed on the Stock Exchange.

For details of the acquisition of shares in QPI, please refer to the announcement of the Company dated 20 January 2017 and the circular of the Company dated 13 February 2017.

None of the Directors' remuneration or benefits in kind was varied in consequence of the above acquisition of shares in QPI.

The following is the text of a report set out on page II-1 to II-94, received from the Company's reporting accountants, KPMG Auditores, S.L. ("KPMG Spain"), Certified Public Accountants, for the purpose of incorporation in this circular.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF COSCO SHIPPING PORTS LIMITED

Introduction

We report on the historical financial information of Noatum Port Holdings S.L.U. ("Noatum Port") and its subsidiaries (together, the "Noatum Port Group") set out on pages II-3 to II-94, which comprises the consolidated statements of financial position of the Noatum Port Group as at 31 December 2014, 2015 and 2016 and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended 31 December 2014, 2015 and 2016 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-3 to II-94 forms an integral part of this report, which has been prepared for inclusion in the circular of COSCO SHIPPING Ports Limited (the "Company") dated 30 June 2017 in connection with the acquisition of 51% equity interests of Noatum Port by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Noatum Port, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Noatum Port Group's financial position as at 31 December 2014, 2015 and 2016 and of the Noatum Port Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-3 have been made.

Dividends

We refer to Note 13.3 to the Historical Financial Information which states that no dividends have been paid by Noatum Port in respect of the Relevant Periods.

KPMG Auditores, S.L.
Certified Public Accountants
Torre Cristal
Paseo de la Castellana, 259 C
28046 Madrid
Spain
30 June 2017

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Noatum Port Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Auditores, S.L. under separate terms of engagement with Noatum Port in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("Underlying Financial Statements").

Consolidated Statements of Financial Position at 31 December 2016, 2015 and 2014

(Thousands of Euros)

	Note	31 December 2016	2015	2014
ASSETS				
Property, plant and equipment	**5**	169,907	179,422	185,009
Goodwill	**6**	31,478	31,582	31,607
Other intangible assets	**7**	184,181	237,506	243,634
Equity-accounted investees	**8**	16,979	35,067	35,325
Other financial assets	**9**	210	2,289	450
Deferred tax assets	**20.4**	58,055	41,293	35,968
Non-current assets		**460,810**	**527,159**	**531,993**
Inventories	**11**	3,473	4,025	3,876
Trade and other receivables	**9**	26,175	40,961	37,312
Current investments	**9**	11,537	12,071	18,271
Current tax assets	**20.2**	14,081	9,448	9,707
Other current assets	**9**	956	838	1,079
Cash and cash equivalents	**12**	14,994	22,450	11,036
		71,216	**89,793**	**81,281**
Disposal group held for sale	**10**	**69,324**	**-**	**-**
Current assets		**140,540**	**89,793**	**81,281**
Total assets		**601,350**	**616,952**	**613,274**

	Note	31 December 2016	2015	2014
EQUITY	**13**			
Share capital		23,148	23,148	23,148
Share premium		71,096	71,096	71,096
Accumulated losses and other reserves		(251,976)	(197,835)	(175,539)
Total equity attributable to owner of the Parent		**(157,732)**	**(103,591)**	**(81,295)**
Non-controlling interests	**13.6**	**11,379**	**8,584**	**2,691**
TOTAL EQUITY		**(146,353)**	**(95,007)**	**(78,604)**
LIABILITIES				
Loans and borrowings	**15**	263,444	253,785	88,657
Payables to related parties	**23**	347,893	348,930	329,214
Non-current provisions	**14**	7,416	9,245	10,100
Other financial liabilities	**19**	-	3,477	3,417
Derivative financial instruments	**17**	5,230	5,807	22,928
Grants		93	113	144
Non-current liabilities		**624,076**	**621,357**	**454,460**
Loans and borrowings	**15**	12,244	42,903	184,722
Trade and other payables	**18**	28,229	31,824	29,149
Payables to related parties	**23**	7,337	434	8,614
Current provisions	**14**	217	386	406
Current tax liabilities	**20.2**	2,040	3,451	2,738
Other current financial liabilities	**19**	7,377	8,810	8,032
Derivative financial instruments	**17**	-	2,791	3,755
Accruals		94	3	2
		57,538	**90,602**	**237,418**
Disposal group held for sale	**10**	66,089	-	-
Current liabilities		**123,627**	**90,602**	**237,418**
Total liabilities		**747,703**	**711,959**	**691,878**
Total equity and liabilities		**601,350**	**616,952**	**613,274**

Consolidated Statements of Profit or Loss for the years ended 31 December 2016, 2015 and 2014

(Thousands of Euros)

	Note	2016	2015	2014
CONTINUING OPERATIONS				
Revenue	**21.1**	191,359	188,930	188,748
Other operating income		2,547	2,587	3,145
Cost of material used and other external expenses	**21.2**	(88,650)	(85,466)	(80,646)
Personnel expenses	**21.4**	(29,853)	(29,011)	(31,564)
Other operating expenses	**21.3**	(48,874)	(41,153)	(40,835)
Amortisation and depreciation	**5, 7 and 10**	(21,056)	(18,625)	(20,063)
Reversal of impairment / (impairment)		-	(153)	7,580
Gain/(loss) on disposal of property, plant and equipment		116	(270)	(127)
Provision surpluses		-	721	-
Other gains/(losses)		235	246	(99)
RESULTS FROM OPERATING ACTIVITIES		**5,824**	**17,806**	**26,139**
Finance income		119	88	410
Finance costs	**21.6**	(28,561)	(29,951)	(35,705)
Exchange losses		(12)	(1)	-
Change in fair value of financial instruments		-	(10,120)	19
Impairment on equity instruments	**21.7**	(104)	(321)	(206)
Net finance costs		**(28,558)**	**(40,305)**	**(35,482)**
Share of profit/(loss) of equity-accounted investees, net of tax	**8**	(17,422)	(389)	954
Loss before tax		**(40,156)**	**(22,888)**	**(8,389)**
Income tax	**20.3**	7,807	4,172	(1,404)
Loss from continuing operations		**(32,349)**	**(18,716)**	**(9,793)**
Loss from discontinued operations, net of tax	**10**	(18,129)	(4,648)	(70,960)
Loss for the year		**(50,478)**	**(23,364)**	**(80,753)**
Attributable to:				
Owner of the Parent		(53,537)	(23,240)	(73,504)
Non-Controlling interests	**13.6**	3,059	(124)	(7,249)

Consolidated Statements of Profit or Loss and Other Comprehensive Income for the years ended 31 December 2016, 2015 and 2014

(Thousands of Euros)

		Years ended 31 December		
	Note	**2016**	**2015**	**2014**
Loss for the year		**(50,478)**	**(23,364)**	**(80,753)**
Other comprehensive income for the year				
Items that may be reclassified subsequently to profit or loss				
- Cash flow hedges		(4,772)	6,339	(5,998)
- Tax effect		1,253	(1,864)	1,724
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN CONSOLIDATED EQUITY		**(3,519)**	**4,475**	**(4,274)**
Amounts transferred to the consolidated statement of profit or loss				
- Cash flow hedges		3,690	3,001	3,434
- Grants, donations and bequests received		(18)	(50)	(80)
- Tax effect		(932)	(774)	(962)
		2,740	**2,177**	**2,392**
Total comprehensive income for the year		**(51,257)**	**(16,712)**	**(82,635)**
Attributable to:				
Owner of the Parent		(54,316)	(16,588)	(75,386)
Non-controlling interests		3,059	(124)	(7,249)

Consolidated Statements of Changes in Equity for the years ended 31 December 2016, 2015 and 2014

(Thousands of Euros)

	Attributable to owner of the Parent						
	Share capital (Note 13.1)	Share Premium (Note 13.2)	Hedging reserves (Nota 13.5)	Reserves and accumulated losses (Note 13.3)	Total	Non-controlling interests	Total equity
Balances at 1 January 2014	**23,148**	**69,846**	**2,295**	**(102,799)**	**(7,510)**	**9,831**	**2,321**
Changes in Equity for 2014							
Loss for the year	-	-	-	(73,504)	(73,504)	(7,249)	**(80,753)**
Other comprehensive income	-	-	(1,882)	-	(1,882)	-	**(1,882)**
Total comprehensive income	-	-	(1,882)	(73,504)	(75,386)	(7,249)	**(82,635)**
Share premium increase	-	1,250	-	-	1,250	-	**1,250**
Disposal of interest in a subsidiary	-	-	-	(109)	(109)	109	**-**
Other movements	-	-	460	-	460	-	**460**
Balance at 31 December 2014 and 1 January 2015	**23,148**	**71,096**	**873**	**(176,412)**	**(81,295)**	**2,691**	**(78,604)**
Changes in Equity for 2015							
Loss for the year	-	-	-	(23,240)	(23,240)	(124)	**(23,364)**
Other comprehensive income	-	-	6,652	-	6,652	-	**6,652**
Total comprehensive income	-	-	6,652	(23,240)	(16,588)	(124)	**(16,712)**
Acquisition of interest in subsidiaries	-	-	-	(4,199)	(4,199)	6,017	**1,818**
Other movements	-	-	(2,559)	1,050	(1,509)	-	**(1,509)**
Balance at 31 December 2015 and 1 January 2016	**23,148**	**71,096**	**4,966**	**(202,801)**	**(103,591)**	**8,584**	**(95,007)**
Changes in Equity for 2016							
Profit/ (loss) for the year	-	-	-	(53,537)	(53,537)	3,059	**(50,478)**
Other comprehensive income	-	-	(779)	-	(779)	-	**(779)**
Total comprehensive income	-	-	(779)	(53,537)	(54,316)	3,059	**(51,257)**
Other movements	-	-	175	-	175	(264)	**(89)**
Balance at 31 December 2016	**23,148**	**71,096**	**4,362**	**(256,338)**	**(157,732)**	**11,379**	**(146,353)**

Consolidated Cash Flow Statements for the years ended 31 December 2016, 2015 and 2014
(Thousands of Euros)

	Note	2016	2015	2014
1. CASH FLOWS FROM OPERATING ACTIVITIES				
Consolidated loss before tax		**(68,287)**	**(31,321)**	**(95,918)**
Adjustments for:				
Amortisation and depreciation (+)	**5, 7 and 10**	26,639	25,004	28,286
Provision surpluses	**10 and 14**	(370)	(721)	-
Share of profit/(loss) of equity-accounted investees	**8 and 10**	17,333	302	(1,015)
Change in fair value of financial instruments	**10 and 21.7**	1,408	9,498	99
Impairment and losses on disposal of equity instruments		456	336	236
Impairment/(reversal of impairment)		21,032	1,373	67,317
Gain/(loss) on disposal of property, plant and equipment		(224)	251	129
Net finance cost		31,111	33,960	39,781
Adjusted profit		**29,098**	**38,682**	**38,915**
Inventories		(254)	(149)	183
Trade and other receivables		3,863	(3,649)	(4,122)
Other current assets		(388)	6,442	(1,703)
Trade and other payables		1,968	2,696	(5,532)
Current tax assets and liabilities		(6,936)	(508)	1,735
Other current liabilities		-	168	263
Other non-current assets		-	(1,001)	(758)
Income tax paid		281	1,226	-
Net cash flows from operating activities (1)		**27,632**	**43,907**	**28,981**
2. CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income		155	444	1,981
Investments (-):				
Property, plant and equipment	**5**	(13,496)	(8,527)	(8,366)
Other intangible assets	**7**	(14,661)	(7,008)	(677)
Dividend received from equity-accounted investees	**8**	29	302	2,276
Financial assets		-	(504)	-
		(27,973)	**(15,293)**	**(4,786)**
Net cash flows used in investing activities (2)		**(27,973)**	**(15,293)**	**(4,786)**
3. CASH FLOWS FROM FINANCING ACTIVITIES				
Interest				
Finance costs		(24,006)	(20,041)	(20,516)
		(24,006)	**(20,041)**	**(20,516)**
Changes in financial liabilities:				
Capital increase		-	-	1,250
Other payables to related parties		-	-	3,750
Loans and borrowings		49,825	220,062	-
Repayment of loans and borrowings		(24,899)	(217,221)	(16,328)
		24,926	**2,841**	**(11,328)**
Net cash flows from/(used in) financing activities (3)		**920**	**(17,200)**	**(31,844)**
4. EFFECT OF EXCHANGE RATE FLUCTUATIONS (4)		**-**	**-**	**-**
5. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (1+2+3+4)		**579**	**11,414**	**(7,649)**
Cash and cash equivalents at beginning of the year		**22,450**	**11,036**	**18,685**
Cash and cash equivalents at year end		**23,029**	**22,450**	**11,036**
Cash and cash equivalents at year end from continuing operations		**14,994**	**20,783**	**8,801**
Cash and cash equivalents at year end from discontinued operations	**10**	**8,035**	**1,667**	**2,235**

Notes to the Consolidated Financial Statements for the years ended 31 December 2016, 2015 and 2014

1. Group Activity

Noatum Port Holdings, S.L.U. (hereinafter "the Company", "the Parent" or "Noatum Port Holdings") (together with its subsidiaries, the Group) with registered office at Calle Goya 6, Madrid.

The main activity of the Group corresponds to the stevedoring and unloading of containers ("Containers" terminals) and bulk and vehicles ("Non-Containers" terminals) (see note 4.q)). Appendix A contains the particulars of the subsidiaries for the years ended 2016, 2015 and 2014.

At 31 December 2016 in response to the sector and market climate within a restructuring framework, the Parent has set into action a plan to dispose of its assets and liabilities in subsidiaries not related with the container business to a related party (See note 10).

The Group has its potential environmental liabilities covered by an insurance policy held by Noatum Port Holdings, S.L.U. At 31 December 2016, the Group companies do not have any environment-related charges, assets, provisions or contingencies that could have a significant impact on their equity, financial position or profits. Consequently, the accompanying consolidated financial statements do not disclose any specific information relating to environmental issues.

Concession arrangements

In accordance with note 10, at 31 December 2016 the Parent has commenced proceedings to obtain authorisation from the Valencia, Santander and Malaga port authorities for the decision to transfer the net assets of the concessionaires Noatum Terminal Polivalente Sagunto, S.L.U. ("NTPSagunto"), Noatum Terminales Graneles Santander, S.A.U. ("NTGS") and Noatum Container Terminal Málaga, S.A.U. ("NCTM"), respectively.

At 31 March 2017 Noatum Ports, S.L.U., a subsidiary of the Company, has notified the Santander Port Authority the change of the sole shareholder of Noatum Terminal Polivalente Santander, S.L.U. ("NTPS").

Similarly, Noatum Port Holdings, S.L.U., has undertaken proceedings to notify the Barcelona port authorities of the decision to transfer the shares of Autoterminal, S.A. ("Autoterminal"). On 12 May 2017 the Board of Directors of Port Authority of Santander has agreed to approve the authorization for the transmission of the administrative concession of NTGS (all the other authorisations have not yet been obtained). However, the Management of Noatum Port Holdings, S.L.U. has considered that this does not prevent the sale from being highly likely at 31 December 2016 and it is therefore reasonable to record the concession agreements of these companies under assets held for sale.

The main concessions awarded to Group companies related to **the Continuing Operations** as of 31 December 2016, 2015 and 2014 are as follows:

Port of Bilbao concession (Container Terminal)

The subsidiary Noatum Container Terminal Bilbao, S.L. ("NCTB") loads and unloads containers at the port terminals located in the Basque Country. It was granted the concession for these activities for a period of 35 years, beginning on 18 September 2002. On 6 July 2015 NCTB applied for an extension of the concession term by 12 years, two fifths of the original term. On 21 January 2016, in accordance with Transitional Order 10 of the Revised State Ports and Merchant Shipping Law, a 12-year extension of the concession term was approved, bringing the concession term to 47 years, with expiry on 17 September 2049.

After several modifications of the concession agreement, since 1 June, 2012 NTCB has a total of 379,451 square meters for the development of its activity. In addition, on 21 September, 2016, NCTB has requested the extension of the concession area to the rest of the A-2 Pier at 91,180 m^2, for a term equal to the remainder of the concession for which it is already titled.

NCTB must pay the following charges to the Bilbao Port Authority throughout the concession term:

- Charge for the public space occupied ("occupancy charge"), calculated on the basis of the occupied surface area (m^2) (See note 21.5).

- Charge for carrying out industrial or commercial activities ("activity charge"), calculated on the basis of the number of units loaded or unloaded.

The occupancy and activity charges may be updated every five years in the same proportion as the changes in the base values used for their calculation, in the terms established in the legislation governing these charges. During the period between the awarding of the concession and the first review, or between two consecutive reviews, these charges will be updated annually at a rate of 75% of the increase in the national general consumer price index ("CPI") at October. For the year ended 31 December 2016 the occupancy charge is Euros 2,690 thousands (Euros 2,676 thousands for the year ended 31 December 2015 and Euros 2,536 thousands for the year ended 31 December 2014).

As the consideration received by NCTB comprises the right to charge the corresponding tariffs from customers based on their use of the public service with maximum prices and the concession operator bears the demand risk, the concession must be recognised using the intangible asset model.

Furthermore, as the constructions are linked to the concession arrangement and will revert to the Bilbao Port Authority upon expiry of the concession term, these items are depreciated over the concession term once they enter into operation.

Moreover, NCTB is required to maintain these items, and the land transferred, in proper condition for use and in terms of cleanliness and hygiene, and to carry out any ordinary repairs required, at its expense, until the administrative concession expires.

The administrative concession may be terminated in the event of certain circumstances, specifically the non-payment of charges during a period of more than one year, an unjustified lack of use of the public works and assets transferred for a period of one year, the failure to pledge the guarantee to secure operations within the specified deadline, the modification or extension of works, a change in the purpose of the concession, a change of ownership, the lease of the concession, and the arrangement of mortgages or other pledges on the concession, without prior authorisation from the Port Authority.

In addition, due to the approval of the extension of the term of concession NCTB undertakes to achieve minimum traffic of 360,064 TEUs per annum (288,051 TEUs per annum 2015 and 2014). If this minimum is not reached, NCTB will be required to pay the settlement calculated by the Bilbao Port Authority, which comprises a unitary price per tonne applied to the difference between the minimum tonnage stipulated and that actually obtained. These tonnes will be calculated by multiplying the shortfall in TEUs vis-à-vis the minimum traffic target, by 10. NCTB has achieved the minimum traffic target set for 2016 and in prior years.

Additionally, there is a total non-current asset investment commitment of Euros 34 million to be carried out during the period 2016-2036 (see note 21.8). These investment commitments mainly correspond to the extensions in the railway installations and machinery and these investments are improvements. At 31 December 2016 no investments to these projects have been carried out.

Port of Valencia concession (Container Terminal)

The former Marítima Valenciana, S.A. (currently Noatum Container Terminal Valencia, S.L.U. "NCTV") conducted its activity on the south quay or "Muelle Sur" (currently known as "Muelle Príncipe Felipe") of the Port of Valencia, through a concession to manage the public service of container handling and complementary operations for 25 years, beginning on 29 December 1995.

On 8 March 2001, the board of directors of the Valencia Port Authority approved the extension of the concession term envisaged in the contract dated 29 December 1995 to 30 years from the approval date and authorised Marítima Valenciana, S.A. to occupy the land known as the Coast Quay or "Muelle de Costa" through an extension of the surface area of the concession. In exchange for this extension, NCTV had to develop the Fangos Quay or "Muelle de Fangos" so that its length and characteristics were similar to those of the Coast Quay. Work on the Fangos Quay had to be completed within four years from the date these agreements were accepted, at which time NCTV could occupy the Coast Quay. On 30 September 2004, NCTV handed over the completed project to the Valencia Port Authority, which was received by means of a Final Inspection Certificate dated 20 December 2004. However, the Coast Quay was not handed over to NCTV until 2008.

In 2009 the Valencia Port Authority granted NCTV an extension for the commencement of the works until 31 July 2010, and in 2010 a further extension was obtained until November 2012 to start work on the Coast Quay. In October 2012 the board of directors of the Port Authority granted NCTV an extension of nine months from 8 November 2012 for the commencement of the works.

On 8 November 2013, the Valencia Port Authority approved, inter alia, the following:

- Substantial amendment to the purpose of the concession so as to include the performance of commercial services associated with container and related logistics as an authorised activity.

- Agreement on the partial extinguishment by mutual agreement of the concession for a surface area of approximately 50,000 square metres in the south-east part of the Terminal and certification dated 1 January 2014 evidencing the partial conveyance of land covering a surface area of approximately 75,000 square metres, located in the north-east section. The total surface area of the concession arrangement, after these amendments, covers 1,177,217 square metres.

On 19 February 2014, the Valencia Port Authority approved the start-up of works at the Coast Quay no later than 31 October 2014, with a maximum completion schedule of 20 months. Due to factors beyond NCTV's control, work could not begin until 9 December 2014 and the 20-month period was amended to begin as of that date. At the date of these financial statements this work has been completed.

There is a total intangible asset investment commitment of Euros 26.5 million to be carried out before the Valencia port terminal concession term expires in 2031 (see note 21.8). The amount already invested corresponding to the work on the Coast Quay at 31 December 2016 amounts to Euros 16,625 thousand (Euros 5,741 thousand at 31 December 2015) and these investments are improvements. In this sense, Muelle Costa has been operational since early July 2016.

The land on which the activity is carried out was granted to NCTV in exchange for a fixed amount (occupancy charge) (See note 21.5) and a variable amount based on the number of containers moved (activity charge). For the year ended 31 December 2016, the occupancy charge is Euros 2,193 thousands (Euros 2,206 thousands for the year ended 31 December 2015 and Euros 2,228 thousands for the year ended 31 December 2014).

The concession arrangement requires the construction of certain infrastructure and the investment in equipment to carry on the public service associated with the concession. This infrastructure must revert to the concession grantor at the end of the concession term in good working order. NCTV's directors consider that the periodic maintenance costs are sufficient to cover any additional estimated costs.

On 6 July 2015, NCTV applied for an extension of the concession term by ten years, two fifths of the original term. The application was based on Royal Legislative Decree 2/2011, of 5 September 2011, approving the Revised Law of State Ports and the Merchant Navy, the wording of Law 18/2014, of 15 October 2014, approving urgent measures for growth, competitiveness and efficiency, and the "Recommendations regarding key legal, procedural and economic aspects that might be of interest in procedures initiated in accordance with the provisions of Transitional Order 10 of the Revised Law of State Ports and the Merchant Navy" issued by the Ports Authority on 22 January 2015 and subsequently updated on 13 February 2015. At the date on which these consolidated financial statements were authorised for issue, this application is pending approval by the relevant authorities and NCTV expects approval to be obtained during 2017.

2. Basis of Presentation of the Consolidated Financial Statements and Consolidation Principles

a) Basis of Presentation

The accompanying consolidated financial statements have been authorised for issue by the directors of Noatum Port Holdings on the basis of the accounting records of Noatum Port Holdings and of its subsidiaries.

The financial information regarding Noatum Port Holdings and its subsidiaries ("the Group") for each of the three years ended 31 December 2016, 2015 and 2014 has not been prepared to comply with legal requirements in Spain but in the context of the proposed acquisition by COSCO SHIPPING Ports Limited of a 51% equity interest of Noatum Port Holdings, S.L.U.

The accompanying consolidated financial statements for 2016, 2015 and 2014 have been prepared under International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") to present fairly the consolidated financial position of the Group at 31 December 2016, 2015 and 2014, as well as the consolidated statement of profit and loss, consolidated statement of profit or loss and other comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for the three-year period then ended.

These consolidated financial statements have been prepared in Euros, rounded to the nearest thousand. They have also been prepared applying the historical cost principle, except for derivative financial instruments, which have been measured at fair value. Non-current assets included in the disposal group held for sale are recorded at the lower of their carrying amount and fair value less the costs to sell.

The accounting principles and criteria applied to prepare these consolidated financial statements are summarised as below.

Preparation of the consolidated financial statements under IFRS requires that certain critical accounting estimates be made. Also in accordance with those standards, directors are required to make judgements when applying the accounting policies of the Parent. The areas requiring a greater degree of judgement or which are more complex in nature, and the areas in which the assumptions and estimates made are significant considering the consolidated financial statements as a whole are disclosed in note 2 c).

b) Consolidation principles

Uniformity of items

In order to uniformly present the various items composing these consolidated financial statements, uniformity adjustments were made to the separate financial statements of the companies included in the scope of consolidation.

In 2016, 2015 and 2014, the reporting dates of all the companies included in the scope of consolidation were the same as that of the Parent.

Subsidiaries

Subsidiaries are those companies, including structured entities, in which the Company directly or indirectly exercises control. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over a subsidiary when it has existing rights that give it the current ability to direct the relevant activities. The Company is exposed, or has rights, to variable returns from its involvement in the subsidiary when the returns from its involvement have the potential to vary as a result of the subsidiary's performance.

The income, expenses and cash flows of subsidiaries are included in the consolidated financial statements as from the date of acquisition, which is the date on which the Company effectively obtains control over the subsidiary in question. Subsidiaries are derecognised from the scope of consolidation as from the date the Company ceases to exercise this control.

Transactions and balances with Group companies and unrealised gains or losses are eliminated on consolidation. Nevertheless, unrealised losses have been considered an indicator of impairment in the value of the assets transferred.

The port stevedoring management companies, whose acquisition cost is included under non-current investments in the consolidated statement of financial position, are not integrated into these consolidated financial statements, given that the Group has no control over them and they are organisations that do not seek to obtain profits on their activity.

Appendix A to the consolidated financial statements provide key information on the Company's subsidiaries.

Non-controlling interests

The share of non-controlling interests is stated at the present ownership instruments' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Non-controlling interests are reflected under equity in the consolidated statement of financial position, separately from the equity attributed to the owner of the Parent. The share of non-controlling interests in consolidated profit or loss and other comprehensive income is also shown separately, in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, respectively. The shares of the owner of the Parent and of non-controlling interests in consolidated profit or loss for the year and in the changes in equity of subsidiaries, after taking into account consolidation eliminations and adjustments, are determined on the basis of the respective ownership interests at the reporting date.

Transactions with owners of non-controlling interests are considered transactions with holders of the Group's equity instruments. Consequently, when acquiring non-controlling interests, the difference between the fair value of the consideration given and the proportionate interest in the net identifiable assets acquired is deducted from equity. Any gains or losses arising on the sale of non-controlling interests are also recognised in equity.

Associates

Associates are those companies in which the Company directly or indirectly exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Group or other entities, are considered when assessing whether an entity has significant influence.

Investments in associates are accounted for using the equity method, from the date on which significant influence is first exercised to the date on which the Company can no longer justify such influence. Nevertheless, if on the acquisition date all or part of the investment meets the conditions to be classified as a non-current asset of disposal group held for sale, the investment is accounted for at lower of the carrying amount and fair value less costs to sell.

Investments in associates are initially recognised at the acquisition cost, including any cost directly attributable to the acquisition and any contingent asset or liability consideration that depends on future events or on compliance with certain conditions.

The Group's share of the profit or loss of an associate from the date of acquisition is recognised as an increase or decrease in the value of the investments, with a credit or debit to share of the profit or loss for the year of equity-accounted associates in the consolidated statement of profit or loss and/or consolidated statement of profit or loss comprehensive income. The Group's share of other comprehensive income of associates from the date of acquisition is recognised as an increase or decrease in investments in associates with a balancing entry in other comprehensive income. The distribution of dividends is recognised as a decrease in the value of the investment. The Group's share of profit or loss, including impairment losses recognised by the associates, is calculated based on income and expenses arising from application of the acquisition method.

The Group's share of the profit or loss of an associate and changes in equity is calculated to the extent of the Group's interest in the associate at year end and does not reflect the possible exercise or conversion of potential voting rights. However, the Group's share is calculated taking into account the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently allow access to the economic benefits associated with the interests held, such as entitlement to a share in future dividends and changes in the value of associates.

The Group's share of the profit or loss of associates is recognised after taking into account the effect of dividends, agreed or not, corresponding to preference shares with cumulative rights that have been classified in equity accounts.

Changes in the scope of consolidation

At 31 December 2016, 2015 and 2014 the Group comprised the following companies:

Name	2014	2015	2016
Subsidiaries			
Noatum Ports, S.L.U.(1)	100.00%	100.00%	100.00%
Noatum Container Terminal Bilbao, S.A.U. (1)	77.47%	77.47%	-
Noatum Container Terminal Bilbao S.L. (Formerly known as A.T.M. Cartera, S.L.) (1)	77.47%	77.47%	77.47%
Noatum Terminal Polivalente Santander, S.L.U. (2)	81.00%	100.00%	100.00%
Noatum Container Terminal Valencia, S.A.U. (1)	100.00%	100.00%	100.00%
Autoterminal, S.A. (2)	44.73%	57.71%	57.71%
SM Gestinver, S.A.U. (2)	77.50%	100.00%	100.00%
Noatum Container Terminal Málaga, S.A.U. (2)	89.00%	100.00%	100.00%
Noatum Terminal Graneles Santander, S.A.U. (2)	81.00%	100.00%	100.00%
Noatum Rail Terminal Zaragoza, S.L. (1)	60.00%	60.00%	60.00%
Noatum Terminal Polivalente Sagunto, S.L.U. (2)	-	100.00%	100.00%
Associates			
Desarrollo de Espacios Portuarios, S.A. (2)	22.36%	28.86%	28.86%
Conte-Rail, S.A. (1)	50.00%	50.00%	50.00%
Mepsa Servicios y Operaciones, S.A. (2)	35.00%	35.00%	35.00%
Operaciones Portuarias Canarias, S.A. (1)	45.00%	45.00%	45.00%

(1) Continuing Operations

(2) Discontinued Operations

During 2014 the only change in the scope of consolidation was that the interest held in Noatum Rail Terminal Zaragoza, S.L. was reduced from 80% to 60%.

There were various changes in percentage ownership in 2015. Noatum Terminal Polivalente Santander, S.L.U., SM Gestinver, S.A.U., Noatum Container Terminal Málaga, S.A. and Noatum Terminal Graneles Santander, S.A.U. became wholly owned, while the interest held in Autoterminal, S.A. increased from 44.73% in 2014 to 57.71% in 2015.

Noatum Terminal Polivalente Sagunto, S.L.U. was incorporated in 2015 with issued share capital of Euros 13,631 thousand.

In June 2016 the companies A.T.M. Cartera, S.L. and Noatum Container Terminal Bilbao, S.A.U. were merged to form Noatum Container Terminal Bilbao, S.L., thereby bringing together in a single entity all activities involving loading and unloading of containers in the port terminals located in the Basque Country. Subsequent to the merger, A.T.M. Cartera, S.L. changed its name to Noatum Container Terminal Bilbao, S.L.

c) Relevant accounting estimates, assumptions and judgements used when applying accounting principles

The information in these consolidated financial statements is the responsibility of the Parent's directors.

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Group's accounting principles to prepare the consolidated financial statements. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the consolidated financial statements, is as follows:

- The measurement of goodwill and other intangible assets in acquisitions (see notes 4 b) and 4 c)).
- Measurements of certain assets aimed at determining whether there are any impairment losses thereon (see notes 4 b), 4 c), 4 d) and 4 e)).
- The likelihood of occurrence and the amount of liabilities for provisions and contingencies (see note 4 j)).
- The recoverability of the deferred tax assets in the future (see note 4 p)).
- The fair value of the non-current assets of the disposal group held for sale (see notes 4 f) and 10).

Although estimates are based on the best information available at 31 December 2016, 2015 and 2014 on the events analysed and changes therein up to the date of authorisation for issue of these consolidated financial statements, future events may require increases or decreases in these estimates in subsequent years, which, in accordance with IAS 8, would be made prospectively, recognising the effects of the change in estimates in the corresponding future consolidated statement of profit of loss.

Determination of fair values

Certain accounting and input breakdown standards of the Parent require fair values to be estimated for both financial and non-financial assets and liabilities.

The Parent has established a control framework for the determination of fair values.

To estimate the fair value of an asset or liability, the Parent uses observable market data where possible. Fair values are classified in different levels of the fair value hierarchy based on the inputs used in valuation techniques.

In this regard, in accordance with IFRS 13, 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 Group generally applies the following systematic hierarchy to determine the fair value of financial assets and financial liabilities:

- Level 1: quoted assets and liabilities in liquid markets.
- Level 2: assets and liabilities whose fair value has been determined using valuation techniques based on observable market assumptions.
- Level 3: assets and liabilities whose fair value has been determined using valuation techniques not based on observable market assumptions.

If the inputs used to measure fair value are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement.

The Parent recognises transfers between levels of the fair value hierarchy at the end of the reporting period in which the transfer occurs.

Further information on the assumptions used to determine fair values is set forth in the following notes:

- Note 10: Assets held for sale.
- Note 17: Derivative financial instruments

d) Going concern

During recent years, the Group has incurred pre-tax losses in continuing operations (Euros 40,156 thousand in 2016 and Euros 22,888 thousand in 2015). These losses primarily resulted from the high borrowing costs on the Group's considerable debt. During 2016 and 2015, the Group incurred consolidated pre-tax losses on discontinued operations as well, in the amount of Euros 28,131 thousand and Euros 8,433 thousand, respectively (see note 10). As a result of these losses, consolidated equity at 31 December 2016 and 2015 was negative in the amount of Euros 146,353 thousand and Euros 95,007 thousand, respectively.

The above-mentioned circumstances indicate certain factors that cast doubt on the Group' ability to continue its operations in such a way as to sell its assets and settle its liabilities in the normal course of business. Nevertheless, the directors of the Parent company have prepared the consolidated financial statements on a going concern basis, taking into account the mitigating factors set out below.

At the date on which these consolidated financial statements were authorised for issue, the Group is engaged in a restructuring process. In this context, the Parent company rolled out a plan to sell all of the Group's net assets and subsidiaries that were not related with the container business. The directors of the Parent consider that this restructuring will allow the Group to focus on its core container business, thereby positioning itself on the market for future growth and reducing the risk of short-term and long-term losses.

In addition, as detailed in note 15, on 11 May 2017, Noatum Container Terminal Valencia, S.A.U. finalized the financial restructuring process in which it repaid, in advance of the maturity date, the entire balance of the loan arranged in 2015. As a result, that company was released from all commitments and guarantees assumed under the loan. A new loan in the amount of Euros 275,500 thousand was arranged, whose final maturity is in 2024.

Nevertheless, the Parent holds a participating loan received from its sole shareholder, Turia Port Investments (Holdings), C.V., in the amount of Euros 346,796 thousand and Euros 346,597 thousand at 31 December 2016 and 2015, respectively (see note 23.1) due in November 2018. For mercantile purposes, this loan is considered equity and the sole shareholder has the intention of capitalizing it during 2017.

Lastly, during 2016, the directors of the Parent implemented a series of cost streamlining measures, resulting in net current assets on the year-end consolidated statement of financial position, for an amount of Euros 16,913 thousand.

These mitigating factors, along with, the capacity increase at the Valencia terminal after works completed during 2016 which had delayed the increase in activity (see note 1), and also the recovery predicted by a third-party in port activity in the coming years, the Directors estimate that these will allow the Group to present profits in the medium term.

In that regard, the directors of the Parent company have prepared these consolidated financial statements on a going concern basis**.**

e) Functional currency

The functional currency of the Company and its subsidiaries is the Euro as this is the currency of the main economic environment in which the Group operates.

3. Adoption of New and Revised International Financial Reporting Standards

These consolidated financial statements for the years ended 31 December 2016, 2015 and 2014 have been prepared using the standards and amedments effective for the accounting period starting from 1 January 2016.

The adoption of the standards and amedments first effective from 1 Januay 2016 has not had a significant impact on the Group's results and financial position for the years ended 31 December 2016, 2015 and 2014.

The Group has not applied any new standards or interpretation that is not yet effective for the current accounting period.

Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2016

Up to the date of issue of the consolidated financial statements, the IASB has issued a few amendments and new standards which are not yet effective for the current accounting period and which have not been adopted in the consolidated financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Ammendments to IAS 7 - *Disclosure initiative.*	1 January 2017
Amendments to IAS 12 - *Recognition of deferred tax assets for unrealised losses.*	1 January 2017
IFRS 15 - *Revenue from contracts with customers.*	1 January 2018
IFRS 9 - *Financial instruments.*	1 January 2018
IFRS 16 - *Leases.*	1 January 2019
Amendments to IFRS 10 and IAS 28 - *Sale or contribution of assets between an investor and its associate or join venture.*	To be determined

The Group does not plan to early adopt the above amendments or new standards. The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. Based on the assessment so far, the adoption of these amendments or new standards is unlikely to have a significant impact on the Group's results of operations and financial position. However, the Group has not completed its assessment of their full impact on the Group and will continue the assessment. Further details are discussed as follows:

IFRS 9- Financial Instruments

IFRS 9- *Financial Instruments* includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Based on the assessment so far, the Group considers that the initial application of IFRS 9 will not have a significant impact on the Group's results of operations and financial position.

IFRS 15- Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. IFRS 15 will replace the existing revenue standards, IAS 18, Revenue, which covers revenue arising from rendering of services.

Based on the preliminary assessment, the Group has identified the area which are likely to be affected: timing of revenue recognition.

The Group's revenue recognition policies are disclosed in note 4 l). Currently, revenue arising from the provision of services is recognised over time, whereas revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers. Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. IFRS 15 identifies three situations in which control of the promised service is regarded as being transferred over time:

(a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these three situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

As a result of this change from the risk-and-reward approach to the contract-by-contract transfer-of-control approach, it is possible that once the Group adopts IFRS 15 some of the Group's contracts that are currently recognised at a point in time may meet the IFRS 15 criteria for revenue recognition over time. This will depend on the terms of the sales contract and the enforceability of any specific performance clauses in that contract, which may vary depending on the jurisdiction in which the contract would be enforced. It is also possible that for the remainder of the Group's contracts the point in time when revenue is recognised may be earlier or later than under the current accounting policy. However, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period.

IFRS 16- Leases

IFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once IFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognize and measure a lease liability at the present value of the minimum future lease payments and will recognize a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognize interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognizing rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognized on a systematic basis over the lease term. This rule provides that the asset is amortized against operating expenses and the financial expense is recorded in financial results, which implies an anticipation of the expense. In addition, periodic increases in the CPI will result in a future asset and liability adjustment.

As disclosed in note 21.5, at 31 December 2016, 2015 and 2014 the Group held significant operating leases related with these concession arrangements. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. Some of these amounts may therefore need to be recognized as lease liabilities, with corresponding right-of-use assets, once IFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of IFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of IFRS 16 and the effects of discounting.

4. Measurement Standards

In accordance with IFRS, the following should be noted in connection with the scope of application and the preparation of these consolidated financial statements of the Group.

a) Property, plant and equipment

Land and buildings acquired for use in the production or supply of goods or services or for administrative purposes are stated in the consolidated statement of financial position at acquisition or production cost less any accumulated depreciation and any recognised impairment losses.

Subsequent to initial recognition of the asset, only those costs incurred which will generate probable future profits and for which the amount may reliably be measured are capitalised. Costs of day-to-day servicing are recognised in profit or loss as incurred.

Properties under construction for production, rental or administrative purposes, or for as yet undetermined purposes, are carried at cost, less any recognised impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, as in the case of other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is calculated, using the straight-line method, on the basis of the acquisition cost of the assets less their residual value; the land on which the buildings and other structures stand has an indefinite useful life and, therefore, is not depreciated.

The property, plant and equipment depreciation charge is recognised in the consolidated statement of profit or loss and is based on the application of the following depreciation rates, which are determined on the basis of the average years of estimated useful life of the various assets:

	Years of Estimated Useful Life
Buildings	5-40
Machinery, tools and furniture	3-25
Hand and machine tools	5
Other fixtures	5-10
Other property, plant and equipment	3-12
Transport equipment	4-7
Data processing equipment	4-5

Certain Group companies run their businesses from leased buildings (See note 21.5). The Group's investments in assets in buildings held under operating leases, where these assets cannot be separated from the leased building, are depreciated over the shorter of the useful life of the asset and the duration of the lease contract.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Property, plant and equipment held under finance leases are recognised in the corresponding asset category and are depreciated over their expected useful lives on the same basis as owned assets.

The depreciation policy for assets acquired under finance leases is similar to that applied to other items of property, plant and equipment of a similar nature. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of its useful life and the lease term.

Interest relating to the financing of non-current assets held under finance leases is charged to the consolidated statement of profit or loss for the year using the effective interest method, on the basis of the repayment of the related borrowings. All other interest costs are recognised in the statement of profit or loss in the year in which they are incurred.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the proceeds from the sale and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

b) Goodwill

Goodwill on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or jointly controlled entity at the date of acquisition.

At the end of each reporting period goodwill is tested for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down with a charge to the consolidated statement of profit or loss, since, as stipulated in IFRS 3, goodwill is not amortised.

The recoverable amounts of cash-generating units to which the Group's goodwill is assigned have been determined on the basis of value in use. These calculations require the use of estimates (see note 6).

An impairment loss recognised for goodwill may not be reversed in a subsequent period.

On disposal of a subsidiary or joint venture, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

When, within a 12-month period following the acquisition, additional information becomes available that helps to estimate the amounts allocated to identifiable assets and liabilities, these amounts and the amount allocated to goodwill are adjusted to the extent that they do not increase the carrying amount of goodwill above the recoverable amount. Otherwise, such adjustments to identifiable assets and liabilities are recognised as revenue or expenses. In the event that the acquisition price of the shareholding is dependent on some future event taking place, it is recorded in goodwill based on the best estimate using information available at the time, and is adjusted, as necessary, in the 12 months following acquisition.

c) Other intangible assets

Other intangible assets are identifiable non-monetary assets without physical substance that arise as a result of a legal transaction or are developed internally. Only assets whose cost can be estimated reasonably and objectively and from which the Group considers it probable that future economic benefits will be generated are recognised.

Intangible assets are recognised initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives.

In both cases, the Group recognises any impairment losses on the carrying amount of these assets. The criteria used to recognise the impairment losses on these assets and, where applicable, the reversal of impairment losses recognised in prior years are similar to those used for property, plant and equipment.

Administrative concessions

Concessions are recognised as assets when they have been acquired by the Group for consideration (in the case of concessions that can be transferred) or for the amount of the expenses incurred to obtain the concession directly from the state or from the related public entity.

In general, amortisation is recorded on the basis of the pattern in which the asset's future economic benefits are expected to be consumed over the term of the concession. If that pattern cannot be determined reliably, the straight-line method is used over that term. This latter method is applied throughout the Group.

In the event of non-compliance that leads to the loss of the concession rights, the carrying amount of the concession is written off.

The operator may have contractual obligations it must fulfil as a condition of its licence to maintain the infrastructure to a specified level of serviceability or to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement. These contractual obligations to maintain or restore infrastructure, except for any upgrade element, shall be recognised and measured in accordance with the accounting policy related to provisions.

Concession arrangements, regulated assets

Concession arrangements are contracts between a public sector grantor and the Group companies to provide public services through the operation of the related infrastructure. The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which the infrastructure assigned to the concession and required to provide the service reverts to the grantor, generally for no consideration. Concession contracts must specify the management or operation of the said infrastructure. Concession arrangements are required to provide for the management or operation of the infrastructure and they generally include the obligation to acquire or construct all the items required to provide the concession service over the contract term. These concession arrangements are recognised pursuant to IFRIC 12.

An intangible asset is recognised when the demand risk is borne by the concession operator and a financial asset is recognised when the demand risk is borne by the concession grantor since the operator has an unconditional contractual right to receive cash for the construction or upgrade services.

Interest on the financing of the infrastructure is recognised in the period in which they are incurred and borrowing costs accruing from the construction until the entry into service of the infrastructure are capitalised only in the intangible asset model.

The Group amortises the cost of these items over the lower of the useful life of the assets and the remaining term of the administrative concession so that the carrying amount thereof is zero when the concession term expires.

All the concession arrangements held by the Group have been recognised as intangible assets, because the demand risk is borne by the concession operator.

Payments related to the occupancy fees of the different concessions of the Group grant the right to a good or service different from the concession agreement, and is accounted for separately in accordance with the accounting policy related to leases, detailed in note 4.

Computer software

The acquisition and development costs incurred in relation to the basic computer systems used in the Group's management are recognised with a charge to other intangible assets in the consolidated statement of financial position.

Computer system maintenance costs are recognised with a charge to the consolidated statement of profit or loss for the year in which they are incurred.

Computer software may be contained in property, plant and equipment or have physical substance and, therefore, incorporate elements of both property, plant and equipment and intangible assets. These items are recognised as assets when they constitute an integral part of the related property, plant and equipment, which cannot operate without the specific software.

Computer software is amortised on a straight-line basis over a period of between three and five years from the entry into service of each application.

d) Impairment of property, plant and equipment, intangible assets and equity-accounted investees

At least at the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets and equity-accounted investees to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where the carrying amount exceeds the recoverable amount of an asset (or a cash-generating unit), the asset (or cash-generating unit) is written down to its recoverable amount. An impairment loss is recognised immediately. Impairment losses for cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other non-current assets of the unit pro rata with their carrying amounts. The carrying amount of each asset may not be reduced below the highest of its fair value less costs of disposal, its value in use and zero.

Where an impairment loss subsequently reverses and except in the case of goodwill, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as income.

e) Non-current financial assets and other financial assets

Financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs, except in the case of financial assets at fair value through profit or loss.

In the consolidated statement of financial position, financial assets maturing within 12 months are classified as current assets and those maturing after 12 months as non-current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments not traded in an active market. After their initial recognition, they are measured at amortised cost using the effective interest rate method.

The amortised cost is understood to be the acquisition cost of a financial asset or a financial liability minus principal repayments, plus or minus the cumulative amount taken to the statement of profit or loss of any difference between the initial cost and the maturity amount. In the case of financial assets, amortised cost also includes any reduction for impairment.

The effective interest rate is the rate that exactly matches the carrying amount of a financial instrument to all its estimated cash flows of all kinds throughout its residual life.

Deposits and guarantees are recognised at the amount pledged to meet the contractual obligations related to supply contracts.

Impairment losses on financial assets and reversals thereof are recognised in the statement of profit or loss at the difference between their carrying amount and the present value of the recoverable cash flows.

Financial assets classified at fair value through profit or loss

These include financial assets held for trading and financial assets managed and measured using the fair value model. They are recognised in the consolidated statement of financial position at fair value, while changes in fair value are recognised in the consolidated statement of profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets were measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss. Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

Derecognition of financial assets

The Group derecognises financial assets when they expire or when the rights to the cash flows from the financial asset have been transferred and the risks and rewards of ownership have been substantially transferred. This is the case for firm sales of assets, transfers of trade receivables in non-recourse factoring transactions in which the Group retains no credit or interest rate risk, sales of financial assets with an agreement to repurchase them at fair value and securitisations of financial assets whereby the transferor neither retains any subordinated financing nor extends any type of guarantee or incurs any other type of risk.

The Group does not derecognise financial assets, and recognises a financial liability for the amount of the consideration received, in transfers whereby it retains substantially all the risks and rewards of ownership. These include discounted bills, factoring with recourse, sales of financial assets with an agreement to repurchase them at a fixed price or at the sale price plus interest, and securitisations of financial assets whereby the transferor retains subordinated financing or another type of guarantee that absorbs substantially all expected losses.

Financial liabilities

Financial liabilities are classified in accordance with the content and the substance of the contractual arrangements.

The main financial liabilities held by the Group companies are debts and other payables, which are measured at amortised cost.

Bank borrowings and debt securities

Bank loans and overdrafts bearing interest at market rates are recognised at the amount received, net of direct issue costs. Finance costs, including premiums payable on settlement or redemption and direct issue costs, are recognised in the statement of profit or loss on an accruals basis using the effective interest method. Amounts that are not settled in the period in which they accrue are capitalised as borrowing costs as an increase in the carrying amount of the instrument.

Loans are classified as current unless the Group has the unconditional right to defer repayment of the debt for at least 12 months from the reporting date.

Trade and other payables

Trade payables are not interest-bearing and are stated at their nominal amount, which does not differ substantially from their fair value.

Current/Non-current classification

In the accompanying consolidated statement of financial position, debts due to be settled within 12 months are classified as current items and those due to be settled within more than 12 months as non-current items.

Current loans whose long-term refinancing is assured at the Company's discretion through existing long-term credit facilities are classified as non-current liabilities.

Valuation techniques and assumptions used to measure the fair value of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets or financial liabilities with standard terms and conditions traded on active liquid markets are determined by reference to their quoted market prices.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable market transactions and dealer quotes for similar instruments.

f) Non-current assets held for sale and discontinued operations

Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through sale, provided the likelihood of sale is high. These assets are measured at the lower of the carrying amount and the fair value less costs to sell, if their carrying amounts will be recovered principally through sale rather than through continued use.

The Group classifies assets as a disposal group held for sale once it has taken the decision to sell it and the sale is expected to be completed within 12 months.

Non-current assets classified as held for sale are not depreciated, but rather at each reporting date the related valuation adjustments are made to ensure that the carrying amount is not higher than fair value less costs to sell.

Discontinued operations

A discontinued operation is a component of the Group's business whose operations and cash flows can be clearly distinguished from the rest of the Group and which:

- represents either a separate major line of business or a geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation is made upon disposal or when the transaction meets the criteria for classification as held for sale.

When the operation is classified as a discontinued operation, the comparative statement of profit and loss and other comprehensive income is presented again as though the operation had been discontinued from the beginning of the year of comparison.

The consolidated cash flow statements include an analysis of all cash flow in total, including both continuing and discontinued operations. Amounts of operating investing and financing activities related to discontinued operations are disclosed in note 10.

g) Government grants

Operating grants are recognised as income as soon as they are awarded, except those earmarked to finance operating losses for a future period, in which case they are recognised as income in that period. If they are awarded to finance specific costs, they are taken to income as the costs are accrued.

The Group has received grants from various government agencies mainly to finance investments in property, plant and equipment aimed at stimulating economic activity and investments in maritime terminals. Evidence of compliance with the conditions established in the related grant award resolutions was provided to the relevant agencies.

Government grants received by the Group to acquire assets are taken to the consolidated statement of profit or loss over the same period and on the same basis as used to depreciate the asset relating to the grant.

Government grants awarded to compensate for costs are recognised as income on a systematic basis over the periods required to match them to the related costs to be covered by the grants.

A government grant receivable as compensation for expenses or losses already incurred or for the purpose of giving financial support with no future related costs is recognised in the period in which it becomes receivable.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

i) Long-term employee benefit obligations

Certain Group companies have an obligation to make monthly payments to retired employees under certain conditions, supplementing the mandatory Social Security system benefits for retirement or disability and those for their spouse or children in the event of death. The costs of these obligations are recognised in the statement of profit or loss. These defined benefit pension obligations are funded by group life insurance policies, in which investments have been assigned for which the timing and amount of the flows correspond with the payment schedule of the insured benefits.

The collective bargaining agreements of certain Group companies, specifically Noatum Container Terminal Valencia, S.A.U., Noatum Container Terminal Bilbao, S.L. and Autoterminal, S.A. for the years 2016, 2015 and 2014 (and the company Noatum Container Terminal Málaga, S.A.U. for the years ended in 2015 and 2014) stipulate that workers who reach the age of retirement or who have taken early retirement will be paid a retirement bonus, provided that the conditions established in these agreements are met. The Group has externalised these obligations through single-premium insurance policies. The cost at 31 December 2016, 2015 and 2014 for the amount payable to the insurance company for the annual accrual of these commitments amounts to Euros 73 thousand, Euros 86 thousand and Euros 103 thousand, respectively, which have been recognised under salaries and wages in the accompanying consolidated statement of profit or loss.

Furthermore, and mainly in the case of the aforementioned companies, these agreements provide for long-service bonuses calculated on the basis of years of service thereat.

For defined benefit plans, the companies recognise the cost of these obligations on an accruals basis over the working life of the employees by performing actuarial studies at the reporting date.

Contributions to defined contribution plans are recognised as an expense in the consolidated statement of profit or loss as the employees provide their services.

j) Provisions and contingencies

These consolidated financial statements include all the material provisions for which it is considered more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in these consolidated financial statements, but rather are disclosed in the notes, as required by IAS 37.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to cover the specific obligations for which they were originally recognised. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

k) Financial derivatives

The Group uses derivative financial instruments to hedge the risks to which its business activities, operations and future cash flows are exposed. Basically these risks relate to changes in interest rates. In this regard, the Group arranges cash flow hedges on the loans received at floating interest.

Hedge accounting only applies when the hedge effectively eliminates the risk inherent to the hedged item or position throughout the projected term of the hedge, which means that at the date of arrangement the hedge is expected to be highly effective (prospective effectiveness) and that there is sufficient evidence that the hedge was effective during the term of the hedged item or position (retrospective effectiveness).

Hedging transactions are appropriately documented, including the manner in which the effectiveness is expected to be achieved and measured, in accordance with the Group's risk management policies.

In order to measure the effectiveness of the hedges the Group carries out tests to verify that the differences arising on the changes in the value of the cash flows of the hedged item and the hedging instrument are within a range of 80 - 125% throughout the life of the transactions, in line with the estimates made at the date of arrangement.

Derivatives held by Group companies designated as derivative cash flow hedges are recorded at fair value, which is subsequently adjusted as necessary. They are recorded as non-current financial assets or current investments on the asset side of the consolidated statement of financial position if they are positive and as non-current payables or current payables - derivatives under liabilities if they are negative, based on their maturity or expected settlement date. Gains and losses on such fluctuations are recognised in the consolidated statement of profit or loss, except for derivatives designated as highly effective hedging instruments. Changes in the fair value of the effective portion of such derivatives are recorded in equity, net of their tax effect. Accumulated gains or losses in this respect are taken to the consolidated statement of profit or loss in line with the impact on the consolidated statement of profit or loss of the underlying, due to the hedged risk.

The effect of the hedge is recognised in the same consolidated statement of profit or loss line item. Changes in the fair value of hedges that do not meet the requirements to be classified as highly effective are recognised as changes in value of financial instruments at fair value in the consolidated statement of profit or loss.

The fair value at which the derivative financial instruments arranged by Group companies have been measured includes an adjustment due to credit risk, with a view to reflecting both own and counterparty risk.

l) Revenue recognition

Revenue is recognised on an accrual basis, i.e. when the actual flow of the related services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is calculated at the fair value of the consideration received, net of discounts and taxes.

Income is recognised when it is probable that the economic benefits or returns associated with the transaction will flow to the Group and these benefits and the costs incurred or to be incurred can be measured reliably.

m) Expense recognition

Expenses are recognised in the consolidated statement of profit or loss when there is a decrease in future economic benefits related to a reduction of an asset, or an increase of a liability, which can be measured reliably. This means that an expense is recognised simultaneously to the recording of the increase in the liability or the reduction of an asset.

Additionally, an expense is recognised immediately in the consolidated statement of profit or loss when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

Also, an expense is recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee.

n) Borrowing costs

The Group recognises borrowing costs directly attributable to the purchase, construction or production of qualifying assets as an increase in the value of these assets. Qualifying assets are those that require a substantial period of time before they can be used or disposed of.

o) Offsetting of balances

Asset and liability balances may be offset and the net amount presented in the consolidated statement of financial position when, and only when, they arise from transactions in which, contractually or by law, offsetting is permitted and the Group intends to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

p) Income tax

Certain Group companies file consolidated income tax returns, as part of the consolidated tax group of which the Company is the parent. Accordingly, it is the Company that recognises the amount payable by the group to the tax authorities. The related receivables and payables are recognised as a balancing entry according to the tax bases contributed by each company to the consolidated tax base and the share of each in any net income tax payable (see note 20).

The income tax expense or tax income for the year comprises current tax and deferred tax. Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination, and that transaction or event will have no impact on profit or loss or on any equity accounts.

Current tax is the estimated amount of income tax payable or recoverable in respect of the consolidated taxable income or consolidated tax loss for the year. Current tax assets or liabilities are measured using the tax rates and tax laws that have been enacted or substantially enacted at the end date.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences, whereas deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carryforward of unused tax losses, and the carryforward of unused tax credits. Temporary differences are differences between the carrying amount of an asset or liability and its tax base.

Deferred tax liabilities are recognised in all cases except where:

- They arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

- They are associated with investments in subsidiaries and joint ventures for which the Group is able to control the timing of the reversal of the temporary difference and it is not probable that the difference will reverse in the foreseeable future.

Deferred tax assets are recognised provided that:

- It is probable that sufficient taxable income will be available against which the deductible temporary difference can be utilised, unless the differences arise 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 accounting profit nor taxable income.

- The temporary differences are associated with investments in subsidiaries and joint ventures that will reverse in the foreseeable future and sufficient taxable profit is expected to be generated against which the temporary differences can be offset.

It is considered probable that the Group will generate sufficient taxable profit to recover deferred tax assets when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same tax period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward.

In order to determine future taxable profit the Group takes into account tax planning opportunities, provided it intends or is likely to adopt them.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted. The tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities. For these purposes, the Group has considered the deduction for reversal of the temporary measures provided in transitional provision thirty-seven of Income Tax Law 27/2014 of 27 November 2014 as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisation and depreciation charges in 2013 and 2014 and the statement of financial position revaluations pursuant to Law 16/2012, of 27 December 2012.

The Group reviews the carrying amount of deferred tax assets at the reporting date and reduces this amount to the extent that it is not probable that sufficient taxable profit will be available against which to recover them.

Deferred tax assets that do not meet the aforementioned conditions are not recognised in the consolidated statement of financial position. At year end, Group companies reassess whether the conditions for recognising previously unrecognised deferred tax assets have been met.

Group companies only offset current tax assets and liabilities if they have a legally enforceable right to offset the recognised amounts and intend either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

q) Business segments

A business segment is a component of the Group that carries out business activities from which it can obtain revenue and incur in expenses and for which there is differentiated financial information available. The operating result of a segment is regularly reviewed by the highest authority in the Group's decision-making process, in order to decide on the resources to be allocated to it and to evaluate its performance.

In accordance with the Group's internal structure, it operates in two lines of activities (container and non-container):

- Container Terminals. This segment includes terminals specialized in handling containerized cargo. The main types of machinery used in operations in container terminals is STS Quay Cranes, RTG, Internal Terminal Vehicles and platforms. Main customers of this segment are major shipping lines that operate globally. Volumes handled depend on both local (gateway traffics) and world economy trends (transhipment traffics). Geographical location determinates the mix of traffic for each container terminal in the Group. This segment also include rail terminals.
- Non-container Terminals. This segment includes bulk terminals, multi-purpose terminals, Ro-Ro cargo, conventional cargo and agro bulk. Non-container terminals use other types of machinery, mainly, the cranes specifically adapted to powder and bulk materials. Operations are highly adapted to the type of cargo handled. Traffics are local, i.e. final destination or origin of cargo is Spain.

r) Related parties

a) A person, or a close member of that person's family, is related to the group if that person:
   i. has control or joint control over the group;
   ii. has significant influence over the group; or
   iii. is a member of the key management personnel of the group or the group's parent.

b) An entity is related to the group if any of the following conditions applies:
   i. The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   iii. Both entities are joint ventures of the same third party.
   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   v. The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.
   vi. The entity is controlled or jointly controlled by a person identified in a).
   vii. A person identified in a) i. has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
   viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. Property, plant and equipment

5.1 Details and movement

The changes in "Property, plant and equipment" in the consolidated statement of financial position at 31 December 2016, 2015 and 2014 were as follows:

2016

	Thousands of Euros				
	Opening balance	Additions and Impairment loss	Transfer, Disposals and Reversal of impairment loss	Transfer to Assets Held for Sale (note 10)	Closing balance
Cost:					
Land and buildings	4,923	-	-	-	4,923
Technical installations and machinery	289,927	1,374	1,174	(23,442)	269,033
Other property, plant and equipment	16,565	1,409	(540)	(3,859)	13,575
Advances and property, plant and equipment under construction	6,935	10,713	(2,207)	(282)	15,159
Total cost	**318,350**	**13,496**	**(1,573)**	**(27,583)**	**302,690**
Accumulated depreciation and impairment:					
Technical installations and machinery	(126,874)	(11,158)	648	14,799	(122,585)
Other property, plant and equipment	(12,054)	(1,000)	169	2,687	(10,198)
Total accumulated depreciation and impairment	**(138,928)**	**(12,158)**	**817**	**17,486**	**(132,783)**
Carrying amount	**179,422**	**1,338**	**(756)**	**(10,097)**	**169,907**

2015

	Thousands of Euros				
	Opening balance	Additions and Impairment loss	Disposals and Reversal of impairment loss	Transfers	Closing balance
Cost:					
Land and buildings	4,923	-	-	-	4,923
Technical installations and machinery	310,147	1,734	(24,168)	2,214	289,927
Other property, plant and equipment	16,992	920	(1,347)	-	16,565
Advances and property, plant and equipment under construction	3,276	5,873	-	(2,214)	6,935
Total cost	**335,338**	**8,527**	**(25,515)**	**-**	**318,350**
Accumulated depreciation and impairment:					
Technical installations and machinery	(138,552)	(11,201)	22,879	-	(126,874)
Other property, plant and equipment	(11,777)	(1,016)	739	-	(12,054)
Total accumulated depreciation and impairment	**(150,329)**	**(12,217)**	**23,618**	**-**	**(138,928)**
Carrying amount	**185,009**	**(3,690)**	**(1,897)**	**-**	**179,422**

2014

	Thousands of Euros				
	Opening balance	Additions and Impairment loss	Disposals and Reversal of impairment loss	Transfers	Closing balance
Cost:					
Land and buildings	4,923	-	-	-	4,923
Technical installations and machinery	306,377	2,621	(1,627)	2,776	310,147
Other property, plant and equipment	16,329	1,244	(655)	74	16,992
Advances and property, plant and equipment under construction	1,652	4,501	(27)	(2,850)	3,276
Total cost	**329,281**	**8,366**	**(2,309)**	**-**	**335,338**
Accumulated depreciation and impairment:					
Technical installations and machinery	(127,649)	(12,438)	1,535	-	(138,552)
Other property, plant and equipment	(10,691)	(1,271)	185	-	(11,777)
Total accumulated depreciation and impairment	**(138,340)**	**(13,709)**	**1,720**	**-**	**(150,329)**
Carrying amount	**190,941**	**(5,343)**	**(589)**	**-**	**185,009**

Depreciation expense of property, plant and equipment which has been classified as assets held for sale amounts to Euros 2,460 thousand (see note 10) during 2016.

5.2 Impairment of property, plant and equipment

At 31 December 2016, 2015 and 2014 there are no indications of additional impairment of property, plant and equipment.

The analysis of the impairment of property, plant and equipment is based on the projected cash flows expected to be generated (see note 6).

5.3 Property, plant and equipment pledged as collateral

At 31 December 2016 and 2015 there is a financing agreement arranged by the Group with financial institutions including a promissory mortgage over the non-current assets of NCTM (see note 15.2).

The Group had entered into agreements with a number of financial institutions to pledge certain items of property, plant and equipment with a carrying amount that amounted Euros 66,315 thousand at 31 December 2014 to secure certain loans (see note 15). This pledge was cancelled in 2015.

5.4 Insurance

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

6. Goodwill

Changes in goodwill in the consolidated statement of financial position at 31 December 2016, 2015 and 2014 are as follows:

	Noatum Container Terminal Bilbao, S.L. (*)	Noatum Container Terminal Malaga, S.A.U.	Noatum Container Terminal Valencia, S.A.U.	Total
Balance at 31/12/2013	**17,652**	**19,727**	**13,981**	**51,360**
Impairment	(26)	(19,727)	-	**(19,753)**
Balance at 31/12/2014	**17,626**	**-**	**13,981**	**31,607**
Impairment	(25)	-	-	**(25)**
Balance at 31/12/2015	**17,601**	**-**	**13,981**	**31,582**
Impairment	(104)	-	-	**(104)**
Balance at 31/12/2016	**17,497**	**-**	**13,981**	**31,478**

(*) See note 2.b)

The Group's goodwill was generated on business combinations performed in prior years, and was assigned to the corresponding cash-generating units “CGUs”, which are considered to be the port terminal concessionaires over which the Group acquired control.

The Group tests goodwill for impairment at each reporting date. Group management uses estimates in order to determine the recoverable amount of the CGU to which goodwill is assigned. Recoverable amount is the higher of fair value less costs of disposal and value in use. The recoverable amount of the Group's goodwill is estimated on the basis of value in use, using discounted cash flow methods. These calculations employ cash flow projections based on financial forecasts for each CGU, estimated by the directors of the Parent and by Group management. These projections cover the remaining period of time until the expiry of each concession. The cash flow projections take into account historical experience and represent the best estimate by the directors of the Parent and by Group management of future market trends.

The projections used to calculate value in use of each item and the key assumptions considered are as follows:

- Revenue: estimates are based on growth of container moves and prices. In general, from 2017 to 2019 growth of sales is based in increase in container moves supported by the contract with a new customer and additional container moves in key existing customers, after this period growth of container moves is based in increase in Spanish GDP (Gross domestic product) while growth of prices is based on inflation.
- EBITDA (Consolidated loss for the year before interests, taxes, amortisation and depreciation): based on the increase in revenues and variable operating costs in line with revenues, fixed operating costs growth between 2.5%-3.5% during the projected period. EBITDA is calculated using the Group's net earnings, before the deduction of interest expenses, taxes, depreciation and amortization and non-recurring expenses.
- CAPEX (Capital expenditures): mainly based on the expansion of terminal capacity which is required based on the concession agreements in place as well as the replacement of cranes and equipment.
- Taxes: tax projections are calculated in accordance with the effective Spanish tax rate and the expected results in each jurisdiction.

In order to discount cash flows, the Company used a market weighted average capital cost "WACC" based on the industry in which it operates. Revenues are estimated considering expected container volumes, based on management's estimates of future market performance that take into account, among other information, independent organisations' forecasts in respect of the economies of Spain and the Eurozone.

- The discount rate used in 2016 of 7.89% is the weighted average costs of capital, which reflects the specific risk associated with the activity carried out in the port terminals (2015: 8.24%, 2014: 8.96%).
- Cash flows past the five year are extrapolated using traffic estimates growth rates that range between 1.3% and 2.8% in 2016 (depending on the characteristics of and expectations for each concession) (2015 between 1.5% and 4%, 2014 between 3% and 8%).
- The business plans of each CGU was estimated by the directors of the Parent and by Group management. Among other sources, these business plans were prepared on the basis of historical experience and forecast trends in the markets in which each terminal operates, and taking into account industry reports issued by market analysts.

To determine whether goodwill is impaired and, where applicable, the amount thereof, the recoverable amount of each CGU is compared, using generally accepted measurement techniques, with the consolidated carrying amount, at the date of the impairment test, of the net assets that can be reasonably, consistently and directly attributed or assigned to the CGU to which the goodwill corresponds and that will generate the cash flows used to determine the value in use of the CGU.

No significant impairment of the goodwill assigned to the CGUs was detected in the impairment tests performed at 31 December 2016 and at 31 December 2015.

Along with impairment testing, the Group has also performed a sensitivity analysis for the purposes of the key assumptions. Details of the thresholds for discount rate and the cash flow generated, above which impairment losses would arise, are as follows:

	2016		2015		2014	
	Container	Non - Container	Container	Non - Container	Container	Non - Container
WACC	3.61%	-	2.23%	0.01%	2.51%	0.01%
Free Cash Flow	-21.81%	-	-17.22%	-0.01%	-21.86%	-0.01%

The most significant changes generated in free cash flow depends on the EBITDA, which depends on the variation in volumes of tones.

As shown in the foregoing table, as a result of the impairment tests performed at 31 December 2014, the Group recorded impairment for the total amount of goodwill allocated to the CGU of NCTM, for the Group's concession at the Malaga port. This impairment arose as a result of an unforeseen decline in traffic at the Malaga port, specifically at the terminal operated by the Group. In the light of this, the directors of the Parent revised their future business forecasts.

In 2014, the Group performed a sensitivity analysis on the impairment test for NCTM, by increasing/decreasing the discount rate by 0.5% and the present value of the estimated cash flows by 5%. In 2014 this analysis revealed additional impairment of Euros 3,237 thousand on the assets of the CGU if the discount rate were increased by 0.5% and the present value of the estimated cash flows were reduced by 5%, and a reduction of Euros 3,463 thousand in the impairment recognised if the discount rate were reduced by 0.5% and the present value of the estimated cash flows increased by 5%.

In 2014 the Group performed a sensitivity analysis on each impairment test for the other CGUs, increasing and decreasing the discount rate and/or the present value of the estimated cash flows by 0.5% and 5%, respectively. This analysis did not reveal any potential impairment in the Group's goodwill.

7. Other intangible assets

7.1 Details and movements

Changes in other intangible assets in the consolidated statement of financial position at 31 December 2016, 2015 and 2014 are as follows:

2016

	Thousands of Euros					
	Opening balance	Additions and Impairment loss	Disposals and Reversal of impairment loss	Transfers	Transfer to Assets Held for Sale (see note 10)	Closing balance
Cost:						
Computer software	12,345	167	-	105	(2,038)	10,579
Administrative concessions	176,614	-	-	-	(12,146)	164,468
Concession arrangements	239,329	3,279	(448)	21,877	(150,677)	113,360
Other intangible assets	24,699	11,215	-	(21,982)	(12,720)	1,212
Total cost	**452,987**	**14,661**	**(448)**	**-**	**(177,581)**	**289,619**
Accumulated amortisation:						
Computer software	(11,951)	(288)	-	-	1,981	(10,258)
Administrative concessions	(38,593)	(1,832)	-	-	2,074	(38,351)
Concession arrangements	(103,729)	(12,361)	104	-	59,201	(56,785)
Other intangible assets	(44)	-	-	-	-	(44)
Total accumulated amortisation	**(154,317)**	**(14,481)**	**104**	**-**	**63,256**	**(105,438)**
Impairment:						
Concession arrangement	(61,164)	(28,172)	7,145	-	82,191	-
Total impairment	**(61,164)**	**(28,172)**	**7,145**	**-**	**82,191**	**-**
Carrying amount	**237,506**	**(27,992)**	**6,801**	**-**	**(32,134)**	**184,181**

2015

	Thousands of Euros				
	Opening balance	Changes in the scope	Additions and Impairment loss	Disposals and Reversal of impairment loss	Closing balance
Cost:					
Computer software	12,711	(469)	103	-	12,345
Administrative concessions	178,642	(2,028)	-	-	176,614
Concession arrangements	255,198	(15,771)	277	(375)	239,329
Other intangible assets	18,202	-	6,628	(131)	24,699
Total cost	**464,753**	**(18,268)**	**7,008**	**(506)**	**452,987**
Accumulated amortisation:					
Computer software	(12,117)	464	(298)	-	(11,951)
Administrative concessions	(34,015)	2,028	(6,606)	-	(38,593)
Concession arrangements	(106,617)	8,382	(6,000)	506	(103,729)
Other intangible assets	(34)	-	(10)	-	(44)
Total accumulated amortisation	**(152,783)**	**10,874**	**(12,914)**	**506**	**(154,317)**
Impairment:					
Concession arrangement	(68,336)	7,394	(6,763)	6,541	(61,164)
Total impairment	**(68,336)**	**7,394**	**(6,763)**	**6,541**	**(61,164)**
Carrying amount	**243,634**	**-**	**(12,669)**	**6,541**	**237,506**

2014

	Thousands of Euros			
	Opening balance	Additions and Impairment loss	Disposals and Reversal of impairment loss	Closing balance
Cost:				
Computer software	12,654	34	23	12,711
Administrative concessions	178,642	-	-	178,642
Concession arrangements	254,953	389	(144)	255,198
Other intangible assets	17,974	254	(26)	18,202
Total cost	**464,223**	**677**	**(147)**	**464,753**
Accumulated amortisation:				
Computer software	(11,313)	(804)	-	(12,117)
Administrative concessions	(28,171)	(5,844)	-	(34,015)
Concession arrangements	(98,788)	(7,919)	90	(106,617)
Other intangible assets	(24)	(10)	-	(34)
Total accumulated amortisation	**(138,296)**	**(14,577)**	**90**	**(152,783)**
Impairment:				
Concession arrangement	(20,771)	(55,171)	7,606	(68,336)
Total impairment	**(20,771)**	**(55,171)**	**7,606**	**(68,336)**
Carrying amount	**305,156**	**(69,071)**	**7,549**	**243,634**

Depreciation expense of intangible assets classified as assets held for sale amounts to Euros 3,123 thousand (see note 10) during 2016.

7.2 Impairment of intangible assets

In 2016 and 2015, as a result of impairment tests carried out on all the Group's CGUs impairment of concession assets in the following CGUs has been recognised:

- Noatum Terminal Graneles Santander, S.A.U. amounting to Euros 18,867 thousand (Euros 5,231 thousand at 31 December 2015).
- Noatum Terminal Polivalente Sagunto, S.L.U. amounting to Euros 9,305 thousand (Euros 1,532 thousand at 31 December 2015).

In contrast in 2016 and 2015, and due to the improvement in the current and forecast volume of activity, mainly impairment reversals have been recognised in the following CGUs:

- Noatum Container Terminal Málaga, S.A.U. amounting to Euros 3,486 thousand (Euros 4,429 thousand at 31 December 2015).
- Autoterminal, S.A. amounting to Euros 3,659 thousand (Euros 2,112 thousand at 31 December 2015).

In 2016, as a result of the impairment tests carried out on non-current assets of those cash-generating units (CGU) that presented indications of impairment, impairment has been recognised on the non-current assets used at the terminals operated by the Group at the ports of Santander and Sagunto totalling Euros 18,867 thousand and Euros 9,305 thousand, respectively. This impairment has been allocated in full to the regulated assets of the concession arrangement. The impairment on the assets of the CGU of the Sagunto and Santander port terminals derives from the decrease in estimated traffics upon expiry of the concession.

In 2014 as a result of the 10-year extension of the concession term of the Port of Sagunto CGU and the improved projections regarding volume for that terminal, the impairment test performed by the Group's directors revealed that Euros 7,606 thousand of this provision could be reversed at 2014 year end.

Moreover, in 2014, as a result of the impairment tests carried out on non-current assets of those cash-generating units (CGU) that presented indications of impairment, impairment was recognised on the non-current assets used at the terminals operated by the Group at the ports of Málaga and Santander totalling Euros 51,441 thousand and Euros 3,730 thousand, respectively. This impairment was allocated in full to the regulated assets of the concession arrangement. The impairment on the assets of the CGU of the Malaga port terminal arose as a result of the unforeseen decline in traffic at that port, specifically at the terminal operated by the Group during 2014, which led to a review by the Group of its future business forecast. In the case of the terminal at the port of Santander, the impairment derives from the estimates of the amount expected to be recovered upon expiry of the concession.

The key assumptions used to calculate recoverable value are described in note 10.

In 2014, the Group performed a sensitivity analysis on the impairment test for Noatum Terminal Graneles Santander, S.A., by increasing/decreasing the discount rate by 0.5% and the present value of the estimated cash flows by 5%. This analysis revealed additional impairment of Euros 4,628 thousand on the assets of the CGU if the discount rate were increased by 0.5% and the present value of the estimated cash flows were reduced by 5%, and a reduction of Euros 1,619 thousand in the impairment recognised if the discount rate were reduced by 0.5% and the present value of the estimated cash flows increased by 5%.

7.3 Intangible assets pledged as collateral

At 31 December 2016, there is a promissory mortgage over the concessions operated by the Group at the ports of Bilbao, Valencia, Barcelona and Santander in the context of the financing agreements each of the Group companies have entered into with the corresponding financial entities. In 2015, such commitment was granted only over the concessions held by the Group in Valencia, Bilbao and Santander.

At 31 December 2016, NCTM had granted a mortgage over its concession as collateral until full repayment of the finance agreement in place. The mortgage liability amounts to Euros 1,696 thousand.

At 31 December 2015, the concessions operated by the Group at the terminals in Malaga and Barcelona had been mortgaged as collateral for outstanding loans (see note 15). The mortgage liability amounted to Euros 6,696 thousand at 31 December 2015 (Euros 6,696 thousand at 31 December 2014).

8. Equity-accounted investees

The equity method is applied in accordance with IAS 28 (see note 2b)).

Movements of the equity-accounted investees in the consolidated statement of financial position at 31 December 2016, 2015 and 2014 are as follows:

	Thousands of Euros		
	2016	2015	2014
Continuing operations and discontinued operations			
Opening balance	35,067	35,325	36,846
(Loss)/profit for the year	(784)	(302)	1,015
Impairment	(16,549)	-	-
Distribution of dividends	(29)	(302)	(2,276)
Increase in indirect ownership	-	346	-
Other	29	-	(260)
Transfer to assets held for sale (Note 10)	(755)	-	-
Ending balance	**16,979**	**35,067**	**35,325**

In 2016, the dividends were distributed by Mepsa Servicios y Operaciones, S.A. (Euros 29 thousand). In 2015, the dividends were distributed by Operaciones Portuarias Canarias, S.A. (Euros 225 thousand), Mepsa Servicios y Operaciones, S.A. (Euros 27 thousand) and Conte-Rail,S.A. (Euros 50 thousand). In 2014, the dividends were distributed by Operaciones Portuarias Canarias, S.A. (Euros 2,250 thousand) and Mepsa Servicios y Operaciones, S.A. (Euros 26 thousand).

Details of equity-accounted investees are as follows:

2016

	Thousands of Euros					
	Percentage ownership	Share of net assets, adjusted for impairment at 1 January 2016	Profit/(loss) for the year	Impairment	Transfer to held for sale	Share of net assets, adjusted for impairment at 31 December 2016
Operaciones Portuarias Canarias, S.A. (1)	45%	33,507	(858)	(16,549)	-	16,100
Mepsa Servicios y Operaciones, S.A. (2)	35%	49	39	-	(88)	-
Desarrollo de Espacios Portuarios, S.A. (2)	29%	617	50	-	(667)	-
Conte-Rail, S.A. (1)	50%	894	(15)	-	-	879
Total		**35,067**	**(784)**	**(16,549)**	**(755)**	**16,979**

(1) Continuing operations
(2) Discontiued operaions

2015

	Thousands of Euros				
	Percentage ownership	Share of net assets, adjusted for impairment at 1 January 2015	Other movements	Profit/(loss) for the year	Share of net assets, adjusted for impairment at 31 December 2015
Operaciones Portuarias Canarias, S.A. (1)	45%	33,981	16	(490)	33,507
Mepsa Servicios y Operaciones, S.A. (2)	35%	50	(42)	41	49
Desarrollo de Espacios Portuarios, S.A. (2)	29%	446	125	46	617
Conte-Rail, S.A. (1)	50%	848	(55)	101	894
Total		**35,325**	**44**	**(302)**	**35,067**

(1) Continuing operations
(2) Discontiued operaions

2014

	Thousands of Euros				
	Percentage ownership	Share of net assets, adjusted for impairment at 1 January 2014	Other movements	Profit for the year	Share of net assets, adjusted for impairment at 31 December 2014
Operaciones Portuarias Canarias, S.A. (1)	45%	35,360	(2,250)	871	33,981
Mepsa Servicios y Operaciones, S.A. (2)	35%	35	(26)	41	50
Desarrollo de Espacios Portuarios, S.A. (2)	22%	426	-	20	446
Conte-Rail, S.A. (1)	50%	1,025	(260)	83	848
Total		**36,846**	**(2,536)**	**1,015**	**35,325**

(1) Continuing operations
(2) Discontiued operaions

Summarised financial information of Operaciones Portuarias Canarias, S.A., the only material equity-accounted investee, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	Thousands of Euros		
	2016	2015	2014
Current assets	13,689	13,951	17,940
Non-current assets	42,654	83,815	87,054
Current liabilities	(16,115)	(17,518)	(20,893)
Non-current liabilities	(3,896)	(5,788)	(8,588)
Net assets	36,332	74,460	75,513
Gross share of net assets of the equity-accounted investees	16,100	33,507	33,981
Revenue	34,679	40,371	44,889
Profit/(loss) for the year	(1,907)	(1,088)	1,935
Other comprehensive income	-	-	-

The aggregate information of associates which are not individually material is as follows:

	Thousands of Euros		
	2016	2015	2014
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	879	1,560	1,344
Aggregate amounts of the group's share of those associates'			
Profit or loss from continuing operations	(15)	101	83
Post-tax profit or loss from discontinued operations	89	87	61
Other comprehensive income	-	-	-
Total comprehensive income	**74**	**188**	**144**

Additional information about these associates is provided in Appendix B.

9. Financial Assets

The Group's financial assets, except receivables from related parties, at 31 December 2016, 2015 and 2014 were as follows (in thousands of Euros):

	Non-current						Current					
	Equity instruments			Loans, derivatives and other			Equity instruments			Loans, derivatives and other		
	2016	2015	2014	2016	2015	2014	2016	2015	2014	2016	2015	2014
Other financial assets												
Other non current assets	109	287	276	-	-	-	-	-	-	-	-	-
Loans and receivables												
Trade and other receivables	-	-	-	-	-	-	-	-	-	26,175	40,961	37,312
Other current assets	-	-	-	-	-	-	-	-	-	956	838	1,079
Available for sale investments	-	-	-	101	2,002	174	5,400	5,430	5,647	6,137	6,641	12,624
Total financial assets	**109**	**287**	**276**	**101**	**2,002**	**174**	**5,400**	**5,430**	**5,647**	**33,268**	**48,440**	**51,015**

There are no significant differences between the fair value of the Group's financial assets and the carrying amount.

9.1 Investments

Details of investments in the consolidated statement of financial position at 31 December 2016, 2015 and 2014 are as follows:

	Thousands of Euros					
	2016		2015		2014	
	Non-current	Current	Non-current	Current	Non-current	Current
Equity instruments	109	5,400	287	5,430	276	5,647
Other loans and deposits	101	6,137	2,002	6,641	174	12,624
Total	**210**	**11,537**	**2,289**	**12,071**	**450**	**18,271**

Equity instruments

Almost all of the balance of current equity instruments corresponds to the transaction carried out on 2 December 2010, whereby the Group sold its 50% interest in Indira Container Terminal Pvt. Ltd. (carrying amount of Euros 5,400 thousand) to ACS, Servicios y Concesiones, S.L. The sales price was Euros 5,828 thousand plus Euros 704 thousand as the price fixed for the estimated tax the Group will have to pay in the country of origin when the sale of the holdings in Indira Container Terminal Pvt. Ltd is formalised. At the reporting date, these holdings have not formally been transferred to ACS, Servicios y Concesiones, S.L. as the legal processes necessary to complete the change of the ownership of the concession had not been completed. In any event, management of the company corresponds to ACS, Servicios Concesiones, S.L. since the date of sale.

In connection with this transaction, the Group recognised the cost associated with these holdings under current investments - equity instruments. Similarly, the Group recognised a liability under other current financial liabilities - current payables for the sale price, which was collected in advance, to be settled along with the asset when the legal formalities are completed.

The directors of the Parent expect greater certainty in the coming years regarding the resolution of the aforementioned matters, to be able to consider, at that time, that the risks and benefits of the transaction have actually been transferred, and thus finally carry out the legal processes necessary to formalise the sale of the holding in Indira Container Terminal Pvt. Ltd.

Non-current equity instruments classified as available-for-sale financial assets are measured at cost less any impairment allowances, given that the Group does not have the necessary information to reliably determine their fair value. These non-current equity instruments essentially comprise interests in the port stevedoring management companies (SAGEP) at the Valencia and Bilbao ports where the Group operates its concessions and which it must continue to hold in order to carry out its stevedoring activities.

Other loans and deposits

The balances of "Other loans and deposits" and of the scheduled repayment maturities at 31 December 2016, 2015 and 2014 are as follows:

2016

	Thousands of Euros	
	Maturing in 2017	Maturing in 2018
Loans and deposits	6,137	101
Total	**6,137**	**101**

2015

	Thousands of Euros	
	Maturing in 2016	Maturing in 2017
Loans and deposits	6,641	2,002
Total	**6,641**	**2,002**

2014

	Thousands of Euros	
	Maturing in 2015	Maturing in 2016
Loans and deposits	12,624	174
Total	**12,624**	**174**

The current balances mainly include deposits whilst the non-current balances include long-term loans at prevailing market interest rates.

In relation to the loan and syndicated financing (see note 15), the Group agreed with the lenders to maintain certain current accounts to operate loan repayments (Debt Service Reserve Accounts) and payments of capital expenditure. Financing agreements of NCTV and NCTB include a commitment to maintain in the Debt Service Reserve Accounts the amounts necessary to cover the debt service of the following six-month period. At 31 December 2016 there is a total of Euros 6,007 thousand of which Euros 4,785 thousand correspond to NCTV and Euros 1,222 thousand correspond to NCTB (a total of Euros 5,214 thousand at December 2015, and Euros 10,915 thousand at December 2014).

In addition, NCTM and NTGS hold in Debt Service Reserve Accounts at December 2016 amounts of Euro 76 thousand and Euros 88 thousand, respectively.

9.2 Trade and other receivables

Details of trade and other receivables in the consolidated statement of financial position at 31 December 2016, 2015 and 2014 are as follows:

	Thousands of Euros		
	2016	2015	2014
Trade receivables	25,364	39,636	36,480
Other receivables	788	1,287	788
Personnel	23	38	44
Total	**26,175**	**40,961**	**37,312**

<u>*Trade receivables*</u>

Details of trade receivables for sales and services at 31 December 2016, 2015 and 2014 are as follows:

	Thousands of Euros		
	2016	2015	2014
Trade receivables and notes receivable	27,699	41,162	37,636
Trade notes receivables	4	107	386
Allowances for doubtful debts	(2,339)	(1,633)	(1,542)
Total net trade receivables	**25,364**	**39,636**	**36,480**

At 31 December 2016, trade receivables amounting to Euros 1,992 thousand (Euros 3,631 thousand at 31 December 2015 and Euros 1,459 thousand at 31 December 2014) were transferred, without recourse, to financial entities. In consideration for these transfers, the Group received the same amount, net of market commissions agreed with the financial entities, as applicable, which were expensed in the year in question. The transferred accounts receivable that were pending maturity and any balances past due and not collected by the financial entities within the usual market default arrears period accrue interest payable to these entities. This interest is referenced to the Euribor, plus a market spread. The amount of the accounts receivable transferred to financial institutions is derecognised, as the directors of the Parent consider that these transfers meet the conditions set out in IAS 39 in respect of the transfer of risks and rewards (see note 16).

Trade and other receivables in the consolidated statement of financial position at 31 December 2016, 2015 and 2014 do not include any amount for the assignment of loans.

Details of the ageing of trade receivables for sales and services at 31 December 2016, 2015 and 2014 are as follows:

	Thousands of Euros		
	2016	2015	2014
Not yet due	19,244	29,839	22,274
Less than 30 days	4,202	7,501	9,787
30 to 60 days	243	676	2,946
60 to 90 days	450	400	462
90 to 120 days	605	234	337
More than 120 days	620	986	674
	25,364	**39,636**	**36,480**
Doubtful	2,339	1,633	1,542
Impairment allowances	(2,339)	(1,633)	(1,542)
Total	**25,364**	**39,636**	**36,480**

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable based on the invoice date and net of allowance for doubtful debts, is as follows:

	Thousands of Euros		
	2016	2015	2014
Within 1 month	14,816	23,078	21,774
1 to 2 months	8,478	11,200	8,999
2 to 3 months	1,634	4,794	4,119
over 3 months	436	564	1,588
Total	25,364	39,636	36,480

Changes in the provision for impairment of receivables during 2016, 2015 and 2014 are as follows:

	Thousands of Euros		
	2016	2015	2014
Opening balance	(1,633)	(1,542)	(1,554)
Charges	(920)	(323)	(175)
Releases	145	232	185
Applications	18	-	2
Transfer to Assets Held for sale (Note 10)	51	-	-
Total	**(2,339)**	**(1,633)**	**(1,542)**

10. Non-current assets held for sale

As stated in note 1, at 31 December 2016 the Parent has commenced implementing a plan to dispose of the assets and liabilities in the following subsidiaries. These assets and liabilities not relating to the container business are classified as held for sale:

- Noatum Terminal Graneles Santander, S.A.U.,

- Noatum Terminal Polivalente Sagunto, S.L.U.,

- Noatum Container Terminal Málaga, S.A.U.

Additionally, the Parent plans to sell its interests in the following companies:

- SM Gestinver, S.A.U. (holds 57.71% of Autoterminal, S.A.)

- Noatum Terminal Polivalente Santander, S.L.U.

The aforementioned assets and liabilities (the disposal group) are classified as held for sale, since at 31 December 2016 the likelihood of their transfer is high and they are included in a sale plan committed and approved by Management. At the date of authorisation of these consolidated financial statements, approvals are pending from the following port authorities in relation to the transfer of administrative concessions:

- Valencia port authority in relation to Noatum Terminal Polivalente Sagunto, S.L.U.

- Malaga port authority in relation to Noatum Container Terminal Málaga, S.A.U.

- Barcelona port authority in relation to SM Gestinver, S.A.U.

In the case of Noatum Terminal Polivalente Santander, S.L.U. it has only been necessary to provide notification of the transfer. In the case of Noatum Terminal Graneles Santander, S.A.U., as stated in note 1, the company has obtained authorization for the transfer of the administrative concession at 12 May 2017.

The transfer of these companies and assets is expected to take place during 2017.

Income from these companies is recorded as income from discontinued operations in 2016, 2015 and 2014.

This Group's disposal group is comprised of assets with a net value of Euros 69,324 thousand and liabilities amounting to Euros 66,089 thousand. Since the estimated fair value of some of the companies is Euros 238 thousand lower than the net carrying value of the assets and liabilities held for sale at the date of measurement, the Group has recorded an impairment loss. The fair value has been determined by management on the basis of an external independent expert's appraisal report.

The projections used to calculate fair value of NCTM and NTGS and the key assumptions considered are as follows:

- Revenue: estimates are based on growth of container moves and prices. In general, from 2017 to 2019 growth of sales is based on increase in container moves supported by the contract with a new customer and additional container moves on key existing customers. After this period, growth of container moves is based on increase in Spanish GDP while growth of prices is based on inflation. Specifically, in NCTM the compounded annual growth rate of the container moves in the forecast period is 3.54% and in NTGS 0.02%.
- EBITDA: based on the increase in revenues and variable operating costs in line with revenues, fixed operating costs growth between 2.5%-3.5% during the projected period. The compounded annual growth rate of both costs is 1.46% in NCTM and 2.70% in NTGS during the forecast period. EBITDA is calculated using the Group's net earnings, before the deduction of interest expenses, taxes, depreciation and amortization and non-recurring expenses.
- CAPEX: in NCTM the forecast investment amounts to Euros 15.9 million which correspond to works and replacement of cranes and equipment. In NTGS, the CAPEX forecasted amounts to Euros 4.93 million and corresponds mainly to the renewal of equipment.
- Taxes: tax projections are calculated in accordance with the effective Spanish tax rate and the expected results in each jurisdiction.

Disposal group held for sale:

At 31 December 2016 the disposal group held for sale is recognised at carrying value and comprise the following:

	Thousands of Euros
	2016
Disposal group - assets	
Property, plant and equipment (note 5)	10,097
Other intangible assets (note 7)	32,134
Non-current investments	1,618
Equity-accounted investees (note 8)	755
Deferred tax assets (note 20.4)	2,970
Inventories	806
Trade and other receivables	11,249
Current investments	228
Other current assets	1,432
Cash and cash equivalents	8,035
Total assets	**69,324**

	Thousands of Euros
	2016
Disposal group - liabilities	
Non-current financial liabilities	23,111
Long term provisions (note 14)	2,627
Other current financial liabilities	31,527
Trade and other payables	7,518
Other current liabilities	1,306
Total liabilities	**66,089**

The detail of the assets and liabilities for each company at 31 December 2016 are as follows:

	Thousands of Euros						
	2016						
	NTCM	NTGS	NTPSagunto	NTPS	GESTINVER-AUTOTERMINAL	Equity-Accounted investees (See note 8)	Total
Assets held for sale							
Property, plant and equipment (note 5)	5,245	303	-	4,118	431	-	10,097
Other intangible assets (note 7)	13,734	4,113	-	11	14,276	-	32,134
Non-current investments	9	29	658	65	857	-	1,618
Equity-accounted investees (note 8)	-	-	-	-	-	755	755
Deferred tax assets (note 20.4)	-	-	-	370	2,600	-	2,970
Inventories	370	-	405	-	31	-	806
Trade and other receivables	1,893	297	2,929	956	5,174	-	11,249
Current investments	76	88	-	-	64	-	228
Other current assets	263	33	140	439	557	-	1,432
Cash and cash equivalents	6,830	607	61	7	530	-	8,035
Total assets	**28,420**	**5,470**	**4,193**	**5,966**	**24,520**	**755**	**69,324**

	Thousands of Euros					
	2016					
	NTCM	NTGS	NTPSagunto	NTPS	GESTINVER-AUTOTERMINAL	Total
Liabilities related to assets held for sale						
Non-current bank loans (note 15.2)	14,978	-	-	-	5,914	20,892
Derivative financial instruments (note 17)	130	-	-	-	-	130
Other non-current financial liabilities	-	-	-	-	2,089	2,089
Long term provisions	497	775	1,355	-	-	2,627
Current bank loans (note 15.2)	344	24,991	1,144	-	1,621	28,100
Derivative financial instruments (note 17)	-	3,427	-	-	-	3,427
Trade and other payables	2,049	127	1,601	665	3,076	7,518
Other current liabilities	171	27	410	63	635	1,306
Total liabilities	**18,169**	**29,347**	**4,510**	**728**	**13,335**	**66,089**

Note 2.c) sets forth the breakdowns relating to the measurement at fair value.

Loss after tax of discontinued operations:

(Thousands of Euros)

	2016	2015	2014
Revenue	55,511	49,127	36,773
Other operating income	532	437	647
Cost of material used and other external expenses	(26,754)	(23,628)	(17,509)
Personnel expenses	(7,709)	(7,579)	(5,571)
Other operating expenses	(19,281)	(15,838)	(14,193)
Amortisation and depreciation	(5,583)	(6,379)	(8,223)
Impairment and losses on disposal of property, plant and equipment and intangible assets	(21,032)	(1,220)	(74,897)
Gain/(loss) on disposal of property, plant and equipment	108	19	(2)
Provision surpluses	370	-	-
Other gains	47	31	19
Results from operating activities	**(23,791)**	**(5,030)**	**(82,956)**
Finance income	65	291	215
Finance costs	(2,734)	(4,388)	(4,701)
Change in fair value of financial instruments	(1,408)	622	(118)
Impairment and losses on disposal of equity instruments	(352)	(15)	(30)
Net finance costs	**(4,429)**	**(3,490)**	**(4,634)**
Share of profit of equity-accounted investees, net of tax	89	87	61
Loss before tax	**(28,131)**	**(8,433)**	**(87,529)**
Income tax	10,002	3,785	16,569
Loss from discontinued operations	**(18,129)**	**(4,648)**	**(70,960)**
Attributable to:			
Owner of the Parent	(20,583)	(5,499)	(63,495)
Non-Controlling interests	2,454	851	(7,465)

The calculation of the income tax expense of discontinued operations, based on loss before tax, is as follows:

	Thousands of Euros		
	2016	2015	2014
Loss before tax	**(28,131)**	**(8,433)**	**(87,529)**
Share of net profit of equity-accounted investees	(89)	(87)	(61)
Permanent differences	353	197	16,864
Tax at: 2016: ranging from 25% to 28%, 2015: 28%, 2014: 30%	**(6,967)**	**(2,330)**	**(21,218)**
Consolidation adjustments	(654)	(1,148)	1,112
Prior years' tax adjustment	68	(47)	648
Tax deductions for the year	(28)	(79)	-
Tax loss carryforwards	(2,391)	-	1,139
Adjustment to deferred taxes due to change in tax rate	(30)	(181)	1,750
Corporate Income tax of discontinued operations	**(10,002)**	**(3,785)**	**(16,569)**

Cash flows from / (used in) discontinued operations:

	Thousands of Euros		
	2016	2015	2014
Net cash flow from/(used in) operating activities	(2,875)	1,989	(254)
Net cash flow used in investment activities	(18,091)	(2,296)	(3,483)
Net cash flow from/(used in) financing activities	27,334	(261)	(262)
Net increase/(decrease) in cash and cash equivalents	**6,368**	**(568)**	**(3,999)**
Cash and cash equivalents at the start of the year from discontinued operations	1,667	2,235	6,234
Cash and cash equivalents at the end of the year from discontinued operations	8,035	1,667	2,235

The following tables show the carrying value of the assets and liabilities as at 31 December 2015 and 2014 of the discontinued operations for information purposes only.

	Thousands of Euros						
	2015						
	NTCM	NTGS	NTPSagunto	NTPS	GESTINVER-AUTOTERMINAL	Equity-Accounted investees	Total
Assets held for sale							
Property, plant and equipment	32,846	413	2,847	4,465	576	-	41,147
Other intangible assets	10,388	23,802	7,824	2	11,864	-	53,880
Non-current investments	205	18	821	16	1,031	-	2,091
Equity-accounted investees	-	-	-	-	-	666	666
Deferred tax assets	-	-	-	141	868	-	1,009
Inventories	427	-	425	53	-	-	905
Trade and other receivables	2,116	1,219	2,826	404	4,451	-	11,016
Current investments	-	1,096	-	1	-	-	1,097
Other current assets	64	-	15	7	74	-	160
Cash and cash equivalents	342	973	1	9	340	-	1,665
Total assets	**46,388**	**27,521**	**14,759**	**5,098**	**19,204**	**666**	**113,636**

	Thousands of Euros					
	2015					
	NTCM	NTGS	NTPSagunto	NTPS	GESTINVER-AUTOTERMINAL	Total
Liabilities related to assets held for sale						
Non-current bank loans	-	24,443	-	-	5,396	29,839
Derivative financial instruments	-	3,407	-	-	-	3,407
Other non-current financial liabilities	-	-	-	-	3,477	3,477
Long term provisions	7	9	1,304	-	370	1,690
Current bank loans	35,483	1,443	1,779	-	1,464	40,169
Derivative financial instruments	2,251	540	-	-	-	2,791
Trade and other payables	3,682	353	1,501	485	2,073	8,094
Other current liabilities	-	174	174	-	571	919
Total liabilities	**41,423**	**30,369**	**4,758**	**485**	**13,351**	**90,386**

	Thousands of Euros					
	2014					
	NTCM	NTGS	NTPS	GESTINVER-AUTOTERMINAL	Equity-Accounted investees	Total
Assets held for sale						
Property, plant and equipment	34,361	463	4,798	740	-	40,362
Other intangible assets	6,990	30,115	5	10,281	-	47,391
Non-current investments	202	17	15	30	-	264
Equity-accounted investees	-	-	-	-	496	496
Deferred tax assets	-	-	143	1,506	-	1,649
Inventories	447	-	37	-	-	484
Trade and other receivables	1,024	231	479	4,340	-	6,074
Current investments	2,500	1,046	1	479	-	4,026
Other current assets	95	6	7	35	-	143
Cash and cash equivalents	746	628	5	857	-	2,236
Total assets	**46,365**	**32,506**	**5,490**	**18,268**	**496**	**103,125**

	Thousands of Euros				
	2014				
	NTCM	NTGS	NTPS	GESTINVER-AUTOTERMINAL	Total
Liabilities related to assets held for sale					
Non-current bank loans	-	25,305	-	6,862	32,167
Derivative financial instruments	-	4,598	-	-	4,598
Other non-current financial liabilities	-	145	-	3,273	3,418
Long term provisions	-	-	-	1,140	1,140
Current bank loans	38,536	1,338	-	1,196	41,070
Derivative financial instruments	3,193	562	-	-	3,755
Trade and other payables	3,311	297	243	3,248	7,099
Other current liabilities	302	324	-	180	806
Total liabilities	**45,342**	**32,569**	**243**	**15,899**	**94,053**

11. Inventories

Details of inventories in the consolidated statement of financial position at 31 December 2016, 2015 and 2014 are as follows:

	Thousands of Euros		
	2016	2015	2014
Raw materials and other supplies	3,800	4,409	4,275
Advances to suppliers	91	135	120
Provisions	(418)	(519)	(519)
Total	**3,473**	**4,025**	**3,876**

No inventories were pledged or charged with liens as security for the repayment of debts in 2016, 2015 and 2014.

12. Cash and cash equivalents

Cash and cash equivalents include the Group's cash and current bank deposits with an original maturity of three months or less. The carrying amount of these assets is similar to their fair value.

13. Equity

Details and changes in equity are shown in the consolidated statement of changes in equity.

13.1 Share capital

At 31 December 2016, 2015 and 2014, the share capital of the Parent amounted to Euros 23,148 thousand and was represented by 23,147,944 shares with a par value of Euros 1 each, subscribed and fully paid and with the same voting and dividend rights.

On 18 June 2014, the sole shareholder approved a capital increase of Euros 1 through the issue of one new share with a par value of Euros 1 and a share premium of Euros 1,250 thousand. The share was subscribed and paid in cash by the sole shareholder, Turia Port Investments (Holdings), C.V. The capital increase was filed at the Madrid Mercantile Registry on 8 July 2014.

13.2 Share premium

The share premium totals Euros 71,096 thousand at 31 December 2016, 2015 and 2014. The Revised Spanish Companies Act expressly provides for the use of the share premium account to increase capital. In accordance with prevailing regulations, the share premium cannot be used to pay dividends or to allocate reserves if this reduces capital and reserves to below the amount of share capital.

13.3 Reserves

In accordance with prevailing regulations, the reserves cannot be used to pay dividends or to allocate reserves if this reduces capital and reserves to below the amount of share capital.

Reserves of the Parent

Reserves of the Parent include the reserves set up by the Group's parent, mainly in relation to retained earnings and to comply with certain applicable legislation. At 31 December 2016, 2015 and 2014 the balance, essentially, reflects the Parent's retained losses. The Parent has not declared any dividend for any of the years ended 31 December 2016, 2015 and 2014.

Legal reserve

Pursuant to Revised Spanish Companies Act, an amount equal to 10% of profit for the year must be transferred to a legal reserve until this reserve represents at least 20% of share capital. The legal reserve may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose. At 31 December 2016, 2015 and 2014, no amount had been appropriated to this reserve as the Parent has never obtained a profit.

Voluntary reserves

Voluntary reserves are reserves that have no limit or restriction to their use provided that capital and reserves do not fall below share capital as a result of their distribution. These reserves are freely appropriated through the Parent's profits, after distribution of dividends, and allocation to the legal and other reserves that are non-distributable in accordance with prevailing legislation.

Other reserves of the Parent

This item includes reserves generated in the Parent on consolidation.

13.4 Reserves in consolidated companies

Details of reserves in consolidated companies in the consolidated statement of financial position at 31 December 2016, 2015 and 2014 are as follows:

	Thousands of Euros					
	2016		2015		2014	
	Total non-controlling interests	Profit/(loss) attributable to non-controlling interests	Total non-controlling interests	Profit/(loss) attributable to non-controlling interests	Total non-controlling interests	Profit/(loss) attributable to non-controlling interests
SM Gestinver, S.A.U. (2)	-	-	-	-	525	(1)
Autoterminal, S.A. (2)	4,538	2,454	2,084	851	863	(1,099)
Noatum Container Terminal Málaga, S.A.U. (2)	-	-	-	-	(2,478)	(4,968)
Noatum Terminal Graneles Santander, S.A.U. (2)	-	-	-	-	(3,080)	(1,435)
Noatum Terminal Polivalente Santander, S.L.U. (2)	-	-	-	-	1,100	40
A.T.M. Cartera, S.L. (1)	-	-	5,590	(46)	5,634	(145)
Noatum Container Terminal Bilbao, S.A.U. (1)	-	-	1,083	(782)	152	359
Noatum Container Terminal Bilbao, S.L. (*) (1)	7,189	780	-	-	-	-
Noatum Rail Terminal Zaragoza, S.L. (1)	(348)	(175)	(173)	(147)	(25)	-
Total	**11,379**	**3,059**	**8,584**	**(124)**	**2,691**	**(7,249)**

(*) See note 2.b)
(1) Continuing operations
(2) Discontinued Operations

13.5 Hedging reserves

The movements of the hedging reserves in 2016, 2015 and 2014 are as follows:

	Thousands of Euros		
	Measurement of derivatives		
	2016	2015	2014
Opening balance	4,966	873	2,295
Valuation adjustments of derivatives	(604)	(1,799)	(1,422)
Disposals	-	5,892	-
Closing balance	**4,362**	**4,966**	**873**

Hedging reserves in the consolidated statement of financial position includes the net amount of changes in value of financial derivatives designated as cash flow hedges, net of the related tax effect.

Cash flow hedges mainly comprise interest rate swaps. They are accounted for in reserves, since they meet the requirements stipulated in the standard in order to be considered non-speculative hedging instruments.

13.6 Non-controlling interests

Details of non-controlling interests in the consolidated statement of financial position at 31 December 2016, 2015 and 2014 and of the profit or loss attributable to non-controlling interests are as follows:

	Thousands of Euros					
	2016		2015		2014	
	Total non-controlling interests	Profit/(loss) attributable to non-controlling interests	Total non-controlling interests	Profit/(loss) attributable to non-controlling interests	Total non-controlling interests	Profit/(loss) attributable to non-controlling interests
SM Gestinver, S.A.U. (2)	-	-	-	-	525	(1)
Autoterminal, S.A. (2)	4,538	2,454	2,084	851	863	(1,099)
Noatum Container Terminal Málaga, S.A.U. (2)	-	-	-	-	(2,478)	(4,968)
Noatum Terminal Graneles Santander, S.A.U. (2)	-	-	-	-	(3,080)	(1,435)
Noatum Terminal Polivalente Santander, S.L.U. (2)	-	-	-	-	1,100	40
A.T.M. Cartera, S.L. (1)	-	-	5,590	(46)	5,634	(145)
Noatum Container Terminal Bilbao, S.A.U. (1)	-	-	1,083	(782)	152	359
Noatum Container Terminal Bilbao, S.L. (*) (1)	7,189	780	-	-	-	-
Noatum Rail Terminal Zaragoza, S.L. (1)	(348)	(175)	(173)	(147)	(25)	-
Total	**11,379**	**3,059**	**8,584**	**(124)**	**2,691**	**(7,249)**

(*) See note 2.b)
(1) Continuing operations
(2) Discontinued Operations

Additional information about these non-controlling interests is provided in Appendix A.

The following table lists out the information relating to Autoterminal and NCTB, the only subsidiaries of the Group which have a material non-controlling interest (NCI) as at 31 December 2016. The summarised financial information presented below represents the amounts before any inter-company elimination:

Noatum Container Terminal Bilbao S.L.

	Thousand of Euros		
	2016	2015 (*)	2014 (*)
NCI percentage	22.53%	22.53%	22.53%
Current assets	16,031	19,287	12,509
Non-current assets	107,103	66,608	71,600
Current liabilities	(8,403)	(11,526)	(14,843)
Non-current liabilities	(82,821)	(69,562)	(68,591)
Net assets	31,910	4,807	675
Carrying amount of NCI	7,189	1,083	152
Revenue	50,240	48,666	44,428
Profit/(loss) for the year	3,462	(3,471)	1,594
Total comprehensive income	2,407	4,128	1,434
Profit/(loss) allocated to NCI	780	(782)	359
Dividend paid to NCI	-	-	-
Cash flows from operating activities	6,098	11,637	8,474
Cash flows used in investing activities	(7,461)	(4,003)	(8,660)
Cash flows used in financing activities	(3,557)	(1,391)	-

(*) This balances contain information related of Noatum Container Terminal Bilbao S.A.U. as it is the only material component of Noatum Container Terminal Bilbao S.L., see information in note 2 b).

Autoterminal, S.A.

	Thousand of Euros		
	2016	2015	2014
NCI percentage	42.29%	42.29%	55.27%
Current assets	6,226	4,805	5,390
Non-current assets	18,972	15,154	12,489
Current liabilities	(5,640)	(4,775)	(5,036)
Non-current liabilities	(8,828)	(10,256)	(11,281)
Net assets	10,730	4,928	1,562
Carrying amount of NCI	4,538	2,084	863
Revenue	27,268	26,762	21,006
Profit/(loss) for the year	5,802	2,012	(1,990)
Total comprehensive income	5,802	2,012	(1,990)
Profit/(loss) allocated to NCI	2,454	851	(1,099)
Dividend paid to NCI	-	-	-
Cash flows from operating activities	1,794	1,255	625
Cash flows used in investing activities	(1,647)	(872)	(1,288)
Cash flows used in financing activities	(138)	(147)	(26)

Non-controlling interests in the accompanying consolidated statement of financial position reflect the portion of the capital and reserves of Group companies held by non-controlling interests. The changes in 2016, 2015 and 2014 are as follows:

	Thousands of Euros		
	2016	2015	2014
Opening balance	8,584	2,691	9,831
Profit/(loss) for the year	3,059	(124)	(7,249)
Acquisition of interest in subsidiaries	-	4,303	-
Valuation adjustments	(264)	1,714	109
Closing balance	**11,379**	**8,584**	**2,691**

13.7 Entity Level Statement of Change in Equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Parent's individual components of equity between the beginning and the end of the year are set out below:

	Thousands of Euros			
	Share capital	Share premium	Accumulated losses	Total
Balance at 1 January 2014	**23,148**	**69,846**	**(36,807)**	**56,187**
Changes in equity for 2014				
Loss for the year	-	-	(13,014)	(13,014)
Increase in share premium	-	1,250	-	1,250
Balance at 31 December 2014 and 1 January 2015	**23,148**	**71,096**	**(49,821)**	**44,423**
Change in equity for 2015				
Loss for the year	-	-	(11,226)	(11,226)
Balance at 31 December 2015 and 1 January 2016	**23,148**	**71,096**	**(61,047)**	**33,197**
Change in equity for 2016				
Profit for the year	-	-	3,486	3,486
Balance at 31 December 2016	**23,148**	**71,096**	**(57,561)**	**36,683**

14. Provisions

The changes in provisions in 2016, 2015 and 2014 are as follows:

14.1 Non-current

2016

	Thousands of Euros				
	Opening balance	Charges	Provision surpluses	Transfer to Assets held for sale (note 10)	Closing balance
Provision for taxes	7,112	259	(466)	(1,355)	5,550
Provision for other liabilities	2,133	1,272	(612)	(1,272)	1,521
Provision for employee benefits	-	345	-	-	345
Total	**9,245**	**1,876**	**(1,078)**	**(2,627)**	**7,416**

2015

	Thousands of Euros					
	Opening balance	Charges	Payments	Provision surpluses	Transfers	Closing balance
Provision for taxes	7,241	1,339	-	(655)	(813)	7,112
Provision for other liabilities	2,859	-	(5)	(721)	-	2,133
Total	**10,100**	**1,339**	**(5)**	**(1,376)**	**(813)**	**9,245**

2014

	Thousands of Euros					
	Opening balance	Charges	Payments	Provision surpluses	Transfers	Closing balance
Provision for taxes	9,831	1,841	(46)	(371)	(4,014)	7,241
Provision for other liabilities	3,037	-	(5)	(173)	-	2,859
Total	**12,868**	**1,841**	**(51)**	**(544)**	**(4,014)**	**10,100**

The Group records provisions in the expense heading associated to their nature in the statement of profit or loss.

The captions Other provisions and Provision for taxes included the liabilities estimated by the Group to cover probable liabilities with Public entities.

The Group recognises charges to and releases of provisions under the expense headings in the consolidated statement of profit or loss associated with their nature.

Provisions for taxes include the amounts that the Group estimates will be required to settle probable liabilities to public entities. The main additions in the year derive from the property tax settlements payable by certain Group companies. In 2013 the Group requested that these settlements be deferred/paid in instalments, which was approved by the Barcelona City Council in 2014. As a result, an amount of Euros 4,014 thousand was transferred from non-current provisions to other current and non-current liabilities, on the basis of the payment schedule.

The provision for other liabilities is aimed at covering the Group's liabilities such as those deriving from litigation, arbitration and claims in which the various Group companies are the defendants, or for liabilities arising from their business activities and labour-related liabilities.

The Parent's directors consider that the possibility of material liabilities arising in connection with other matters additional to those already recognised is remote.

14.2 Current

2016

	Thousands of Euros		
	Opening balance	Transfer to Assets held for sale (note 10)	Closing balance
Provision for other liabilities	217	-	217
Other trade provisions	169	(169)	-
Total	**386**	**(169)**	**217**

2015

	Thousands of Euros		
	Opening balance	Payments	Closing balance
Provision for other liabilities	217	-	217
Other trade provisions	189	(20)	169
Total	**406**	**(20)**	**386**

2014

	Thousands of Euros		
	Opening balance	Payments	Closing balance
Provision for other liabilities	217	-	217
Other trade provisions	1,092	(903)	189
Total	**1,309**	**(903)**	**406**

Other trade provisions at 31 December 2016, 2015 and 2014 primarily relate to commitments in respect of service contracts signed by the Group with customers.

15. Financial liabilities

15.1 Breakdown by categories

The classification of financial liabilities by category at 31 December 2016, 2015 and 2014 is as follows:

2016

	Thousands of Euros		
	Debts and payables	Derivatives	Total
Non-current financial liabilities:			
Loans and borrowings	263,444	-	263,444
Payables to related parties (Note 23)	347,893	-	347,893
Derivative financial instruments (Note 17)	-	5,230	5,230
	611,337	**5,230**	**616,567**
Current financial liabilities:			
Current loans and borrowings	12,244	-	12,244
Payables to related parties (Note 23)	7,337	-	7,337
Other financial liabilities (Note 19)	7,377	-	7,377
Trade and other payables (Note 18)	28,229	-	28,229
	55,187	**-**	**55,187**
Financial liabilities	**666,524**	**5,230**	**671,754**

2015

	Thousands of Euros		
	Debts and payables	Derivatives	Total
Non-current financial liabilities:			
Loans and borrowings	253,785	-	253,785
Payables to related parties (Note 23)	348,930	-	348,930
Other financial liabilities (Note 19)	3,477	-	3,477
Derivatives financial instruments (Note 17)	-	5,807	5,807
	606,192	**5,807**	**611,999**
Current financial liabilities:			
Current loans and borrowings	42,903	-	42,903
Payables to related parties (Note 23)	434	-	434
Other financial liabilities (Note 19)	8,810	-	8,810
Derivatives financial instruments (Note 17)	-	2,791	2,791
Trade and other payables (Note 18)	31,824	-	31,824
	83,971	**2,791**	**86,762**
Financial liabilities	**690,163**	**8,598**	**698,761**

2014

	Thousands of Euros		
	Debts and payables	Derivatives	Total
Non-current financial liabilities:			
Loans and borrowings	88,657	-	88,657
Payables to related parties (note 23)	329,214	-	329,214
Other financial liabilities (Note 19)	3,417	-	3,417
Derivatives financial instruments (Note 17)	-	22,928	22,928
	421,288	**22,928**	**444,216**
Current financial liabilities:			
Current loans and borrowings	184,722	-	184,722
Payables to related parties (Note 23)	8,614	-	8,614
Other financial liabilities (Note 19)	8,032	-	8,032
Derivatives financial instruments (Note 17)	-	3,755	3,755
Trade and other payables (Note 18)	29,149	-	29,149
	230,517	**3,755**	**234,272**
Financial liabilities	**651,805**	**26,683**	**678,488**

15.2 Loans and borrowings

The Group's loans and borrowings, by maturity, at 31 December 2016, 2015 and 2014 are as follows:

2016

	Thousands of Euros					
	Current	Non-current				
	2017	2018	2019	2020	2021 and subsequent years	Total non-current
Loans	3,500	5,000	5,000	5,000	248,444	263,444
Credit facilities	8,452	-	-	-	-	-
Current interest on loans and borrowings	292	-	-	-	-	-
Total	**12,244**	**5,000**	**5,000**	**5,000**	**248,444**	**263,444**

2015

	Thousands of Euros					
	Current	Non-current				
	2016	2017	2018	2019	2020 and subsequent years	Total non-current
Loans	3,953	4,868	6,315	6,479	211,680	229,342
Project finance	36,284	1,257	1,462	1,690	20,034	24,443
Credit facilities	1,777	-	-	-	-	-
Finance leases	12	-	-	-	-	-
Current interest on loans and borrowings	877	-	-	-	-	-
Total	**42,903**	**6,125**	**7,777**	**8,169**	**231,714**	**253,785**

2014

	Thousands of Euros					
	Current	Non-current				
	2015	2016	2017	2018	2019 and subsequent years	Total non-current
Loans	138,963	1,468	1,368	1,315	2,711	6,862
Project finance	43,399	9,681	11,239	10,952	49,911	81,783
Finance leases	30	12	-	-	-	12
Current interest on loans and borrowings	2,330	-	-	-	-	-
Total	**184,722**	**11,161**	**12,607**	**12,267**	**52,622**	**88,657**

At 31 December 2016, 2015 and 2014 the maturities of the bank loans are as follows:

	Thousand of Euros		
	2016	2015	2014
Within 1 year or on demand	12,244	42,903	184,722
After 1 year but within 2 years	5,000	6,125	11,161
After 2 year but within 5 years	192,732	156,400	40,441
After 5 years	65,712	91,260	37,055
TOTAL	275,688	296,688	273,379

In 2016, 2015 and 2014, the Group satisfactorily met all of its payment obligations for its financial debt. At the date of authorisation for issue of these consolidated financial statements, the Group had complied with all its financial obligations.

Loans

Loans essentially comprise the financing extended to three subsidiaries of the Company. Details are as follows:

2016

Thousands of Euros	Current	Non-current	Total
Syndicated financing:			
Noatum Container Terminal Valencia, S.A.U.	3,500	188,904	192,404
Noatum Container Terminal Bilbao, S.L. (*)	-	74,540	74,540
Total syndicated financing:	**3,500**	**263,444**	**266,944**
Total	**3,500**	**263,444**	**266,944**

(*) See Note 2.b)

2015

Thousands of Euros	Current	Non-current	Total
Syndicated financing:			
Noatum Ports Valenciana, S.A.U.	2,500	153,521	156,021
Autoterminal, S.A.	1,150	5,177	6,327
Noatum Container Terminal Bilbao, S.A.U.	-	70,425	70,425
Total syndicated financing:	**3,650**	**229,123**	**232,773**
Other loans:	**303**	**219**	**522**
Total	**3,953**	**229,342**	**233,295**

2014

Thousands of Euros	Current	Non-current	Total
Syndicated financing:			
Noatum Ports Valenciana, S.A.U.	137,783	-	137,783
Autoterminal, S.A.	986	6,339	7,325
Total syndicated financing:	**138,769**	**6,339**	**145,108**
Other loans:	**194**	**523**	**717**
Total	**138,963**	**6,862**	**145,825**

Syndicated financing

a) Noatum Container Terminal Valencia, S.A.U.

On 11 May 2017 NCTV repaid the entire loan signed in 2015. Consequently, NCTV and the financial institutions have cancelled the loan and NCTV has been released from all commitments and guarantees related thereto. These commitments and guarantees included the obligation to comply with certain financial ratios requirements for the period ended 31 December 2016, which mean that NCTV is not required to submit financial ratios to the financial institutions for the year ended on the aforementioned date.

Simultaneously to the early repayment of the mentioned loan, NCTV signed a new loan for Euros 275,500 thousand with certain financial institutions. This loan has different tranches, as detailed below:

Tranche	Thousands of Euros		
	Limit	Direct Risk	Indirect Risk
Tranche A - Loan	214,971	214,971	-
Tranche B - Loan	29,632	29,632	-
Tranche C - Credit facility	5,000	5,000	-
Tranche D - Bank guarantee facility	10,000	-	10,000
Tranche E	15,897	15,897	-
Total	**275,500**	**265,500**	**10,000**

Each of these tranches must be used for the following purposes:

- Tranche A: Transaction costs, settlement of financial liabilities, refinancing costs
- Tranche B: Financing of capital expenditure
- Tranche C: Credit facility: Financing of working capital
- Tranche D: Bank guarantee facility
- Tranche E: Financing of capital expenditure linked to extending the concession, in case of granting the extension of the concession period mentioned in note 1.

Details of the maturities of this loan are as follows:

Year	Thousands of Euros
2017	1,500
2018	1,500
2019	1,500
2020	1,500
2021	1,500
2022	1,500
2023 and 2024	266,500
Total	**275,500**

The terms of the syndicated loan stipulate fixed repayments of the loan principal and an annual repayment of a portion of the debt equivalent to a percentage of the future cash flows NCTV will generate. In accordance with the syndicated loan agreement, the first payment (tranche A and B) will be due in 2018. The amount due in 2017 relates to Tranche C.

The syndicated loan bears a floating interest rate pegged to Euribor plus a spread that will range between 1.50% and 2.25% over the term of the loan, in line with a schedule. In addition, NCTV also closed certain variable-to-fixed interest rate swaps.

In accordance with standard practice, the loan agreement includes a number of binding clauses including certain financial ratios or thresholds requirements as of the annual calculation period ending 31 December 2017.

The syndicated loan is secured by a promissory mortgage over the concession and also by the shares that Noatum Ports, S.L.U. has in NCTV and a pledge over certain trade receivables, certain current investments and certain cash and cash equivalents from certain contracts of NCTV.

NCTV also undertook a financial restructuring operation in the first half of 2015 that led, among other measures, to close a new syndicated loan with several banks for an amount of Euros 227,704 thousand, of which Euros 202,232 thousand had been drawn down at 31 December 2016 (Euros 162,230 thousand at 31 December 2015 and Euros 139,661 thousand at 31 December 2014).

At 31 December 2014 the financing in place derived from a financial restructuring operation carried out by the Group in 2010 that led, among other measures, to close a syndicated loan with several banks for an amount of Euros 176,000 thousand, of which Euros 139,661 thousand had been drawn down at 31 December 2014.

Details of loans and borrowings at 31 December 2016, 2015 and 2014 (not including neither credit facilities nor unpaid accrued interest) are as follows:

	Thousands of Euros		
	2016	2015	2014
Loans	197,233	162,230	139,661
Loan arrangement expenses	(4,829)	(6,209)	(1,878)
Total	**192,404**	**156,021**	**137,783**

At 2016, 2015 and 2014 year end the limits and drawdowns on each of the tranches of this loan are as follows:

Tranche	Thousands of Euros		
	Limit	2016 drawn down	
		Direct risk	Indirect risk
Tranche A - Loan	151,371	151,371	-
Tranche B - Loan	58,833	45,861	-
Tranche C - Credit facility	5,000	5,000	-
Tranche D - Bank guarantee facility	10,000	-	9,298
Total	**225,204**	**202,232**	**9,298**

Tranche	Thousands of Euros		
	Limit	2015 drawn down	
		Direct risk	Indirect risk
Tranche A - Loan	153,871	153,871	-
Tranche B - Loan	58,833	8,359	-
Tranche C - Credit facility	5,000	-	-
Tranche D - Bank guarantee facility	10,000	-	8,515
Total	**227,704**	**162,230**	**8,515**

Tranche	Thousands of Euros		
	Limit	2014 drawn down	
		Direct risk	Indirect risk
Tranche A - Loan	150,000	128,661	-
Tranche B - Loan	11,000	11,000	-
Tranche C - Credit facility	7,500	-	-
Tranche D - Bank guarantee facility	7,500	-	7,497
Total	**176,000**	**139,661**	**7,497**

Each of these tranches, for the 2016 financing and the previous financing, must be used for the following purposes:

- Tranche A: Transaction costs, settlement of financial liabilities, refinancing costs, loans to Group companies and setting up the current accounts described in note 12.
- Tranche B: Financing of capital expenditure.
- Tranche C: Credit facility: Financing of working capital.
- Tranche D: Bank guarantee facility: Meet the NCTV obligations to provide bank guarantees.

Details of the maturities of this loan at 31 December 2016 are as follows:

Year	Thousands of Euros
	2016
2017	8,500
2018	4,000
2019	4,000
2020	4,000
2021 and subsequent years	176,733
Total	**197,233**

Each of these tranches, for the 2015 financing and the previous financing must be used for the following purposes:

- Tranche A: Transaction costs, settlement of financial liabilities, refinancing costs, loans to Group companies, and setting up the current accounts described in note 12.
- Tranche B: Financing of capital expenditure.
- Tranche C: Credit facility: Financing of working capital.
- Tranche D: Bank guarantee facility: Meet the NCTV obligations to provide bank guarantees.

Details of the maturities of this loan at 31 December 2015 and 2014 are as follows:

Year	Thousands of Euros	
	2015	2014
2015	-	139,661
2016	2,500	-
2017	3,500	-
2018	4,000	-
2019	4,000	-
2020	4,000	-
2021 and subsequent years	144,230	-
Total	**162,230**	**139,661**

The terms of the syndicated loan stipulate fixed repayments of the loan principal and an annual repayment of a portion of the debt equivalent to a percentage of the future cash flows NCTV will generate. Based on the maturity date of the loan, the loan amounted to Euros 139,661 thousand was classified as current liabilities as at 31 December 2014. Due to the refinancing of the 2010 syndicated loan in 2015, only Euros 3,724 thousand of the syndicated loan was repaid. Detail are as below:

Current	Thousands of Euros
	2014
Contractual repayment - refinanced in 2015	135,937
Partial repayment based on cash flows generated	3,724
Total	**139,661**

The balance of loans and borrowings has been reduced by the arrangement fees and other direct finance costs incurred by NCTV when arranging the loan less the related accrued interest based on the effective interest method. As a result the balance to be transferred to the statement of profit or loss is Euros 4,829 thousand (Euros 6,209 thousand at 31 December 2015 and Euros 1,878 thousand at 31 December 2014). The costs incurred at 31 December 2016 amount to Euros 6,475 thousand (Euros 8,578 thousand at 31 December 2015 and Euros 11,805 thousand at 31 December 2014) and have been recognised in finance costs of other payables on the accompanying statement of profit or loss for 2016, 2015 and 2014.

The syndicated loan bears a floating interest rate pegged to Euribor plus a spread that will range between 2.50% and 3.00% over the term of the loan, in line with a calendar (the previous syndicated loan bore a floating interest rate pegged to Euribor plus a spread that ranged between 2.50% and 3.00% over the term of the loan, depending on compliance with certain financial ratio requirements). NCTV also took out certain variable-to-fixed interest rate swaps (see note 17). The borrowing costs accrued on the syndicated loan amounted to Euros 1,100 thousand at 31 December 2016 (Euros 484 thousand at 31 December 2015 and Euros 3,185 thousand at 31 December 2014).

The 2010 syndicated loan bore a floating interest rate pegged to Euribor plus a spread that ranged between 3.50% and 5.25% over the term of the loan, depending on compliance with certain financial ratio requirements. NCTV also took out certain variable-for-fixed interest-rate swaps (see note 17). The borrowing costs accrued on the previous syndicated loan amounted to Euros 2,639 thousand in 2015 up to May (Euros 11,227 thousand at 31 December 2014).

The 2015 and 2010 loan agreements included a number of covenants including certain financial ratio or threshold requirements. At 31 December 2015 and 2014 NCTV complied with these covenants.

The syndicated loan is secured by a promissory mortgage over the Valencia concession and by shares that Noatum Ports, S.L.U. holds in NCTV and balances receivable from certain contracts pledged. This pledge was cancelled in 2015 (see note 5).

The 2010 syndicated loan was secured by a mortgage on certain items of property, plant and equipment and by a commitment to mortgage the Valencia and Sagunto concessions.

b) Autoterminal, S.A.

On 19 December 2013 Autoterminal, S.A. arranged syndicated financing with several financial institutions for an amount of Euros 8,217 thousand which falls due on 19 June 2020. This financing was solely arranged to make full repayment of the financing previously arranged for the concession operated by the Group at the port of Barcelona which had been earmarked for investments to construct the multi-storey car park.

On 18 November 2016, a new loan was arranged with a bank for a maximum amount of Euros 5,753 thousand to cancel the syndicated loan signed in 2013 described in the foregoing paragraph.

This financing agreement was secured by a promissory mortgage over the Group's concession at the port of Barcelona (see note 7).

At 31 December 2016 and 2015 Autoterminal, S.A. has complied with these covenants.

At 31 December 2016, the balance has been reclassified to liabilities directly related to non-current assets classified as held for sale (see note 10).

Details of the main characteristics of these agreements are as follows:

2016

	Amount payable (Thousands of Euros)	Final maturity	Applicable interest rate
Mortgage loans using fixed assets:			
Syndicated loan	5,753	19/6/2021	6-month Euribor
Loan arrangement expenses	(74)		
Unpaid accrued interest	18		
Other credit facilities:			
Banco Sabadell credit facility (Limit: Euros 500 thousand)	-	17/11/2017	3.50%
Other loans:			
Loan from the ICO	9	10/1/2017	6.05%
Loan from Popular	208	1/12/2017	5.50%
Total	**5,914**		

2015

	Amount payable (Thousands of Euros)	Final maturity	Applicable interest rate
Mortgage loans using fixed assets:			
Syndicated loan	6,505	19/6/2020	6-month Euribor
Loan arrangement expenses	(167)		
Other credit facilities:			
Banco Sabadell credit facility (Limit: Euros 300 thousand)	-	17/11/2016	6.75%
Other loans:			
Loan from the ICO	115	10/1/2017	6.048%
Loan from Popular	407	1/12/2017	5.50%
Total	**6,860**		

2014

	Amount payable (Thousands of Euros)	Final maturity	Applicable interest rate
Mortgage loans using fixed assets:			
Syndicated loan	7,572	19/6/2020	6-month Euribor
Loan arrangement expenses	(231)		
Other credit facilities:			
Banco Sabadell credit facility (Limit: Euros 300 thousand)	-	27/12/2015	6.75%
Other loans:			
Loan from the ICO	215	10/1/2017	6.048%
Loan from Popular	502	1/12/2017	5.50%
Total	**8,058**		

Market spreads are added to the Euribor indicated.

Details of the maturities during the coming years are as follows:

Thousands of Euros	2016	2015	2014
2015	-	-	1,180
2016	-	1,453	1,468
2017	1,287	1,368	1,368
2018	1,150	1,315	1,315
2019	1,315	1,479	1,479
2020 and subsequent years	2,218	1,479	1,479
Total	**5,970**	**7,094**	**8,289**

The credit facilities have annual maturities and may be renewed. At 31 December 2016 the credit facility balance not drawn down amounts to Euros 500 thousand (Euros 400 thousand in 2015).

c) Noatum Container Terminal Bilbao, S.L. (see note 2.b))

On 17 December 2015 NCTB carried out a financial restructuring operation which entailed, inter alia, the arrangement of a new syndicated loan with several banks for an amount of Euros 103,245 thousand falling due in December 2022.

Details of loans and borrowings at 31 December 2016 and 2015 (excluding unpaid accrued interest) are as follows:

	Thousands of Euros	
	2016	2015
Syndicated loan	76,974	73,254
Opening commission	(2,434)	(3,824)
Total Loan	**74,540**	**69,430**
Total	**74,540**	**69,430**

At 31 December 2016 and 2015 the limits and drawdowns on each of the tranches of this loan are as follows:

Tranche	Thousands of Euros		
	Limit	2016 drawn down	
		Direct risk	Indirect risk
Tranche A - Loan	72,041	72,041	-
Tranche B - Loan	26,204	4,933	-
Bank guarantee facility	5,000	-	1,877
Total	**103,245**	**76,974**	**1,877**

Tranche	Thousands of Euros		
	Limit	2015 drawn down	
		Direct risk	Indirect risk
Tranche A - Loan	72,041	72,041	-
Tranche B - Loan	26,204	1,213	-
Bank guarantee facility	5,000	-	1,816
Total	**103,245**	**73,254**	**1,816**

Each of these tranches for the 2015 financing must be used for the following purposes:

- Tranche A: Transaction costs, settlement of financial liabilities, refinancing costs, and setting up certain current accounts.
- Tranche B: Financing of capital expenditure.
- Tranche C: Bank guarantee facility: Meet the NCTB obligations to provide bank guarantees.

At 31 December 2016 the balance of loans and borrowings has been reduced by the arrangement fees and other direct finance costs incurred by the Group when arranging the loan less the related accrued interest based on the effective interest method. As a result the balance to be transferred to the statement of profit or loss is Euros 2,434 thousand (Euros 3,824 thousand at 31 December 2015 and Euros 591 thousand at 31 December 2014). The costs incurred at 31 December 2016 amount to Euros 2,095 thousand (Euros 1,661 thousand at 31 December 2015 and Euros 1,504 thousand at 31 December 2014) and have been recognised in finance costs of other payables on the accompanying statement of profit or loss for 2016 (see note 21.6).

NCTB also took out certain variable-to-fixed interest rate swaps (see note 17). The borrowing costs accrued on the syndicated loan amounted to Euros 425 thousand at 31 December 2016 (Euros 1,243 thousand at 31 December 2015 and Euros 2,129 thousand at 31 December 2014).

The 2015 syndicated loan bore a floating interest rate pegged to Euribor plus a spread that will range between 2.00% and 2.50% over the term of the loan, according to a calendar. The borrowing costs accrued on the 2015 syndicated loan amounted to Euros 68 thousand at 31 December 2015, while interest accrued on the previous syndicated loan totalled Euros 2,158 thousand in 2015.

The syndicated loan has been secured by the Parent's shares pledged and by a promissory mortgage over the administrative concession (see note 7.3). In 2014 the previous financing was also secured by a mortgage on certain items of property, plant and equipment.

The Group must also fund a debt service reserve account. At 31 December 2016 and 2015 the Parent has funded Euros 1,217 thousand. At 31 December 2014, pursuant to the stipulations of the previous financing agreement, NCTB opted to secure the required amount through guarantees granted by financial institutions totalling Euros 3,772 thousand.

In accordance with standard practice, this loan agreement includes a number of binding clauses including certain financial ratio or threshold requirements. At 31 December 2016, 2015 and 2014 NCTB has complied with these covenants.

At 31 December 2014 the financing in place derived from a typical project finance syndicated loan NCTB entered into on 22 July 2008 for a total amount of Euros 80 million, with a term of 15 years, accruing interest at a rate of 6-month Euribor plus a market spread.

Details of the maturities of this loan at 31 December 2016, 2015 and 2014 is as follows:

2016	
Maturity	Thousands of Euros
2017	-
2018	1,000
2019	1,000
2020	1,000
2021 and subsequent years	73,974
Total	**76,974**

2015	
Maturity	Thousands of Euros
2016	-
2017	-
2018	1,000
2019	1,000
2020 and subsequent years	71,254
Total	**73,254**

The terms of the aforementioned 2016 syndicated loan stipulate fixed repayments of the loan principal and an annual repayment of a portion of the debt equivalent to a percentage of the future cash flows NCTB will generate. In accordance with the loan agreement, the first payment will fall due in the first half of 2019.

In addition, at 31 December 2016, 2015 and 2014 current loans and borrowings reflect interest accrued and payable at year end in relation to this financing, amounting to Euros 22 thousand, Euros 68 thousand and Euros 1,499 thousand, respectively.

Credit and factoring facilities

The Group has various credit facilities from financial institutions, up to a limit of Euros 12,200 thousand (Euros 1,700 thousand of which correspond to companies classified as Non-current assets held for sale) as at 31 December 2016, of which Euros 8,452 thousand has been drawn down (Euros 1,112 thousand of which correspond to companies classified as Non-current assets held for sale). These credit facilities had a limit of Euros 10,500 thousand at 31 December 2015, of which Euros 1,777 thousand had been drawn down, and a limit of Euros 10,800 thousand at 31 December 2014, none of which had been drawn down at the end of 2014.

These facilities accrue a variable rate of interest linked to the Euribor 3-month rate plus a market spread, applicable in 2016, 2015 and 2014.

Likewise, at 31 December 2016, the Group has non-recourse factoring lines with a limit of Euros 6 million (as in 2015 and 2014) of which Euros 1,992 thousand had been used as at 31 December 2016; Euros 3,631 thousand at 31 December 2015; and Euros 1,496 thousand at 31 December 2014.

Furthermore, the Group arranged with-recourse factoring facilities with credit institutions, with a global limit of Euros 3.5 million, which was unused as at 31 December 2015 and 31 December 2014 and then cancelled in 2016.

Project finance

Project finance to Group companies related to Continuing Operations

At 31 December 2015 and 2016 there are no project finance to Group companies related to Continuing operations.

At 31 December 2014, financing for the project of NCTB amounted to Euros 60,708 thousand. This figure included unmatured accrued interest amounting to Euros 1,498 thousand, less debt arrangement expenses of Euros 591 thousand.

At 31 December 2014, the Group had arranged interest rate hedges in connection with the aforementioned financing (see note 17).

Project finance to Group companies related to Discontinued Operations

At 31 December 2016, 2015 and 2014 the main project finance to Group companies related to Discontinued Operations are as follows:

Company	Thousands of Euros		
	2016	2015	2014
Noatum Terminal Graneles Santander, S.A.U.	24,991	25,386	26,643
Noatum Container Terminal Málaga, S.A.U.	15,322	35,483	38,536
Discontinued Operations	**40,313**	**60,869**	**65,179**

At 31 December 2016, financing for the projects of NTGS and NCTM amount to Euros 24,991 thousand and Euros 15,322 thousand, respectively. These figures included unmatured accrued interest amounting to Euros 517 thousand and Euros 67 thousand, respectively, less debt arrangement expenses of Euros 199 thousand and Euros 1,107 thousand, for NTGS and NCTM, respectively. At that date, these companies have been classified as Non-current assets held for sale (see note 1).

At 31 December 2015, financing for the projects of NTGS and NCTM amount to Euros 25,386 thousand and Euros 35,483 thousand, respectively. These figures included unmatured accrued interest amounting to Euros 548 thousand and Euros 94 thousand, respectively, less debt arrangement expenses of Euros 230 thousand and Euros 540 thousand, for NTGS and NCTM, respectively.

At 31 December 2014, financing for the projects of NTGS and NCTM amount to Euros 26,643 thousand and Euros 38,536 thousand, respectively. These figures included unmatured accrued interest amounting to Euros 598 thousand and Euros 112 thousand, respectively, less debt arrangement expenses of Euros 262 thousand and Euros 674 thousand, for NTGS and NCTM, respectively.

The project financing consists of syndicated loans bearing interest pegged to Euribor and maturing in 2024 in the case of NCTM and in 2026 in the case of NTGS.

The project finance agreement arranged by NCTM is secured by a mortgage over the concession at the port of Malaga and by a commitment to mortgage over certain items of property, plant and equipment (see note 7).

This project financing was renewed and amended on 4 May 2016.

Among the terms of this amendment are the following:

- The early repayment of Euros 14 million on the renewal date, leaving a repayable amount of Euros 21,930 thousand.
- The extension of the maturity date to 31 December 2027 and the modification of the repayment schedule.
- The Company is exempted from allocating amounts to the debt service reserve account (DSRA) and the CAPEX reserve account until October 2016, although it cannot distribute dividends until both accounts have been are funded.

The project finance has been secured through the pledging of NCTM's shares and the administrative concession, and the pledging of certain property, plant and equipment.

The project finance agreement arranged by NTGS is secured by a commitment to mortgage the concession at the port of Santander in the event that the debt service coverage ratio falls below 1.10x.

The Group has arranged interest rate hedges in connection with the aforementioned financing (see note 17).

In relation to the aforementioned financing, the concession operators have undertaken to achieve certain financial ratios which imply restrictions on the availability of cash and the distribution of dividends. At 31 December 2016, in accordance with the interpretation made by the Parent's directors of the definition of these ratios and as agreed with the financial entities, all of the obligations had been met, except in the case of NTGS, thus the debt has been reclassified as short term debt and subsequently under the liabilities relating to the assets held for sale (note 10). At the date of authorisation for issue of these consolidated financial statements, NTGS is in the process of refinancing. At 31 December 2015 and 2014, all of the obligations were met, except for NCTM, thus the bank loan was reclassified under current liabilities. However, the novation dated 4 May 2016 includes a waiver expressly authorising non-compliance with the ratios in that period.

15.3 Obligations under finance leases

At 31 December 2016 the Group has not recorded finance lease obligations.

Details of the value of the finance lease obligations at 31 December 2015 and 2014 are as follows (in nominal amount):

2015

	Thousands of Euros	
	2016	2017
Present value of outstanding lease payments	12	-
Total finance lease payments	**12**	**-**

2014

	Thousands of Euros	
	2015	2016
Present value of outstanding lease payments	29	12
Future finance charges	1	-
Total finance lease payments	**30**	**12**

It was the Group's policy to lease part of its installations and equipment under finance leases. The average lease term was three to four years. Interest rates were set at the contract date. All leases were paid in instalments. The contingent rental payments were not material at 31 December 2016, 2015 and 2014. The Group's obligations under finance leases were secured by the lessors' charges on the leased assets.

16. Information on the Nature and Risk of Financial Instruments

16.1 Financial risk factors

In view of its business activities, the Group has exposure to the following risks arising from financial instruments:

- Credit risk (see a))
- Liquidity risk (see b))

The Finance Department identifies, proposes and carries out the management of these risks along with other operating units in accordance with policies issued by the Board of Directors.

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months for corporate customers.

Debtors are due within 30 to 60 days from the billing date.

Receivables are reviewed at the end of each period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- Significant financial difficulty of the debtor
- Bankruptcy of the debtor
- Bills receivable are due within 180 days from the date of billing

If any of these circumstances exists, the impairment loss is registered.

If in a subsequent period the amount of an impairment loss decreases and it can be objectively linked to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit and loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of debtors whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group determines that the recovery of the receivable is remote and the amount is considered irrecoverable is written off against debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

More than 81% of the Group's customers have been transacting with the Group for over four years, and no impairment loss has been recognised against these customers. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables (see note 4e)).

At 31 December 2016, 2015 and 2014, the maximum exposure to credit risk for trade receivables amounted to Euros 25,364 thousand, Euros 39,636 thousand and Euros 36,480 thousand, respectively.

At 31 December 2016, 2015 and 2014, the ageing of trade and other receivables from continuing operations that were not impaired was as follows:

	Thousands of Euros		
	2016	2015	2014
Neither past due nor impaired	19,244	29,839	22,274
Past due 1-30 days	4,202	7,501	9,787
Past due 31-90 days	693	1,076	3,408
Past due more than 91 days	1,225	1,220	1,011
Total	25,364	39,636	36,480

The movement in the allowance for impairment in respect of trade and other receivables during 2016, 2015 and 2014 was as follows:

	Thousands of Euros
	Impairment
Balance at 1 January 2014	(1,554)
Impairment loss recognised	(175)
Amounts written off	187
Balance at 31 December 2014	(1,542)
Impairment loss recognised	(323)
Amounts written off	232
Balance at 31 December 2015	(1,633)
Impairment loss recognised	(920)
Amounts written off	163
Transfer to Assets Held for sale (note 10)	51
Balance at 31 December 2016	(2,339)

Cash and cash equivalents

The Group held cash and cash equivalents of Euros 14,994 thousand at 31 December 2016 (2015 Euros 22,450 thousand and 2014 Euros 11,036 thousand). The cash and cash equivalents are held with banks.

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management monitors the Group's liquidity reserves, which comprise credit available for drawdown (see note 15) and cash and cash equivalents (see note 12), and are forecast based on expected cash flows.

Liquidity position for 2016, 2015 and 2014 for the Group is based on the following:

- Cash and cash equivalents from continuing operations of Euros 14,994 thousand at 31 December 2016 (Euros 22,450 thousand in 2015; Euros 11,036 thousand in 2014). Cash and cash equivalents from discontinued operations of Euros 8,035 thousand at 31 December 2016 (see note 10).
- Undrawn credit facilities of Euros 3,748 thousand at 31 December 2016 (Euros 8,723 thousand in 2015; Euros 10,800 thousand in 2014). Interest would be payable at a rate of Euribor 3-month rate plus a market spread, applicable in 2016, 2015 and 2014.
- Cash inflows from operating activities of operations in 2016 amounting to Euros 27,632 thousand (Euros 43,907 thousand in 2015; Euros 28,981 thousand in 2014). The cash outflow from operating activities of discontinued operations in 2016 amounting to Euros 2,875 thousand (cash inflow of Euros 1,989 thousand in 2015; cash outflow of Euros 254 thousand in 2014) (see note 10).

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

2016

	Thousand of Euros						
Continuing operations	Carrying amount	Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities							
Loans and borrowings	275,688	285,158	10,596	2,068	5,172	191,840	75,482
Payables to related parties	355,230	355,230	3,669	3,669	347,892	-	-
Other financial liabilities	7,377	7,377	-	7,377	-	-	-
Trade and other payables	28,229	29,229	29,229	-	-	-	-
Derivative financial liabilities							
Interest rate used for hedging	5,230	5,230	-	-	3,372	1,858	-
Total	671,754	682,224	43,494	13,114	356,436	193,698	75,482

2015

	Thousand of Euros						
Continuing operations	Carrying amount	Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities							
Loans and borrowings	296,688	308,476	44,748	2,789	6,368	175,300	79,271
Payables to related parties	349,364	349,364	217	217	-	348,930	-
Other financial liabilities	12,287	12,287	-	8,810	154	900	2,423
Trade and other payables	31,824	31,824	31,824	-	-	-	-
Derivative financial liabilities							
Interest rate used for hedging	8,598	8,598	1,224	1,568	2,915	2,302	589
Total	698,761	710,549	78,013	13,384	9,437	527,432	82,283

2014

Continuing operations	Thousand of Euros						
	Carrying amount	Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities							
Loans and borrowings	273,379	275,257	182,124	3,867	6,812	26,134	56,320
Payables to related parties	337,828	337,828	-	8,614	329,214	-	-
Other financial liabilities	11,449	11,449	-	8,032	345	900	2,172
Trade and other payables	29,149	29,149	29,149	-	-	-	-
Derivative financial liabilities							
Interest rate used for hedging	26,683	26,683	3,738	18	9,905	9,861	3,161
Total	678,488	680,366	215,011	20,531	346,276	36,895	61,653

As disclosed in notes 15 and 17, the concession operators have undertaken to achieve certain financial ratios related to Project Finance loan and derivatives. At 31 December 2016, all of the obligations have been met, except in the case of NTGS, thus the debt and derivatives have been reclassified as short term debt and subsequently under the liabilities relating to the assets held for sale (note 10). At 31 December 2015 and 2014, all of the obligations were met, except for NCTM, thus the bank loan and derivatives were reclassified under current liabilities at those dates.

Additionally, as disclosed in note 2.d) the Parent holds a participating loan received from its sole shareholder, Turia Port Investments (Holdings), C.V., and the sole shareholder has the intention to capitalize this loan during 2017.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on derivative instruments may be different from the amount in the above table as interest rates. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

16.2 Capital risk management

The Group's primary objective is to maintain an optimal capital structure that supports its ability to continue as a going concern and safeguards returns for its shareholders, as well as the profits for the holders of equity instruments.

The Group's capital structure includes share capital, reserves, retained earnings and a participating loan; as disclosed in note 2.d) the sole shareholder has the intention to capitalize this loan during 2017. Specifically, the capital management policy is designed to ensure that a reasonable level of debt is maintained and to maximise the creation of shareholder value.

One of the objectives of this investment analysis, in addition to the habitual objectives (profitability, return period, risk assumed, strategic and market valuation), is to maintain the net debt/EBITDA ratio at a reasonable level and within the range negotiated with banks. The ratio is calculated as the rate of equity to net financial debt, which is taken to be the following:

+ Net with-recourse borrowings

+ Non-current bank borrowings

+ Current bank borrowings

- Cash and other current financial assets

+ Project finance payables

The Finance Management Department, which is responsible for the management of financial risks, periodically reviews the debt-equity ratio and compliance with the financing covenants and the capital structure of the subsidiaries.

17. Derivative financial instruments

The various areas in which the Group operates expose it to financing risks, mainly interest rate risk. In order to reduce the impact of these risks and in accordance with its risk management policy (see note 16), the Group has arranged various financial derivatives, most of which have non-current maturities. These contracts were signed to hedge the interest rate on certain financing contracts.

Details of the notional amounts, by company, of the aforementioned hedging instruments are shown in the table below. Maturity is over four years for all hedge contracts held in 2016, 2015 and 2014.

Group Companies related to Continuing operations			
31 December 2016			
Company	Maturity	Thousands of Euros	
		Notional amount	Fair value
Noatum Container Terminal Bilbao, S.L. (*)	2022	59,564	(1,581)
Noatum Container Terminal Valencia, S.A.U.	2020	157,653	(3,649)
Hedges (effective hedges)			**(5,230)**
Total derivative financial instruments			**(5,230)**

(*) See note 2.b)

Group Companies related to Continuing operations			
31 December 2015			
Company	Maturity	Thousands of Euros	
		Notional amount	Fair value
Noatum Container Terminal Bilbao, S.A.U.	2022	-	-
Noatum Terminal Graneles Santander, S.A.U.	2026	21,550	(3,947)
Noatum Container Terminal Valencia, S.A.U.	2020	146,792	(2,399)
Hedges (effective hedges)			**(6,346)**
Noatum Container Terminal Málaga, S.A.U.	2019/2026 (**)	-	(2,252)
Hedges (ineffective hedges)			**(2,252)**
Total derivative financial instruments			**(8,598)**

(**) The maturity of the derivative was initially 2019, and it has been delayed to 2026.

Group Companies related to Continuing operations			
31 December 2014			
Company	Maturity	Thousands of Euros	
		Notional amount	Fair value
Noatum Container Terminal Bilbao, S.A.U.	2022	51,005	(10,563)
Noatum Terminal Graneles Santander, S.A.U.	2026	26,439	(5,163)
Hedges (effective hedges)			**(15,726)**
Noatum Container Terminal Valencia, S.A.U.	2019	140,000	(7,763)
Noatum Container Terminal Málaga, S.A.U.	2019/2026 (**)	40,907	(3,194)
Hedges (ineffective hedges)			**(10,957)**
Total derivative financial instruments			**(26,683)**

(**) The maturity of the derivative was initially 2019, and it has been delayed to 2026.

The major impact registered on the epigraph "change in fair value of financial instruments" of the 2015 profit and loss account, was due to the anticipated cancellation of the NCTB derivative financial instrument, amounting to Euros 9,815 thousand. The financial liability of NCTM derivative has been reclassified to liabilities related to assets held for sale (note 10) for an amount of Euros 622 thousand. The variation of the fair value of NCTM's derivative instrument at December 2016 amounting to Euros 1,408 thousand due to the modification of the instrument, for which maturity was in 2019 has been changed to a new maturity date in 2026. This amount has been reclassified to held for sale (note 10).

The fair values of these derivative financial instruments are estimated amounts that the Group would receive or pay to terminate the derivative at the end of the reporting period, taking into account current interest rates and current creditworthiness of the derivative counterparties based on market values of equivalent derivative financial instruments at year end and are reflected in non-current and current liabilities in the consolidated statement of financial position at 31 December 2016, 2015 and 2014 as follows:

Continuing operations	Thousands of Euros		
	2016	2015	2014
Non-current liabilities - Financial instruments - Liabilities	5,230	5,807	22,928
Current liabilities - Financial instruments - Liabilities	-	2,791	3,755
Total financial instruments - liabilities	**5,230**	**8,598**	**26,683**

In respect of NTGS' hedge at 31 December 2016 the fair value valuation amounting to Euros 486 thousand of expense was recognized in Changes in the fair value of financial instruments in the profit and loss account from discontinued operations. At 31 December 2016 the fair value of the hedge amounting Euros 2,569 thousand is recorded as a reduction of the consolidated equity. This hedge will be settled in 2017.

On 4 May 2016, NCTM cancelled the interest rate hedging agreement in force on 31 December 2015 and a new interest rate hedge was formalized covering 70% of the outstanding principal amount at the date of novation. The maturity date of the aforementioned hedge is 31 December 2026. As a result, on that date, the total amount of the hedge recognized in equity as of 31 December 2015, amounting Euros 922 thousand of expenditure, was registered under the Change in the fair value in financial instruments of the profit and loss account from the discontinued operations. At 31 December 2016, the fair value of the new hedging agreement amounts to Euros 97 thousand is recorded as a reduction of the consolidated equity. This hedge will be settled in 2017 Derivative financial instruments arranged by Group companies are classified in level 2 of the hierarchy for determining their fair value (note 4.k)).

All the Group's derivative financial instruments have been arranged with leading financial institutions and aim to keep the debt hedged in an average band of between 0.60% and 3.71% in 2016 (between 0.60% and 3.71% in 2015 and between 2.86% and 5.13% in 2014) for those instruments referenced to the Euribor.

In the case of the instruments designated as effective hedges, their maturity and interest settlement terms are in line with those of the financing agreements that they are intended to hedge (see note 15).

The classification of cash flow hedges designated as effective by reporting periods in which the cash flows are expected to occur and reporting periods which are expected to impact the consolidated statement of profit or loss at 31 December 2016, 2015 and 2014 is as follows:

2016

Group Companies related to Continuing operations	
Maturity	Thousands of Euros
2017	-
2018	1,788
2019	1,583
2020	1,269
2021	590
2022 and subsequent years	-
Total	**5,230**

Group Companies related to Discontinued operations	
Maturity	Thousands of Euros
2017	525
2018	820
2019	694
2020	566
2021	410
2022 and subsequent years	412
Total	**3,427**

2015

Maturity	Thousands of Euros
2016	1,605
2017	1,850
2018	1,324
2019	666
2020	256
2021 and subsequent years	645
Total	**6,346**

2014

Maturity	Thousands of Euros
2015	1,810
2016	3,023
2017	2,692
2018	2,332
2019	1,952
2020 and subsequent years	3,917
Total	**15,726**

NTGS do not meet at 31 December 2016 all the financial ratios and levels related to the Project Finance loan and therefore, as in the case with the bank loan (see note 15.2), the derivatives have also been reclassified under current liabilities at those dates. In addition, NCTM at 31 December 2015 and 2014 did not meet all the financial ratios and levels related to the Project Finance loan and therefore, as in the case with the bank loan (see note 15.2), the derivatives had also been reclassified under current liabilities at those dates (see note 10).

On 4 May 2016 the interest rate hedging contract was cancelled and a new interest rate hedge was arranged covering 70% of the principal amount payable at the renewal date. The aforementioned hedge matures on 31 December 2026.

18. Trade and other payables

Trade and other payables mainly comprise the amounts outstanding for trade purchases and related costs, amounting to Euros 28,229 thousand at 31 December 2016 (Euros 31,824 thousand at 31 December 2015 and Euros 29,149 thousand at 31 December 2014).

Trade and other payables also include remuneration payable amounting to Euros 4,081 thousand at 31 December 2016 (Euros 4,651 thousand at 31 December 2015 and Euros 4,291 thousand at 31 December 2014).

Following is the ageing analysis of trade suppliers and creditors based on invoice dates:

	Thousands of Euros		
	2016	2015	2014
within 1 month	(10,284)	(17,154)	(10,374)
1-3 months	(9,153)	(4,531)	(8,750)
3-6 months	(4,346)	(3,572)	(3,378)
more than 6 months	(593)	(2,679)	(2,341)
Total	(24,376)	(27,936)	(24,843)

19. Other financial liabilities

19.1 Other non-current financial liabilities

At 31 December 2016 the Group does not have any Other non-current financial liabilities.

Details at 31 December 2015 and 2014 are as follows:

	Thousands of Euros	
	2015	2014
Other concepts - Local city tax payable	3,477	3,417
Total	**3,477**	**3,417**

19.2 Other current financial liabilities

Details of other current financial liabilities at 31 December 2016, 2015 and 2014 are as follows:

	Thousands of Euros		
	2016	2015	2014
Current payables	7,311	7,824	7,720
Suppliers of fixed assets, current	66	986	312
Total	**7,377**	**8,810**	**8,032**

Current payables primarily comprise the compensation payable by the Group to ACS, Servicios y Concesiones for the sale of the 50% of Indira Container Terminal Pvt. Ltd. (see note 9.1).

20. Taxation

20.1 Consolidated tax group

Since 2011, certain Group companies have formed part of a consolidated tax group, of which Noatum Port Holdings, S.L.U. is the parent.

The companies that make up this tax group at 31 December 2016 and 2015 are: Noatum Port Holdings, S.L.U., Noatum Ports, S.L.U., Noatum Container Terminal Valencia, S.A.U., Noatum Terminal Polivalente Sagunto S.L.U., Noatum Terminal Polivalente Santander S.L.U., Noatum Terminal Graneles Santander S.A.U., Noatum Container Terminal Málaga S.A.U. and SM Gestinver S.A.U.

The companies that make up this tax group at 31 December 2014 were: Noatum Port Holdings, S.L.U., Noatum Ports, S.L.U., Noatum Container Terminal Valencia, S.A.U., Noatum Terminal Polivalente Santander S.L., Noatum Terminal Graneles Santander S.A., Noatum Container Terminal Málaga S.A.U. and SM Gestinver S.A.

20.2 Tax receivables and payables

Details of current tax assets and current tax liabilities at 31 December 2016, 2015 and 2014 are as follows:

	Thousands of Euros		
	2016	2015	2014
Value added tax	13,684	8,649	7,604
Taxation authorities, other	171	787	2,081
Taxation authorities, withholdings and payments on account	226	12	22
Total tax receivables	**14,081**	**9,448**	**9,707**
Personal income tax	719	1,078	1,064
Income tax	703	901	703
Value added tax	183	913	425
Social Security, payables	435	559	546
Total tax payable	**2,040**	**3,451**	**2,738**

20.3 Calculation of income tax

The reconciliation of the income tax is as follows:

	Thousands of Euros		
	2016	2015	2014
Consolidated loss before tax	(40,156)	(22,888)	(8,389)
Net loss/(profit) of equity-accounted investees	17,422	389	(954)
Permanent differences	(1,703)	-	(82)
Tax loss	**(24,437)**	**(22,499)**	**(9,425)**
Tax at: 2016: ranging from 25% to 28%, 2015: 28%, 2014: 30%	(6,198)	(6,300)	(2,828)
Adjustment of deductions due to tax incentives	(2,005)	-	2,077
Adjustment of credits due to tax losses	(447)	-	540
Tax rate adjustment	-	-	2,514
Other	843	2,128	(899)
Final income tax expense/(income) on Continued Operations	**(7,807)**	**(4,172)**	**1,404**

Details of the income tax are as follows:

	Thousands of Euros		
	2016	2015	2015
Deferred tax	(7,807)	(4,172)	1,404
Corporation tax expense/(income) on Continued Operations	**(7,807)**	**(4,172)**	**1,404**

20.4 Deferred tax

Details of the main deferred tax assets and liabilities recognised by the Group and of the changes therein in the 2016, 2015 and 2014 are as follows:

2016

	Thousands of Euros				
	Opening balance	Additions	Disposals	Transfer Assets Held for sale (note 10)	Closing balance
Assets					
Tax amortisation of goodwill	1,932	-	(341)	-	1,591
Cash flow hedges	1,894	665	(520)	-	2,039
Finance costs	24,316	5,138	(3,616)	-	25,838
Cap on amortisation/depreciation	2,032	765	(607)	(283)	1,907
Other temporary differences	8,668	10,114	-	(527)	18,255
Tax losses	23,842	7,869	(2,093)	(2,160)	27,458
Tax credits	7,791	447	-	-	8,238
	70,475	**24,998**	**(7,177)**	**(2,970)**	**85,326**
Liabilities					
Finance leases	(6,992)	-	337	-	(6,655)
Business combinations	(21,762)	-	1,511	-	(20,251)
Other temporary differences	(428)	-	63	-	(365)
	(29,182)	**-**	**1,911**	**-**	**(27,271)**
Total	**41,293**	**24,998**	**(5,266)**	**(2,970)**	**58,055**

2015

	Thousands of Euros			
	Opening balance	Additions	Disposals	Closing balance
Assets				
Tax amortisation of goodwill	2,160	-	(228)	1,932
Cash flow hedges	4,675	219	(3,000)	1,894
Finance costs	19,241	5,075	-	24,316
Cap on amortisation/depreciation	2,034	-	(2)	2,032
Other temporary differences	7,543	2,459	(1,334)	8,668
Tax losses	23,222	620	-	23,842
Tax credits	7,825	-	(34)	7,791
	66,700	**8,373**	**(4,598)**	**70,475**
Liabilities				
Finance leases	(7,172)	-	180	(6,992)
Business combinations	(23,226)	(92)	1,556	(21,762)
Other temporary differences	(334)	(94)	-	(428)
	(30,732)	**(186)**	**1,736**	**(29,182)**
Total	**35,968**	**8,187**	**(2,862)**	**41,293**

2014

	Thousands of Euros				
	Opening balance	Additions	Disposals	Tax rate adjustment	Closing balance
Assets					
Tax amortisation of goodwill	7,657	-	(4,267)	(1,230)	2,160
Cash flow hedges	4,272	737	-	(334)	4,675
Finance costs	15,416	5,843	-	(2,018)	19,241
Cap on amortisation/depreciation	1,916	1,732	(1,015)	(599)	2,034
Other temporary differences	6,065	5,291	(2,372)	(1,441)	7,543
Tax losses	21,584	3,593	(1,038)	(917)	23,222
Tax credits	9,350	694	(2,077)	(142)	7,825
	66,260	**17,890**	**(10,769)**	**(6,681)**	**66,700**
Liabilities					
Finance leases	(8,690)	-	119	1,399	(7,172)
Business combinations	(32,843)	-	4,972	4,645	(23,226)
Other temporary differences	(245)	(180)	70	21	(334)
	(41,778)	**(180)**	**5,161**	**6,065**	**(30,732)**
Total	**24,482**	**17,710**	**(5,608)**	**(616)**	**35,968**

Unused tax loss carryforwards

At 31 December 2016, 2015 and 2014, details of unused tax loss carryforwards, which have been capitalised in the accompanying consolidated statement of financial position, by the year in which they arose and company, are as follows:

2016

Year of generation	Thousands of Euros				
	Noatum Port Holdings, S.L.U.	Noatum Container Terminal Bilbao, S.L. (*)	**Total Continuing Operations**	Autoterminal, S.A.	**Total Discontinued Operations**
2008	-	2,878	**2,878**	-	**-**
2009	-	8,588	**8,588**	-	**-**
2010	-	2,062	**2,062**	-	**-**
2011	22,384	139	**22,523**	-	**-**
2012	14,230	2,112	**16,342**	-	**-**
2013	-	243	**243**	6,506	**6,506**
2014	44,145	214	**44,359**	2,132	**2,132**
2015	-	2,494	**2,494**	-	**-**
2016	8,098	-	**8,098**	-	**-**
Total	**88,857**	**18,730**	**107,587**	**8,638**	**8,638**

(*) See note 2.b)

2015

Year of generation	Thousands of Euros			Total Continuing Operations
	Noatum Port Holdings, S.L.U.	Noatum Container Terminal Bilbao, S.A.U.	Autoterminal, S.A.	
2005	-	2,891	-	**2,891**
2006	-	1,654	-	**1,654**
2007	-	293	-	**293**
2008	-	7,334	-	**7,334**
2009	-	8,411	-	**8,411**
2010	-	1,951	-	**1,951**
2011	21,436	-	-	**21,436**
2012	4,702	2,005	-	**6,707**
2014	40,591	-	1,299	**41,890**
2015	-	2,291	-	**2,291**
Total	**66,729**	**26,830**	**1,299**	**94,858**

2014

Year of generation	Thousands of Euros			Total Continuing Operations
	Noatum Port Holdings, S.L.U.	Noatum Container Terminal Bilbao, S.A.U.	Autoterminal, S.A.	
2005	-	289	-	**289**
2006	-	1,654	-	**1,654**
2007	-	293	-	**293**
2008	-	7,334	-	**7,334**
2009	-	8,411	-	**8,411**
2010	-	1,951	-	**1,951**
2011	36,417	-	-	**36,417**
2012	500	2,005	-	**2,505**
2013	3,991	-	-	**3,991**
2014	12,176	-	816	**12,992**
Total	**53,084**	**21,937**	**816**	**75,837**

At 31 December 2016, the unused tax loss carryforwards of Autoterminal, S.A. have been reclassified under "Non-current assets held for sale" and the amount capitalised in 2016 was Euros 2,391 thousand, in addition to the Euros 456 thousand capitalised at 31 December 2015. In addition, Euros 687 thousand has been offset this year.

At 31 December 2016, 2015 and 2014 the subsidiaries NCTB, NCTM, NTGS and the Parent Noatum Port Holdings, S.L.U. had the following unused tax loss carryforwards prior to the creation of the tax group, which have not been capitalised in the accompanying consolidated statement of financial position:

2016

Year of generation	Thousands of Euros				Total
	Noatum Container Terminal Bilbao, S.L. (*)	Noatum Terminal Graneles Santander, S.A.U.	Noatum Container Terminal Málaga, S.A.U.	Noatum Port Holdings, S.L.U.	
2010	10,562	3,797	2,424	3,897	20,680
Total	**10,562**	**3,797**	**2,424**	**3,897**	**20,680**

(*) See note 2.b)

2015

Year of generation	Thousands of Euros					Total
	A.T.M. Cartera, S.L.	Autoterminal, S.A.	Noatum Terminal Graneles Santander, S.A.U.	Noatum Container Terminal Málaga, S.A.U.	Noatum Port Holdings, S.L.U.	
2003	3,634	-	-	-	-	3,634
2004	1,747	-	-	-	-	1,747
2005	692	-	-	-	-	692
2006	2,009	-	-	-	-	2,009
2007	418	-	-	-	-	418
2008	868	-	-	-	-	868
2009	177	1,879	-	-	-	2,056
2010	112	705	3,797	3,141	6,255	14,010
2011	139	376	-	-	-	515
2012	107	-	-	-	-	107
2013	243	6,607	-	-	-	6,850
2014	214	-	-	-	-	214
2015	203	-	-	-	-	203
Total	**10,563**	**9,567**	**3,797**	**3,141**	**6,255**	**33,323**

2014

Year of generation	Thousands of Euros					Total
	A.T.M. Cartera, S.L.	Autoterminal, S.A.	Noatum Terminal Graneles Santander, S.A.	Noatum Container Terminal Málaga, S.A.U.	Noatum Port Holdings, S.L.U.	
2003	3,634	-	-	-	-	3,634
2004	1,747	-	-	-	-	1,747
2005	692	-	-	-	-	692
2006	2,009	-	-	-	-	2,009
2007	418	-	-	-	-	418
2008	868	-	-	-	-	868
2009	177	1,879	-	-	-	2,056
2010	112	705	3,797	3,141	6,255	14,010
2011	139	376	-	-	-	515
2012	107	-	-	-	-	107
2013	243	6,493	-	-	-	6,736
2014	214	-	-	-	-	214
Total	**10,360**	**9,453**	**3,797**	**3,141**	**6,255**	**33,006**

For tax periods commencing from 1 January 2016, Royal Decree-Law 3/2016 has introduced changes regarding the offsetting of tax loss carryforwards generated in prior years, mainly comprising the following:

- Entities with a *turnover* of under Euros 20 million in the *12 months prior to the beginning of the period* can only apply unused tax loss carryforwards up to 60% of the taxable income prior to offset (70% in 2017).
- Entities with a *turnover* of between Euros 20 million and Euros 60 million in the *12 months prior to the beginning of the period* can only apply unused tax loss carryforwards up to 50% of the taxable income prior to offset.
- Entities with a *turnover* of over Euros 60 million in the *12 months prior to the beginning of the period* can only apply unused tax loss carryforwards up to 25% of the taxable income prior to offset.

In any event, tax loss carryforwards of up to Euros 1 million can be offset in the tax period (Art.26 Tax Law 27/2014).

With the entry into force of Corporate Income Tax Law 27/2014, tax loss carryforwards unused at the beginning of the first tax period commencing after 1 January 2015, can be offset in subsequent periods with no deadline, capped at 70% of taxable income prior to offset, and establishing a minimum amount, in any event, of Euros 1 million.

Furthermore, Corporate Income Tax Law 27/2014 expressly states that the Tax Authorities' right to verify or audit tax loss carryforwards prescribes after 10 years from day after the end of the term established for filing or self-assessing for the tax period in which the tax loss carryforward arose.

Pursuant to Vizcaya Provincial Income Tax Law 11/2013 of 5 December 2013, applicable to the subsidiary NCTB, tax loss carryforwards may be offset against taxable income of periods ending in the subsequent 15 years. Except for NTCB, there is no time limit for the tax loss to be carryforwards for offset against future tax payable income.

<u>*Unused deductions*</u>

Details of the Group's unused deductions at 31 December 2016, 2015 and 2014 (except those of NCTB, which are detailed below), as recognised in the accompanying consolidated statement of financial position, are as follows:

<u>*2016*</u>

Year of generation	Thousands of Euros			Final year for offset
	Noatum Ports, S.L.U.	Noatum Terminal Polivalente Santander, S.L.U.	Total	
2014	149	-	149	2034
2015	-	517	517	2035
2016	-	447	447	2036
Total	**149**	**964**	**1,113**	

<u>*2015*</u>

Year of generation	Thousands of Euros			Final year for offset
	Noatum Terminal Polivalente Santander, S.L.U.	Autoterminal, S.A.	Total	
2006	86	-	86	2021
2011	-	22	22	2031
2012	-	13	13	2032
Total	**86**	**35**	**121**	

2014

Year of generation	Thousands of Euros				Final year for offset
	Noatum Ports, S.L.U.	Noatum Terminal Polivalente Santander, S.L.	Autoterminal, S.A.	Total	
2006	-	86	-	86	2021
2011	-	-	22	22	2031
2012	-	-	13	13	2031
2014	581	-	-	581	2034
Total	**581**	**86**	**35**	**702**	

Deductions of Euros 2,270 thousand recognised at 31 December 2012 had been derecognised in 2014 as, considering the Parent's directors' latest estimate of the future taxable income, it was concluded that it was unlikely that sufficient future taxable profit would be generated to permit the offsetting of this amount within a reasonable period based on their interpretation of the accounting legislation applicable to the Group, although the directors consider that these deductions will be offset by the deadline established in prevailing tax legislation.

Moreover, NCTB (see note 2.b)) has unused deductions for which the corresponding deferred tax assets have been recognised, as the directors of the Parent consider that they meet the accounting criteria for such recognition, namely that future taxable income will be generated against which these deferred tax assets can be offset. At 31 December 2016, 2015 and 2014 details of these deductions are as follows:

Year of generation	Thousands of Euros			Final year for offset
	2016	2015	2014	
1998	181	183	183	2029
1999	495	495	495	2029
2000	363	363	363	2029
2001	528	528	528	2029
2002	5,470	5,471	5,471	2029
2003	45	45	45	2029
2004	3	3	3	2029
2006	2	2	2	2029
2007	1	1	1	2029
2008	1	1	1	2029
2009	22	22	22	2029
2010	7	7	7	2029
2011	1	1	1	2029
2012	1	1	1	2029
2013	1	1	1	2029
Total	**7,121**	**7,124**	**7,124**	

With regard to deductions for new non-current assets, the NCTB may apply these deductions in its Corporate Income Tax returns up to a limit of 45% of the taxable income for the year in question, after applying any double taxation tax relief and tax credits.

As in the case of the tax loss carryforwards of NCTB, tax credits may be offset within a maximum of 15 years pursuant to Vizcaya Provincial Law 11/2013. However, the transitional provisions of this Law state that the 15-year period for offsetting tax credits generated prior to 1 January 2014 will commence as of that date.

Deferred tax assets have been recorded for all temporary differences, credits for tax loss carryforwards to be applied to future taxable income of the Group. To determine the amount of deferred tax assets that can be recorded, the Directors of the parent have estimated the profit for tax purposes that the Group expects to obtain in the coming years based on financial projections drawn up in line with the assumptions described in note 6. As mentioned in note 2 e), the Group has implemented a restructuring process that will let the Group to focus on its main activities related to the container business and to achieve positive tax bases. In this regard, the Group has initiated a plan to transfer all net assets and Group subsidiaries not related with the container business. Regarding the container business, the Group has considered in its future estimates the following relevant factors: the increase in the operational capacity of NCTV due to the fact that since July 2016, Muelle Costa is operational, the acquisition of a new customer with a long-term contract signed in 2017, and the 12 additional years extension of the Port of Bilbao concession. Additionally, as disclosed in Note 2.d) the Parent holds a participating loan received from its sole shareholder, Turia Port Investments (Holdings), C.V., and the sole shareholder has the intention to capitalize it during 2017. Based on this analysis, the Group has recorded the corresponding deferred tax assets in the unused tax losses and deductions generated to date, since it considers it likely that sufficient taxable profit will be recorded in future to allow these to be fully offset within the necessary period.

Deductibility of finance costs

Royal Decree 12/2012 of 30 March 2012 introduced several changes to income tax applicable from 2012 onwards. The measures adopted include the limitation on the deductibility of finance costs. The Royal Decree stipulates that net finance costs in excess of 30% of operating profit for the year will not be deductible, with a minimum limit of Euros 1 million. Undeducted net finance costs can be deducted in tax periods concluding within a period of 18 years (successive) from the year they were incurred. The corresponding deferred tax assets generated total Euros 25,838 thousand at the 2016 year end (Euros 24,316 thousand at 31 December 2015 and Euros 19,241 thousand at 31 December 2014).

Deductibility of amortisation and depreciation charges

Moreover, Law 16/2012 on Tax Measures and Law 17/2012, of 27 December 2012, on the General State Budgets, introduced various new tax provisions that came into effect on 1 January 2013. One of these, which is temporary, limits the tax amortisation that companies classed as large businesses may deduct in the 2013 and 2014 tax years. Consequently, according to articles 11.1 and 11.4 of the Corporate Income Tax Law up to 70% of the amount that would have been deductible if this percentage were not applicable may be deducted from taxable income for tax depreciation and amortisation of property, plant and equipment, intangible assets and investment property for tax periods commencing in 2013 and 2014. Any undeducted amortisation/depreciation will be deductible on a straight-line basis over a ten-year period or over the useful life of the asset from 2015 onwards.

20.5 Years open to inspection and tax inspections

At 31 December 2016, the Group had open to inspection its income tax and all other applicable taxes for the last four years. Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise in the event of future inspections, which cannot be objectively quantified at present. Notwithstanding, the Tax Authorities' right to verify and audit the used or unused tax loss carryforwards, and the deductions applied or pending application on account of double taxation or the promotion of certain activities, prescribes 10 years from the day after the end of the term established for filing or self-assessment in the tax term in which the offset or application takes place. After this term, the Group can certify tax loss carryforwards or deductions by providing the tax return or self-assessment and the supporting accounting records, with proof that these were filed in the Mercantile Registry during the said term. However, the parent's tax advisers and directors consider that the possibility of material liabilities arising in this connection is remote.

21. Income and Expenses

21.1 Revenues of the Continuing Operations

Revenue from the Group's ordinary activities derives solely from container activities at the port terminals. The Group carries out all of its activities in Spain.

21.2 Cost of materials used and other external expenses

Details at 31 December 2016, 2015 and 2014 are as follows:

	Thousands of Euros		
	2016	2015	2014
Continuing operations			
Goods held for resale and raw materials used	3,172	3,927	4,233
Subcontracted work	85,478	81,539	76,413
Total	**88,650**	**85,466**	**80,646**

In 2016, 2015 and 2014 the Group did not recognise any amounts in respect of foreign currency transactions for sales and services.

21.3 Other operating expenses

Details of "Other operating expenses" at 31 December 2016, 2015 and 2014 are as follows:

	Thousands of Euros		
	2016	2015	2014
Continuing operations			
Leases and royalties	10,972	11,394	12,172
Repairs and maintenance	14,199	13,371	12,811
Other services	2,816	2,936	3,143
Utilities	3,694	3,601	3,980
Transport	7,414	3,786	3,616
Independent professional services	5,807	2,036	1,436
Insurance premiums	2,613	2,701	2,179
Banking and similar services	22	22	18
Advertising, publicity and public relations	194	150	126
Tributes and others	1,143	1,156	1,354
Total	**48,874**	**41,153**	**40,835**

"Other taxes" mainly reflects provisions for property tax made by certain Group companies (see note 14).

21.4 Personnel expenses

Details of personnel expenses at 31 December 2016, 2015 and 2014 are as follows:

	Thousands of Euros		
	2016	2015	2014
Continuing operations			
Salaries and wages	24,692	24,119	26,253
Social Security	4,489	4,842	5,208
Contributions to external pension funds	140	50	103
Other employee benefits expenses	479	-	-
Provisions	53	-	-
Total	**29,853**	**29,011**	**31,564**

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Remuneration for employees is determined in accordance with performance, professional experiences, qualifications, skills and the prevailing market conditions. The management of the Group reviews the employee remuneration policy and arrangement on a regular basis.

The Group also grants discretionary bonuses to certain employees as awards in accordance with individual performance. The Group has not adopted any share option scheme.

The Group has established a Long Term Incentive Plan for key management of the Group which has a duration of three years and matures in 2018. A maximum fixed amount is established for each employee included in the plan, and it is subject to fulfillment of individual objectives related to strategic goals of the Group set for each employee. The expense is being accrued during the duration of the plan.

Individuals with highest emoluments

The eight individuals with the highest emoluments are directors and key management of the subsidiary Noatum Ports, S.L.U. whose emoluments are disclosed in note 24.1. The aggregate amounts in respect to these individuals are as follows:

	Thousands of Euros		
	2016	2015	2014
Basic salaries and benefits paid in kind	1,179	1,300	1,140
Discretionary bonuses	1,164	913	893
Director's fees	153	146	134
Total	**2,496**	**2,359**	**2,167**

The emoluments of the eight individuals with the highest emoluments are within the followings ranges:

	2016	2015	2014
Under 116,291 EUR	3	3	3
From 116,291 EUR to 348,870 EUR	3	1	2
From 348,871 EUR to 581,450 EUR	1	2	2
From 581,451 EUR to 1,337,335 EUR	1	2	1

21.5 Operating leases

At 31 December 2016, 2015 and 2014 the Group held concessions for several port terminals (see note 1), through arrangements that entail occupancy charges (based on the space used) and activity charges (based on the volume of activity at the terminal). Additionally at 31 December 2016, 2015 and 2014, the Group held operating leases for certain buildings, vehicles and other elements.

Expected future minimum payments for the occupancy charge and for non-cancellable leases are as follows:

	Thousand of Euros		
	2016	2015	2014
Less than one year	8,850	9,010	9,064
Two to five years	35,354	35,912	35,568
More than five years	124,174	100,671	107,307
Total	**168,378**	**145,593**	**151,939**

21.6 Finance costs

Details at 31 December 2016, 2015 and 2014 are as follows:

	Thousands of Euros		
	2016	2015	2014
Continuing operations			
On bank borrowings	10,122	12,012	18,673
On payables to related parties	17,617	16,991	16,084
Other interest expense	822	948	948
Total	**28,561**	**29,951**	**35,705**

21.7 Impairment on equity investments

Details at 31 December 2016, 2015 and 2014 are as follows:

	Thousand of Euros		
	2016	2015	2014
Continuing operations			
Impairment on equity investments	(104)	(321)	(206)
Total	**(104)**	**(321)**	**(206)**

21.8 Capital commitments

Non-current assets investment commitment at 31 December 2016, 2015 and 2014 mainly corresponds to the extensions in the railway installations and machinery. These investments commitments are improvements and are as follows:

Company	Thousands of Euros		
	2016 (*)	2015	2014
Noatum Container Terminal Bilbao, S.L. (*)	34,000	-	-
Noatum Container Terminal Valencia, S.L.U. (**)	9,875	16,625	-

(*) Total non-current asset investment commitment to be carried out during the period 2016-2036 (See Note 1)

(**) Total non-current asset investment commitment to be carried out before concession term expires in 2031 (See Note 1)

22. Segment reporting

The Board of Directors is the ultimately responsible for making decisions on operations and for reviewing internal financial information to assess performance and to allocate resources.

The Board of Directors analyses business operates in two lines of activities (container and non-container) as follows:

- Container Terminals. This segment includes terminals specialized in handling containerized cargo. The main types of machinery used in operations in container terminals is STS Quay Cranes, RTG, Internal Terminal Vehicles and platforms. Main customers of this segment are major shipping lines that operate globally. Volumes handled depend on both local (gateway traffics) and world economy trends (transhipment traffics). Geographical location determinates the mix of traffic for each container terminal in the Group. This segment also include rail terminals.
- Non-container Terminals. This segment includes bulk terminals, multi-purpose terminals, Ro-Ro cargo, conventional cargo and agro bulk. Non-container terminals use other types of machinery, mainly, the cranes specifically adapted to powder and bulk materials. Operations are highly adapted to the type of cargo handled. Traffics are local, i.e. final destination or origin of cargo is Spain.

The ratio used in segment reporting is adjusted EBITDA, based on consolidated earnings before interest, income tax, depreciation and amortization.

The Group's management uses this ratio to assess segment performance, since this indicator is considered to best reflect the results of the Group different activities.

Revenue

Details of revenues by segments is as follows:

	Thousands of Euros		
	2016	2015	2014
Container	191,359	188,930	188,748
Non-container	55,511	49,127	36,764
Total consolidated revenue	**246,870**	**238,057**	**225,512**

Information regarding the Group's reportable segments for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2016, 2015 and 2014 is set out below (amounts in thousands of Euros).

	2016			2015			2014		
	Container	Non container	TOTAL	Container	Non container	TOTAL	Container	Non container	TOTAL
Reportable segment revenue	**191,359**	**55,511**	**246,870**	**188,930**	**49,127**	**238,057**	**188,748**	**36,764**	**225,512**
Revenue	191,359	55,511	246,870	188,930	49,127	238,057	188,748	36,764	225,512
Reportable segment profit (adjusted EBITDA)	**26,648**	**956**	**27,604**	**26,412**	**3,157**	**29,569**	**38,562**	**18**	**38,580**
Finance income	119	65	184	88	291	379	410	215	625
Finance costs	(28,561)	(2,734)	(31,295)	(29,951)	(4,388)	(34,339)	(35,705)	(4,701)	(40,406)
Amortization and depreciation	(21,056)	(5,583)	(26,639)	(18,625)	(6,379)	(25,004)	(20,063)	(8,223)	(28,286)
Impairment of:									
Reversal of imapirment/(impairment)	-	-	-	(127)	-	(127)	-	-	-
Gain/(loss) on disposal of property, plant and equipment	116	(20,924)	(20,808)	(296)	(1,201)	(1,497)	7,453	(74,899)	(67,446)
Reportable segment assets (including investment in joint venture)	**532,026**	**69,324**	**601,350**	**503,316**	**113,636**	**616,952**	**510,149**	**103,125**	**613,274**
Reportable segments' liabilites	**681,614**	**66,089**	**747,703**	**621,573**	**90,386**	**711,959**	**597,825**	**94,053**	**691,878**

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities is as follows:

	Thousands of Euros		
Revenue	2016	2015	2014
Reportable segment revenue	246,870	238,057	225,512
Consolidated revenue	**246,870**	**238,057**	**225,512**
Continuing operations	191,359	188,930	188,748
Discontinued operations	55,511	49,127	36,764

	Thousands of Euros		
Profit	2016	2015	2014
Consolidated loss before tax	**(68,287)**	**(31,321)**	**(95,918)**
Continuing operations	(40,156)	(22,888)	(8,389)
Discontinued operations	(28,131)	(8,433)	(87,529)

Assets	2016	2015	2014
Consolidated total assets	**601,350**	**616,952**	**613,274**
Continuing operations	532,026	503,316	510,149
Discontinued operations	69,324	113,636	103,125

Liabilities	2016	2015	2014
Consolidated total liabilities	**747,703**	**711,959**	**691,878**
Continuing operations	681,614	621,573	597,825
Discontinued operations	66,089	90,386	94,053

23. Related Party Transactions

Transactions and balances between the Group and its related parties are as follows:

23.1 Transactions and balances with the Parent's sole shareholder

The Group has the following balances with the Parent's sole shareholder:

	Thousands of Euros		
	2016	2015	2014
Non-current payables	(346,796)	(346,597)	(326,575)
Current interest on payables	(7,311)	(44)	(8,258)
Total	**(354,107)**	**(346,641)**	**(334,833)**

The variation in current interest on payables is due to the fact that in 2016 and 2014 this interest has been capitalised in January 2017 and January 2015, whilst in the 2015 they were capitalised on 31 December 2015.

The transactions carried out by Group companies with the Parent's sole shareholder are as follows:

	Thousands of Euros		
	2016	2015	2014
Finance costs	17,574	16,940	16,035
Total	**17,574**	**16,940**	**16,035**

The only contract held between the Parent and its sole shareholder, Turia Port Investments (Holdings), C.V. is the agreement governing the participating loan extended by the latter to the former in 2010 for Euros 232,822 thousand. The balance of this participating loan increased in prior years to reach the balance recognised at 31 December 2014 (increases of Euros 3,750 thousand in 2014). At 31 December 2016 and 2015, this participating loan falls due in November 2018 (November 2016 at 31 December 2014). The loan bears interest at a fixed rate of 5% per annum and a variable rate equal to 75% of profit for the year, with a limit of 12% per annum for the total finance cost of the loan.

Current payables to related parties mainly comprise interest accrued on this loan but not yet due.

23.2 Transactions and balances with associates

During 2016, 2015 and 2014, Group companies did not perform any significant transactions with associates.

23.3 Related party balances and transactions

The balances with the related parties at 2016, 2015 and 2014 are as follows:

	Thousands of Euros		
	2016	2015	2014
Suppliers	(10)	(15)	(133)
Trade receivables	231	51	193
Non-current payables	(1,097)	(2,333)	(2,639)
Current interest on payables	(26)	(390)	(356)
Total	**(902)**	**(2,687)**	**(2,935)**

The transactions with the related parties at 2016, 2015 and 2014 are as follows:

	Thousands of Euros		
	2016	2015	2014
Services received	(173)	(407)	(346)
Services rendered	2,354	1,292	1
Finance costs	(43)	(51)	(49)
Total	**2,138**	**834**	**(394)**

Transactions between Group companies are carried out at market prices. The related parties mentioned above have a common owner of the Parent with the Group companies.

24. Board of Directors and Senior Management

24.1 Remuneration of the board of directors and key management

At 31 December 2016, the board of directors of the Parent comprised one male director and two legal entities, each with a male representative (one male director and two legal entities, each with a male representative, at 31 December 2015 and 2014). Directors' emoluments of the Group are disclosed in note 24.3 below.

Remuneration for key management personnel (5 people each year) of the Group is as follows:

Thousand of Euros	2016	2015	2014
Directors' fees	-	-	-
Basic salaries and benefits paid in kind	1,179	1,300	1,140
Discretionary bonuses	1,164	913	893
Total	**2,343**	**2,213**	**2,033**

At 31 December 2016, 2015 and 2014 the directors and senior management personnel have not received any loans or advances nor has the Group extended any guarantees on their behalf. The Parent has no pension or life insurance obligations with its former or current directors or senior management personnel.

During 2016 the Group has paid in full a public liability insurance premium of Euros 15 thousand for the directors to cover damages caused by acts or omissions during the course of their duties.

24.2 Remuneration of senior management in NPH

During 2016 there is not any member of senior management personnel. In 2015 there was one male member of senior management personnel who did not sit on the board (one male in 2014). This individual accrued remuneration of Euros 482 thousand (Euros 447 thousand in 2014).

24.3. Directors' emoluments of the Group

Directors' emoluments of the Parent for each of the years ended December 31, 2016, 2015 and 2014 is as follows (amounts in Thousands of Euros):

2016	**Directors' fees**	**Total**
George Christopher Gray	69	69
Noatum Maritime Holdings, S.L.U	42	42
Stiching Pension fonds ABP	42	42
Total	**153**	**153**

2015	**Directors' fees**	**Total**
George Christopher Gray	62	62
Noatum Maritime Holdings, S.L.U	42	42
Stiching Pension fonds ABP	42	42
Total	**146**	**146**

2014	**Directors' fees**	**Total**
George Christopher Gray	50	50
Noatum Maritime Holdings, S.L.U	42	42
Stiching Pension fonds ABP	42	42
Total	**134**	**134**

No director of NPH Group waived any emoluments during 2016, 2015 and 2014.

During the years ended 31 December 2016, 2015 and 2014, there were no amounts paid to Directors for compensation for loss of office and inducement for joining the Group.

25. Guarantee Commitments to Third Parties

At 31 December 2016, the Group has provided guarantees to third parties in connection with its current activities totalling Euros 30,821 thousand, Euros 11,890 thousand of which correspond to companies classified as Non-current assets held for sale (Euros 35,038 thousand in 2015 and Euros 31,808 thousand in 2014). The Parent's directors do not expect the transactions described in this note to give rise to any material liabilities other than those recognised in the accompanying consolidated statement of financial position.

Similarly, the Group has provided guarantees to the lenders of the senior debt granted to the Group companies NCTM and NTGS, securing the obligations assumed by these companies under these credit agreements in the event of the expiry or termination of the administrative concessions.

At the 2016 year end, the amounts corresponding to the guarantees warranted to NCTM and NTGS are Euros 16,361 thousand (Euros 35,930 thousand at 31 December 2015 and Euros 39,102 thousand at 31 December 2014) and Euros 24,673 thousand (Euros 29,517 thousand at the end of 2015 and Euros 31,467 thousand at 31 December 2014), respectively.

The loan granted by the financial institutions to NCTM, for which the Parent has extended a guarantee previously extended in favour of the lenders, was amended on 4 May 2016. As of that date, the amount payable on the loan extended to NCTM and secured by the Parent has been Euros 21,930 thousand.

Contingent liabilities include the ordinary liability of the companies with which the Group conducts its business activities. This coverage is achieved by means of the corresponding guarantees provided to secure the performance of the contracts, compliance with the obligations assumed in the concession arrangements, etc.

Furthermore, a Group company has filed an appeal against a resolution by the board of directors of the Valencia Port Authority dated 19 February 2014 relating to the interpretation of the conditions for granting the concession to one of the operators of the Port of Valencia.

Lastly, the various Group companies are exposed to the risk of having court and out-of-court claims filed against them. The directors of the Group companies consider that the possible effect of this risk on the accompanying consolidated financial statements would not be material.

26. Other information

26.1 Audit fees

The auditors of the Group's consolidated financial statements (KPMG Auditores, S.L. in 2016, 2015 and 2014) and other firms in the KPMG network have invoiced Group the following fees and expenses for professional services during the years ended 31 December 2016, 2015 and 2014:

	Thousands of Euros		
	2016	2015	2014
Audit services	361	230	171
Other assurance services	6	7	7
Total audit and related services	**367**	**237**	**178**
Tax advisory services	74	74	74
Total professional services	**74**	**74**	**74**

The amounts detailed in the above tables include the total fees for services rendered in 2016, 2015 and 2014, irrespective of the date of invoice.

26.2 Environmental information

The Parent's directors consider any environmental contingencies that might arise to be sufficiently covered by the insurance policies taken out. The amounts of the provisions for probable or certain third-party liability, litigation in progress and indemnity payments or outstanding obligations of an undetermined amount are not significant.

26.3 Company-Level Statement of Financial Position at 31 December 2016, 2015 and 2014

(Thousands of Euros)

	Note	31 December		
		2016	2015	2014
Non-current asset				
Investments in subsidiaries		366,956	364,687	362,526
Deferred tax assets		45,674	32,382	28,294
Total non-current asset		**412,630**	**397,069**	**390,820**
Current assets				
Trade and other receivables		214	834	2,088
Current investments to related parties		-	-	2,954
Cash and cash equivalents		112	102	83
Total current assets		**326**	**936**	**5,125**
Current liabilities				
Trade and other payables		827	1,078	779
Payables to related parties		28,424	24,105	23,946
Current provisions		217	217	217
Other current financial liabilities		10	-	-
Accruals		-	5	5
Current liabilities		**29,478**	**25,405**	**24,947**
Net current assets		**(29,152)**	**(24,469)**	**(19,822)**
Total assets less current liabilities		**383,478**	**372,600**	**370,998**
Non-current liabilities				
Payables to related parties		346,795	339,403	326,575
Total non-current liabilities		**346,795**	**339,403**	**326,575**
NET ASSETS		**36,683**	**33,197**	**44,423**
CAPITAL AND RESERVES				
Share capital	**13.1**	23,148	23,148	23,148
Share premium	**13.2**	71,096	71,096	71,096
Retained earnings and other reserves		(57,561)	(61,047)	(49,821)
TOTAL EQUITY		**36,683**	**33,197**	**44,423**

27. Events after the Reporting Period

The following events occurred between the reporting date and the date of authorisation for issue of the consolidated financial statements:

- On 9 January 2017 the board of directors of Noatum Port Holdings, S.L.U. approved the sale of the companies and transfer of assets and liabilities of the companies listed in note 10 to the group Noatum Maritime Holdings, S.L.U.
- On 26 April 2017 Noatum Rail Terminal Zaragoza, S.L., was granted a 2-year extension on the concession period by ADIF, bringing the administrative concession term to expire on 31 July, 2019.
- On 11 May 2017 the syndicated loan of Noatum Container Terminal Valencia, S.A.U. was repaid and simultaneously a new loan was signed with certain financial institutions. The main conditions of the new loan facility are included in note 15.2.
- On 17 May 2017 the board of directors of Noatum Port Holdings, S.L.U. approved the sale of the shares of the company Operaciones Portuarias Canarias, S.A.
- During May 2017, Parliament has ratified a Government proposal about activity regulation of stevedores in Spain. The new Royal Decree is a consequence of a 2014 European sentence that enforces liberalization of the sector to be aligned with market economy practices. Companies will have freedom to contract stevedores at market prices and not as enforced regulated out of market minimum salaries. There will be a transition period of three years (2017, 2018 and 2019) by which there will be an obligation to contract old workers from Sociedad Anónima de Gestión de Estibadores Portuarios "SAGEP"'s, 75%, 50% and 25% of the total needed. As a result of the new law, operating companies have no need to be shareholders of SAGEPs or hire personnel with exclusivity. These companies will evolve into temporary working agencies (TWA).

  Under the new law the parties may have their own company CBA's, with special conditions for salaries, time of work, organisation of the work, assignments, etc. Company CBA's have priority over national and local CBA's. Therefore, they present an opportunity for flexibility for the involved operating companies.

  Government subsidies are available of up to 12 months' salary for dismissals and up to 9 months for objective change of working conditions, which are provided in the law to promote the reform. This is an opportunity to achieve agreements in some ports to contract the best stevedores from the current SAGEP's as fixed employees under different conditions in return of a year's salary to be paid by the Port Authority and assuring long term work.

  A draft Regulation has been published as a development of the law. It is a draft document to encourage the Union to agree on measures to improve productivity (reduction of salaries 10%, organisation of the work, etc.) and for the companies to subrogate the workers of the old SAGEP's. The Regulation also establishes subsidies for voluntary early retirement, five years in advance of the official retirement age. A total amount Euro 120 million in Government subsidies are offered for a smooth transition.

  With the reduction in salaries and expected improvement in productivity as a result of free market competition of labor force, management is expecting margin improvements in coming years that will put Spanish ports in good position to compete with foreign ports and therefore increasing activity and volume throughput.

No other significant events have occurred since the reporting date that could affect the interpretation of the consolidated financial statements.

28. Subsequent Financial Statements

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 31 December 2016.

Appendix A: Subsidiaries

2016

Name of company	Kind of legal entity	Place of incorporation and place of operation	Activity	Place of operation	Particular of issued share capital and debt securities	Auditor	Effective % ownership
Noatum Ports, S.L.U.	Unipersonal Limited Liability Company	C/ Núñez de Balboa, 42 – 28002 Madrid, Spain	Holding company	Spain	EUR 129,250,000	KPMG Auditores, S.L.	100.00%
Noatum Container Terminal Bilbao S.L. (*)	Limited Liability Company	C/ Muelle 1 de la Ampliación del Puerto de Bilbao. Santurce. Vizcaya, Spain	Port terminal	Spain	EUR 12,198,829	KPMG Auditores, S.L.	77.47%
Noatum Terminal Polivalente Santander, S.L.U.	Unipersonal Limited Liability Company	Puerto de Raos, s/n - Edificio GSM, 39011 Santander, Spain	Stevedoring	Spain	EUR 2,502,580	KPMG Auditores, S.L.	100.00%
Noatum Container Terminal Valencia, S.A.U.	Unipersonal Corporation	Muelle Príncipe Felipe, s/n. 46024 Valencia, Spain	Port terminal	Spain	EUR 49,564,707	KPMG Auditores, S.L.	100.00%
Noatum Terminal Polivalente Sagunto, S.L.U.	Unipersonal Limited Liability Company	Muelle Puerto de Sagunto , s/n. 46520 Sagunto, Spain	Port terminal	Spain	EUR 13,631,405	KPMG Auditores, S.L.	100.00%
Autoterminal, S.A.	Corporation	Muelle Dársena Sur, Ed. Autoterminal Barcelona, Spain	Port terminal	Spain	EUR 3,606,000	KPMG Auditores, S.L.	57.71%
SM Gestinver , S.A.U.	Unipersonal Corporation	Muelle Dársena Sur, Ed. Autoterminal Barcelona, Spain	Investments in transport companies in general	Spain	EUR 2,040,000	Non audited	100.00%
Noatum Container Terminal Málaga, S.A.U.	Unipersonal Corporation	Talleres y Almacenes, s/n Puerto de Málaga, Spain	Port terminal	Spain	EUR 14,000,000	KPMG Auditores, S.L.	100.00%
Noatum Terminal Graneles Santander, S.A.U.	Unipersonal Corporation	Puerto de Raos, s/n - Edificio GSM, 39011 Santander, Spain	Bulk terminal	Spain	EUR 7,160,000	KPMG Auditores, S.L.	100.00%
Noatum Rail Terminal Zaragoza, S.L.	Limited Liability Company	Calle Núñez de Balboa, 42 – 28002 Madrid, Spain	Port terminal	Spain	EUR 3,000	BDO, S.L.	60.00%

(*) See Note 2.b)

2015

Company	Kind of legal entity	Place of incorporation	Activity	Place of operation	Particular of issued share capital and debt securities	Auditor	Effective % ownership
Noatum Ports, S.L.U.	Unipersonal Limited Liability Company	C/ Núñez de Balboa, 42 – 28002 Madrid, Spain	Holding company	Spain	EUR 129,250,000	KPMG Auditores, S.L.	100.00%
A.T.M. Cartera, S.L.	Limited Liability Company	C/ Muelle 1 de la Ampliación del Puerto de Bilbao. Santurce. Vizcaya, Spain	Holding company	Spain	EUR 13,198,829	KPMG Auditores, S.L.	77.47%
Noatum Container Terminal Bilbao S.A.U.	Unipersonal Corporation	C/ Muelle 1 de la Ampliación del Puerto de Bilbao. Santurce. Vizcaya, Spain	Port terminal	Spain	EUR 15,785,872	KPMG Auditores, S.L.	77.47%
Noatum Terminal Polivalente Santander, S.L.U. (formerly Noatum Terminal Polivalente Santander, S.L.)	Unipersonal Limited Liability Company	Puerto de Raos, s/n - Edificio GSM, 39011 Santander, Spain	Stevedoring	Spain	EUR 2,502,580	KPMG Auditores, S.L.	100.00%
Noatum Container Terminal Valencia, S.A.U. (formerly Noatum Ports Valenciana, S.A.U.)	Unipersonal Corporation	Muelle Príncipe Felipe, s/n. 46024 Valencia - Spain	Port terminal	Spain	EUR 49,564,707	KPMG Auditores, S.L.	100.00%
Noatum Terminal Polivalente Sagunto, S.L.U.	Unipersonal Limited Liability Company	Muelle Puerto de Sagunto , s/n. 46520 Sagunto - Spain	Port terminal	Spain	EUR 13,631,405	KPMG Auditores, S.L.	100.00%
Autoterminal, S.A.	Corporation	Muelle Dársena Sur, Ed. Autoterminal Barcelona, Spain	Port terminal	Spain	EUR 3,606,000	KPMG Auditores, S.L.	57.71%
SM Gestinver , S.A.U. (formerly SM Gestinver, S.A.)	Unipersonal Corporation	Muelle Dársena Sur, Ed. Autoterminal Barcelona, Spain	Investments in transport companies in general	Spain	EUR 2,040,000	Non audited	100.00%
Noatum Container Terminal Málaga, S.A.U. (formerly Noatum Container Terminal Málaga, S.A.)	Unipersonal Corporation	Talleres y Almacenes, s/n Puerto de Málaga, Spain	Port terminal	Spain	EUR 14,000,000	KPMG Auditores, S.L.	100.00%
Noatum Terminal Graneles Santander, S.A.U. (formerly Noatum Terminal Granales Santander, S.A.)	Unipersonal Corporation	Puerto de Raos, s/n - Edificio GSM, 39011 Santander, Spain	Bulk terminal	Spain	EUR 7,160,000	KPMG Auditores, S.L.	100.00%
Noatum Rail Terminal Zaragoza, S.L.	Limited Liability Company	Calle Núñez de Balboa, 42 – 28002 Madrid, Spain	Port terminal	Spain	EUR 3,000	Non audited	60.00%

Appendix A: Subsidiaries

2014

Company	Kind of legal entity	Place of incorporation	Activity	Place of operation	Particular of issued share capital and debt securities	Auditor	Effective % ownership
Noatum Ports, S.L.U.	Unipersonal Limited Liability Company	C/ Núñez de Balboa, 42 – 28002 Madrid, Spain	Holding company	Spain	EUR 129,250,000	KPMG Auditores, S.L.	100.00%
A.T.M. Cartera, S.L.	Limited Liability Company	C/ Muelle 1 de la Ampliación del Puerto de Bilbao. Santurce. Vizcaya, Spain	Holding company	Spain	EUR 13,198,829	KPMG Auditores, S.L.	77.47%
Noatum Container Terminal Bilbao S.A.U.	Unipersonal Corporation	C/ Muelle 1 de la Ampliación del Puerto de Bilbao. Santurce. Vizcaya, Spain	Port terminal	Spain	EUR 15,785,872	KPMG Auditores, S.L.	77.47%
Noatum Terminal Polivalente Santander, S.L. (formerly Terminales Marítimas de Santander, S.L.)	Limited Liability Company	Puerto de Raos, s/n - Edificio GSM, 39011 Santander, Spain	Stevedoring	Spain	EUR 2,502,580	KPMG Auditores, S.L.	81.00%
Noatum Ports Valenciana, S.A.U. (formerly Marítima Valenciana, S.A.)	Unipersonal Corporation	Muelle Príncipe Felipe, s/n. 46024 Valencia - Spain	Port terminal	Spain	EUR 49,564,707	KPMG Auditores, S.L.	100.00%
Autoterminal, S.A.	Corporation	Muelle Dársena Sur, Ed. Autoterminal Barcelona, Spain	Port terminal	Spain	EUR 3,606,000	KPMG Auditores, S.L.	44.73%
SM Gestinver , S.A.	Corporation	Muelle Dársena Sur, Ed. Autoterminal Barcelona, Spain	Investments in transport companies in general	Spain	EUR 2,040,000	Non audited	77.50%
Noatum Container Terminal Málaga, S.A. (formerly Terminales del Sudeste, S.A.)	Unipersonal Corporation	Talleres y Almacenes, s/n Puerto de Málaga, Spain	Port terminal	Spain	EUR 14,000,000	KPMG Auditores, S.L.	89.00%
Noatum Terminal Graneles Santander, S.A.	Corporation	Puerto de Raos, s/n - Edificio GSM, 39011 Santander, Spain	Bulk terminal	Spain	EUR 7,160,000	KPMG Auditores, S.L.	81.00%
Noatum Rail Terminal Zaragoza, S.L.	Limited Liability Company	Calle Núñez de Balboa, 42 – 28002 Madrid, Spain	Port terminal	Spain	EUR 3,000	Non audited	60.00%

Appendix B: Associates

2016

Company	Registered address	Activity	Auditor	Effective % ownership
Operaciones Portuarias Canarias, S.A.	Avda. de los Cambulloneros, s/n, Las Palmas de Gran Canaria, Spain	Port terminal	Ernst & Young, S.L.	45.00%
Mepsa Servicios y Operaciones, S.A.	Port de Haifa, nº 3-1º A, 08039 Barcelona, Spain	Other independent services	-	35.00%
Desarrollo de Espacios Portuarios, S.A.	Muelle Darsena Sur. Ed. Autoterminal 08039 Barcelona, Spain	Vehicle terminal concession operator	-	28.86%
Conte-Rail, S.A.	Camino del Puerto, 1 28821 Coslada Madrid, Spain	Combined transport	BDO, S.L.	50.00%

2015

Company	Registered address	Activity	Auditor	Effective % ownership
Operaciones Portuarias Canarias, S.A.	Avda. de los Cambulloneros, s/n, Las Palmas de Gran Canaria, Spain	Port terminal	Ernst & Young, S.L.	45.00%
Mepsa Servicios y Operaciones, S.A.	Port de Haifa, nº 3-1º A, 08039 Barcelona, Spain	Other independent services	-	35.00%
Desarrollo de Espacios Portuarios, S.A.	Muelle Darsena Sur. Ed. Autoterminal 08039 Barcelona, Spain	Vehicle terminal concession operator	-	28.86%
Conte-Rail, S.A.	Camino del Puerto, 1 28821 Coslada Madrid, Spain	Combined transport	BDO, S.L.	50.00%

2014

Company	Registered address	Activity	Auditor	Effective % ownership
Operaciones Portuarias Canarias, S.A.	Avda. de los Cambulloneros, s/n, Las Palmas de Gran Canaria, Spain	Port terminal	Ernst & Young, S.L.	45.00%
Mepsa Servicios y Operaciones, S.A.	Port de Haifa, nº 3-1º A, 08039 Barcelona, Spain	Other independent services	-	35.00%
Desarrollo de Espacios Portuarios, S.A.	Muelle Darsena Sur. Ed. Autoterminal 08039 Barcelona, Spain	Vehicle terminal concession operator	-	22.36%
Conte-Rail, S.A.	Camino del Puerto, 1 28821 Coslada, Madrid, Spain	Combined transport	BDO, S.L.	50.00%

As at 31 December 2016, Noatum Port Holdings, S.L.U. ("**NPH**" or the "**Parent**") has commenced implementing a plan to transfer all assets and liabilities held by Noatum Terminal Graneles Santander, S.A.U., Noatum Terminal Polivalente Sagunto, S.L.U. and Noatum Terminal Malaga, S.A.U. and dispose its equity interests in SM Gestinver, S.A.U. and Noatum Terminal Polivalente Santander, S.L.U. (collectively, the "**Discontinued Operations**"). These companies are not engaged in the container business. The aforementioned assets and liabilities are classified as held for sale, since at 31 December 2016 the likelihood of such transfer is high and they are included in a sale plan committed and approved by the management of the Target Group (as defined below). Up to date, approvals are pending from certain port authorities in relation to the transfer of shares to concessionaries. In addition, in May 2017 the board of directors of NPH approved the transfer of the shares of the company Operaciones Portuarias Canarias, S.A. ("**OPCSA**") which is accounted for by the equity method. The transfer of these companies and assets is expected to take place during 2017. NPH's remaining business other than the Discontinued Operations and OPCSA are collectively referred to as the "**Target Group**".

The Parent will hold shares in the following entities upon Completion:

Name	**% owned at 12.31.2016**
Noatum Ports, S.L.U.	100.00%
Noatum Container Terminal Bilbao, S.L.	77.47%
Noatum Container Terminal Valencia, S.A.U.	100.00%
Conte-Rail, S.A.	50.00%
Noatum Rail Terminal Zaragoza, S.L.	60.00%
Noatum Terminal Graneles Santander, S.A.U (*)	100.00%
Noatum Terminal Polivalente Sagunto, S.L.U (*)	100.00%
Noatum Container Terminal Malaga, S.A.U (*)	100.00%

(*) *All assets and liabilities of these entities to be transferred out of the Target Group*

Set out below is the management discussion and analysis (the "**MD&A**") on the Target Group for the three financial years ended 31 December 2014, 2015 and 2016. The MD&A relates to the consolidated financial statements for the years ended 31 December 2014, 2015 and 2016. The "Larger Group" is defined in "*MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES*" section of this Appendix III.

The following discussion and analysis should be read in conjunction with the accountants' report set out in Appendix II to this circular (the "**Accountants' Report**").

REVENUE

For the three years ended 31 December 2014, 2015 and 2016, the revenue of the Target Group was €188,748,000, €188,930,000 and €191,359,000, respectively.

The revenue of the Target Group comprised revenue from operations in two port container terminals: Noatum Container Terminal Valencia, S.A.U. ("**NCTV**") and Noatum Container Terminal Bilbao, S.L. ("**NCTB**") and the rail container terminal in Zaragoza (Noatum Rail Terminal Zaragoza S.L.).

Revenues are mainly divided in local operations and transshipment operations being the former more profitable than the latter due to its higher tariffs. For the three years ended 31 December 2014, 2015 and 2016, the local operations represented 57.6%, 49.8%, 47.9% of total volumes respectively.

The slight increase in revenue in 2015 by 0.1% as compared to 2014 was principally due to an increase in volumes by 8.6% (positive impact) and a change in the revenues mix with a higher share of transshipment moves over total throughput in 2015 vs 2014 (negative impact as transshipment operations entail lower tariffs than local operations). The increase in revenue in 2016 by 1.3% as compared to 2015 was also due to an increase in volumes but also to a slight increase in revenue per move (+0.5%).

COST OF MATERIAL USED AND OTHER EXTERNAL EXPENSES

For the three years ended 31 December 2014, 2015 and 2016, the cost of material used and other external expenses of the Target Group was €80,646,000, €85,466,000 and €88,650,000, respectively. These costs are principally related to workforce hired to the stevedoring pool along with other variable costs (activity fee, supplies, etc.). The increase in cost of material used and other external expenses for the year ended 31 December 2015 by 6.0% compared to 2014 was mainly driven by traffic growth. The further increase for the year ended 31 December 2016 by 3.7% compared to 2015 was also driven by traffic growth together with an increase in variable cost per move given lower productivity in NCTV caused by bad weather conditions and the use of cranes without twin-mode.

PERSONNEL EXPENSES AND OTHER OPERATING EXPENSES

For the three years ended 31 December 2014, 2015 and 2016, the personnel expenses and other operating expenses of the Target Group consisted of €72,399,000, €70,164,000 and €78,727,000.

Personnel costs decreased by 8.1% in year 2015 in relation to a lower number of employees following Noatum Terminal Polivalente Sagunto, S.L.U. ("**Sagunto**") segregation, and increased by 2.9% in year 2016 due to salaries increase according to conditions of collective bargaining agreements for new employees. Other operating expenses increased by 0.8% in year 2015 due to insurance premium and independent professional services costs while increased by 18.8% in year 2016 due to higher transport cost of cranes purchased in 2016 and independent professional services costs related to different projects.

LOSS FROM CONTINUING OPERATIONS[(1)]

For the three years ended 31 December 2014, 2015 and 2016, the consolidated loss for the year of the Target Group and OPCSA was €9,793,000, €18,716,000 and €32,349,000, respectively.

The increase in the consolidated loss for the year ended 31 December 2015 against 2014 was principally due to a loss incurred in the cancellation of the NCTB financial instrument amounting to €9,815,000 (zero in 2014).

The increase in loss from Target Group and OPCSA for the year ended 31 December 2016 as compared to 2015 was principally due to the impairment losses in the caption "Share of profit/(loss) of equity-accounted investees, net of tax" amounting €16,549,000 (zero in 2015).

BORROWINGS AND FINANCING

The Target Group sources of funding comprise mainly shareholder's equity and bank borrowings (external borrowings). All borrowings as well as cash and cash equivalents are held in Euro.

The external borrowings of the Target Group at 31 December 2016 comprise bank syndicated loans (NCTV lenders being Banco Santander, ING, Bankia and Caixabank and NCTB lenders being Banco Santander, Banco Sabadell and Caixabank) and other working capital facilities (revolving credit facilities, factoring, etc.). The maturity profile of these borrowings is set out in Note 15.2 in the Accountants' Report in Appendix II.

As at 31 December 2014, the Target Group had a net debt (being its debts less cash and cash equivalents and current investments) of €202,653,000. The amount of debts of the Target Group (calculated as the sum of non-current and current loans and borrowings, derivative financial instruments and other current financial liabilities) amounted to €225,698,000. Cash and cash equivalents and current investments of the Target Group amounted to €23,045,000.

As at 31 December 2015, the Target Group had a net debt (being its debts less cash and cash equivalents and current investments) of €205,212,000. The amount of debts of the Target Group (calculated as the sum of non-current and current loans and borrowings, derivative financial instruments and other current financial liabilities) amounted to €236,971,000. Cash and cash equivalents and current investments of the Target Group amounted to €31,759,000.

As at 31 December 2016, the Target Group had a net debt (being its debts less cash and cash equivalents and current investments) of €261,764,000. The amount of debts of the Target Group (calculated as the sum of non-current and current loans and borrowings, derivative financial instruments and other current financial liabilities) amounted to €288,295,000. Cash and cash equivalents and current investments of the Target Group amounted to €26,531,000.

(1) Net of tax

The overall increase in net debt during the above periods was primarily due to CAPEX funding of NCTV and NCTB. The increase in the net debt-to-equity ratio from 61% as at 31 December 2014 to 82% as at 31 December 2015 was mainly due to a lower net profit as a result of the swap cancelled during the refinancing process of NCTB amounting to €9,815,000. The increase in net debt-to-equity ratio from 82% as at 31 December 2015 to 102% as at 31 December 2016 was due to the impairment losses in the caption "Share of profit/(loss) of equity-accounted investees, net of tax" amounting €16,549,000 in 2016 together with an increase in debt due to CAPEX financing.

As at 31 December 2014, 2015 and 2016, the Target Group had granted several guarantees to the lenders of its bank facilities in NCTV and NCTB. The details of such guarantees which include charges on assets are set out in Notes 7 and 15 in the Accountants Report in Appendix II.

For the years ended 31 December 2014, 2015 and 2016, the ranges of effective interest rates per annum on the Target Group 's secured long term bank borrowings were 5.43%-7.46%, 2.45%-3.04% and 2.42%-3.16% respectively. Interest rates on the NPH Group's bank borrowings were variable (linked to Euribor) plus a margin. In order to reduce the impact of the fluctuation of interest rates associated to bank borrowings, the Target Group has arranged various financial derivatives to hedge the interest rates on those bank borrowings. The hedging agreements notionals cover 75% of debt outstanding at each of the interest periods.

In 2014, 2015 and 2016, the Group did not recognise any amounts in respect of foreign currency transactions for sales and services.

FINANCIAL POSITION

The consolidated total assets of the Target Group were €510,149,000 as at 31 December 2014, €503,316,000 as at 31 December 2015 and €532,026,000 as at 31 December 2016.

The decrease from 2014 to 2015 was mainly related to the Sagunto segregation from Noatum Container Terminal Valencia S.A.U (formerly both were part of one single legal entity named Noatum Ports Valenciana, S.A.U). This resulted in a reduction of €12,616,000 in other intangible assets and €6,372,000 in property, plant and equipment.

The increase in consolidated total assets from 2015 to 2016 principally reflects the increase of €31,632,000 and €17,771,000 accounted for in property, plant and equipment and deferred tax assets respectively, related to additional investments in NCTV and NCTB and the negative result of the year. This increase was partially offset by the reduction in the caption "Equity-accounted investees" which includes the impairment of the investment in OPCSA, amounting to €16,549,000.

The consolidated total liabilities of the Target Group were €597,825,000 as at 31 December 2014, €621,573,000 as at 31 December 2015 and €681,614,000 as at 31 December 2016. The increase in consolidated total liabilities in 2015 from 2014 was mainly due to (1) an increase of the shareholder loan balance due to the capitalisation of interest expense and (2) an increase in external debt mainly due to CAPEX financing at NCTV and NCTB and also the financing of the Mark to Market of the swap cancelled during the refinancing processes of these two entities in 2015. The increase in consolidated total liabilities in 2016 from 2015 was mainly due to CAPEX financing at NCTV and NCTB.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

At 31 December 2016, 2015 and 2014, NPH and its subsidiaries (hereinafter the "**Larger Group**") comprised the following companies:

Name	**2014**	**2015**	**2016**
Subsidiaries			
Noatum Ports, S.L.U. (1)	100.00%	100.00%	100.00%
Noatum Container Terminal Bilbao, S.A.U. (1)	77.47%	77.47%	–
Noatum Container Terminal Bilbao S.L. (Formerly known as A.T.M. Cartera S.L.) (1)	77.47%	77.47%	77.47%
Noatum Terminal Polivalente Santander, S.L.U. (2)	81.00%	100.00%	100.00%
Noatum Container Terminal Valencia, S.A.U. (1)	100.00%	100.00%	100.00%
Autoterminal, S.A. (2)	44.73%	57.71%	57.71%
SM Gestinver, S.A.U. (2)	77.50%	100.00%	100.00%
Noatum Container Terminal Málaga, S.A.U. (2)	89.00%	100.00%	100.00%
Noatum Terminal Graneles Santander, S.A.U. (2)	81.00%	100.00%	100.00%
Noatum Rail Terminal Zaragoza, S.L. (1)	60.00%	60.00%	60.00%
Noatum Terminal Polivalente Sagunto, S.L.U. (2)	–	100.00%	100.00%
Associates			
Desarrollo de Espacios Portuarios, S.A. (2)	22.36%	28.86%	28.86%
Conte-Rail, S.A. (1)	50.00%	50.00%	50.00%
Mepsa Servicios y Operaciones, S.A. (2)	35.00%	35.00%	35.00%
Operaciones Portuarias Canarias, S.A. (1)	45.00%	45.00%	45.00%

(1) Continuing Operations
(2) Discontinued Operations

During 2014, the only change in the scope of consolidation was that the interest held in Noatum Rail Terminal Zaragoza, S.L. was reduced from 80% in 2013 to 60% in 2014. This company was incorporated as part of the Larger Group in 2013 and the Larger Group held an 80% interest therein at the 2013 year end.

There were various changes in percentage ownership in 2015. Noatum Terminal Polivalente Santander, S.L.U., SM Gestinver, S.A.U., Noatum Container Terminal Málaga, S.A., Noatum Terminal Graneles Santander, S.A.U. and Noatum Terminal Polivalente Sagunto, S.L.U became wholly owned, while the interest held in Autoterminal, S.A. increased from 44.73% in 2014 to 57.71% in 2015.

During 2015, Noatum Container Terminal Valencia, S.A.U. (a spin-off company, and the original holder of the Sagunto concession) spun-off part of its business in the port of Sagunto. The public deed of the partial spin-off was filed at the Valencia Mercantile Registry on 15 July 2015.

For tax purposes, the spin-off constitutes a contribution of a branch of activity as through the operation, the spun-off company contributes to Noatum Terminal Polivalente Sagunto, S.L.U. a group of assets comprising a pre-existing branch of activity, while keeping another branch of activity. As consideration, Noatum Ports, S.L.U., the sole shareholder of the spun-off company, received shares of Noatum Terminal Polivalente Sagunto, S.L.U.

The spin-off was carried out in accordance with the special Spanish regime regulating mergers, spin-offs, asset contributions and exchanges of securities and was duly communicated to the Spanish Ministry of Economy and Finance.

The balance sheet of Noatum Terminal Polivalente Sagunto, S.L.U. at 31 December 2014 was considered the balance sheet of the partial spin-off. The spun-off assets and liabilities were measured at their carrying amount at 31 December 2014 and the company recognised the spun-off assets and liabilities at a net value of €18,969,000 in reserves.

In June 2016, the companies A.T.M. Cartera, S.L. and Noatum Container Terminal Bilbao, S.A.U. were merged to Noatum Container Terminal Bilbao, S.L., thereby bringing together in a single entity all activities involving loading and unloading of containers in the port terminals located in the Basque Country. Subsequent to the merger, A.T.M. Cartera, S.L. changed its name to Noatum Container Terminal Bilbao, S.L.

EMPLOYEES AND REMUNERATION POLICY

The Target Group had 349, 339 and 349 employees at 31 December 2014, 2015 and 2016 respectively. The total personnel expenses of the Target Group for the three years ended 31 December 2014, 2015 and 2016 were €31,564,000, €29,011,000 and €29,853,000 respectively.

Remuneration for employees is determined in accordance with performance, professional experiences, qualifications, skills and the prevailing market conditions. Management reviews the employee remuneration policy and arrangement on a regular basis. Discretionary bonuses are granted to certain employees as awards in accordance with individual performance. The Target Group did not adopt any share option scheme.

Remuneration of the board of directors

At 31 December 2016, the board of directors of the Parent comprised one male director and two legal entities, each with a male representative (also one male director and two legal entities, each with a male representative, at 31 December 2015 and 2014).

Remuneration paid in 2014, 2015 and 2016 to the members of the board of directors of the Parent amounted to €134,000, €146,000 and €153,000 for the three years ended. This remuneration reflects all the amounts accrued by the directors in 2014, 2015 and 2016.

FUTURE COMMITMENTS FOR MATERIAL INVESTMENTS

As at 31 December 2016, the only future commitments for material investments at the Target Group level are those related to the concession extensions in NCTV (expected to be granted in the coming months) and NCTB (already granted in July 2016) amounting to €9,875,000 and €34,000,000, respectively.

These investments, mainly focused on machinery, will generate a greater installed capacity with the aim to absorb the growing container volumes, while offering solutions that will bring improvements in operating costs, placing these terminals as a benchmark in their industry.

These material investments are expected to be funded through specific bank credit facilities and the operating cash flows of NCTV and NCTB.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the "**Unaudited Pro Forma Financial Information**") which has been prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below, for the purpose of illustrating the effect of the Transaction as if it had taken place on 31 December 2016 for the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group. The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Transaction been completed as at 31 December 2016 or at any future date. The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

(B) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

		Pro forma adjustments					
	Audited consolidated statement of assets and liabilities of the Group as at 31 December 2016	Audited consolidated statement of assets and liabilities of NPH and its subsidiaries as at 31 December 2016	Note 4	Note 5	Note 6	Note 7	Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 1	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	
Non-current assets							
Property, plant and equipment	2,367,602	178,964	–	–	(3,954)	–	2,542,612
Investment properties	8,135	–	–	–	–	–	8,135
Land use rights	201,804	–	–	–	–	–	201,804
Intangible assets	5,435	227,155	–	–	153,149	–	385,739
Joint ventures and associates	2,814,879	17,884	–	(16,958)	–	–	2,815,805
Loans to joint ventures and associates	175,183	–	–	–	–	–	175,183
Available-for-sale and other financial assets	156,939	221	–	–	–	–	157,160
Deferred income tax assets	11	61,150	–	–	–	–	61,161
Other non-current assets	60,960	–	–	–	–	–	60,960
	5,790,948	485,374	–	(16,958)	149,195	–	6,408,559
Current assets							
Inventories	9,951	3,658	–	–	–	–	13,609
Trade and other receivables	148,015	27,570	–	–	–	–	175,585
Current income tax recoverable	442	14,832	–	–	–	–	15,274
Restricted bank deposits	2,868	–	–	–	–	–	2,868
Cash and cash equivalents	834,232	15,793	–	–	(85,735)	–	764,290
Current investment and other current assets	–	13,159	–	–	–	–	13,159
Disposal group held for sale	–	73,020	–	(73,020)	–	–	–
	995,508	148,032	–	(73,020)	(85,735)	–	984,785
Total assets	6,786,456	633,406	–	(89,978)	63,460	–	7,393,344

	Audited consolidated statement of assets and liabilities of the Group as at 31 December 2016	Audited consolidated statement of assets and liabilities of NPH and its subsidiaries as at 31 December 2016	Pro forma adjustments Note 4	Note 5	Note 6	Note 7	Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 1	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	
Liabilities							
Non current liabilites							
Deferred income tax liabilites	52,914	–	–	–	19,694	–	72,608
Derivative financial instuments	–	5,509	–	–	–	–	5,509
Long term borrowings	1,071,406	277,488	–	–	128,603	–	1,477,497
Loan from a fellow subsidiary	28,805	–	–	–	–	–	28,805
Loans from related parties	–	366,438	(365,283)	–	–	–	1,155
Other long term liabilities	31,584	7,909	–	–	–	–	39,493
	1,184,709	657,344	(365,283)	–	148,297	–	1,625,067
Current liabilities							
Trade and other payables and others	395,955	37,832	–	–	–	3,226	437,013
Current income tax liabilities	8,403	2,149	–	–	–	–	10,552
Current portion of long term borrowings	256,609	3,687	–	–	–	–	260,296
Loans from related parties	–	7,728	(7,701)	–	–	–	27
Short term borrowings	174,976	9,210	–	–	–	–	184,186
Disposal group held for sale	–	69,612	–	(69,612)	–	–	–
	835,943	130,218	(7,701)	(69,612)	–	3,226	892,074
Total liabilities	2,020,652	787,562	(372,984)	(69,612)	148,297	3,226	2,517,141
Net assets	4,765,804	(154,156)	372,984	(20,366)	(84,837)	(3,226)	4,876,203

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(1) The audited consolidated statement of assets and liabilities of the Group as at 31 December 2016 is extracted from the audited consolidated balance sheet as at 31 December 2016 of the Group as set out in the published annual report of the Company as at and for the year ended 31 December 2016.

(2) For the purpose of preparing the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group, the translation of € to US$ was made at a rate of €1.00 to US$1.053308.

(3) The consolidated statement of assets and liabilities of NPH and its subsidiaries as at 31 December 2016 is extracted from the financial information of NPH and its subsidiaries as set out in Appendix II to this circular and is translated into US$.

(4) The adjustment represents the contribution of participating loans amounted to €354,107,000 (equivalent to approximately US$372,984,000) (including interest) to the equity of NPH as voluntary reserves in the Pre-Completion Restructuring such that no amounts (whether principal or interest) will be outstanding from NPH, and NPH will not incur any further financial costs, under any participating loan.

(5) The adjustment represents the exclusion of the assets and liabilities, which will be disposed to Noatum Maritime Holdings S.L.U. included in the Retained Noatum Group before the completion of the Transaction at carrying amount. This includes disposal group held for sale with a net carrying amount of €3,235,000 (equivalent to approximately US$3,408,000) and OPCSA, an equity-accounted investment of NPH with a carrying amount of €16,100,000 (equivalent to approximately US$16,958,000) with reference to the financial information of NPH and its subsidiaries as set out in Appendix II.

(6) The Transaction

The Transaction involves the acquisition of 51% equity interest in NPH Group by the Company pursuant to the terms of the Sale and Purchase Agreement at a total consideration of €203,490,000 (equivalent to approximately US$214,338,000) which will be satisfied by bank borrowings of US$128,603,000 and internal resources (i.e. cash in hand) of US$85,735,000.

The adjustments represent the recognition of goodwill, intangible assets and property, plant and equipment and deferred tax liabilities arising from the Transaction. Upon completion of the Transaction, the identifiable assets and liabilities of the NPH Group were accounted for in the consolidated balance sheet of the Enlarged Group at fair value under the acquisition method in accordance with Hong Kong Financial Reporting Standard 3, "Business Combination" ("**HKFRS 3**"). For the purpose of the Unaudited Pro Forma Financial Information and for illustrative purpose only, the Group has carried out an illustrative consideration allocation exercise in accordance with HKFRS 3. The identifiable assets and liabilities of the NPH Group are recorded in the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group at their fair values estimated by the Directors with reference to the valuation performed by an independent professional qualified valuer which issued a valuation report dated 21 June 2017 (the "**Valuation Report**") on the NPH Group for the purpose of purchase price allocation.

The excess amount of the consideration over the Group's share of the fair value of the net identifiable assets of the NPH Group is recognised as goodwill. The goodwill arising from the Transaction of the continuing business of NPH Group is calculated as follows:

	Note	*US$'000*
Consideration		**214,338**
Less:		
Net assets of NPH and its subsidiaries as at 31 December 2016	*a*	218,829
Exclusion of the Retained Noatum Group	*note 5*	(20,366)
Previously recognised goodwill	*b*	(33,156)
Fair value deficit of property, plant and equipment	*c*	(3,954)
Fair value surplus of intangible assets	*d*	82,729
Effect on deferred tax liabilities arising from fair value surplus of intangible assets and deficit of property, plant and equipment	*e*	(19,694)
Fair value of identifiable assets acquired and liabilities assumed of the Group		224,388
Less:		
Non-controlling interests of subsidiaries of the NPH Group	*f*	(7,206)
Total fair value of identifiable assets acquired and liabilities assumed of the NPH Group		**217,182**
Add:		
Non-controlling interests of 49% of the NPH Group	*g*	106,420
Goodwill	*h*	**103,576**

Notes:

(a) Net assets of NPH and its subsidiaries is determined as follows:

	US$'000
Net liabilities value of NPH and its subsidiaries as at 31 December 2016 *(note 3)*	(154,155)
Add: Capitalisation of participating loan (including interest) *(note 4)*	372,984
Net assets of NPH and its subsidiaries	218,829

(b) NCTV and NCTB have previously recognised goodwill amounted to €31,478,000 (equivalent to approximately US$33,156,000) generated on business combinations in prior years are excluded from calculation of identifiable assets acquired.

(c) For the purpose of the Unaudited Pro Forma Financial Information, the fair values of the property, plant and equipment of the NPH Group was based on a Valuation Report prepared by an independent valuer, with a fair value deficit of €3,754,000 (equivalent to approximately US$3,954,000)

(d) Fair value surplus of intangible assets represent a fair value surplus of concession rights acquired amounted to €52,542,000 (equivalent to approximately US$55,343,000) and customer relationship calculated by excess earning method acquired from the Transaction amounted to €26,000,000 (equivalent to approximately US$27,386,000).

(e) The adjustment on deferred tax liabilities of US$19,694,000 is determined based on the fair value surplus of intangible assets of US$82,729,000, netted against the fair value deficit of property, plant and equipment of US$3,954,000 by applying statutory tax rate of 25% in Spain.

(f) The amount represents the non-controlling interests of subsidiaries of the NPH Group amounted to €6,841,000 (equivalent to approximately US$7,206,000).

(g) The amount represents 49% of the recognised amounts of identifiable net assets attributable to owners of the NPH Group.

(h) Since the fair values of the identifiable assets and liabilities of the NPH Group at the Completion Date may substantially different from the fair values used in the preparation of this Unaudited Pro Forma Financial Information of the Enlarged Group, the final amounts of the identified net assets (including intangible assets) and goodwill may be different from the amounts presented above. The Directors of the Company confirm that consistent policies and assumptions have been applied for the purpose of assessing impairment of goodwill and other intangible assets under Hong Kong Accounting Standard 36 "Impairment of Assets", and the Directors of the Company are not aware of any indications that an impairment of the Enlarged Group's goodwill and other intangible assets is required after considering the nature, prospects, financial condition and business risks of the Enlarged Group.

(7) The adjustment represents the estimated professional fee and transaction costs of approximately US$3,226,000 by the Enlarged Group in connection with the Transaction, which are assumed to be payable upon the completion of the Transaction.

(8) Apart from the Transaction, no other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions entered into by the Group and the NPH Group subsequent to 31 December 2016. In particular, the Unaudited Pro Forma Financial Information has not taken into account the acquisition of shares in Qingdao Port International Co., Ltd. and disposal of equity interests in Qingdao Qianwan Container Terminal Co., Ltd. as disclosed in the announcement of the Company dated 20 January 2017.

(C) REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of COSCO SHIPPING Ports Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of COSCO SHIPPING Ports Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") and NPH and its subsidiaries other than the Retained Noatum Group (the "**NPH Group**") (collectively the **"Enlarged Group"**) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 31 December 2016, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages IV-1 to IV-5 of the Company's circular dated 30 June 2017, in connection with the proposed acquisition of shares in Noatum Port Holdings, S.L.U. (the "**Transaction**") by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-1 to IV-5.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Group's financial position as at 31 December 2016 as if the Transaction had taken place at 31 December 2016. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the year ended 31 December 2016, on which an audit report has been published.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 December 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 30 June 2017

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

(a) As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules were as follows:

(i) Long positions in the shares of the Company

Name of Director	Capacity	Nature of interests	Number of Shares held as at the Latest Practicable Date	Percentage of total number of issued Shares as at the Latest Practicable Date
Mr. ZHANG Wei (張煒)	Beneficial owner	Personal	30,000	0.001%
Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	564,062	0.019%

(ii) Long positions in the shares of associated corporations

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of H shares held as at the Latest Practicable Date	Percentage of total number of issued H shares of the associated corporation as at the Latest Practicable Date
COSCO SHIPPING Holdings Company Limited	Dr. FAN HSU Lai Tai, Rita	Beneficial Owner	Personal	10,000	0.0004%
COSCO SHIPPING Energy Transportation Co., Ltd.	Mr. Adrian David LI Man Kiu	Beneficial Owner	Personal	508,000	0.04%

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of A shares held as at the Latest Practicable Date	Percentage of total number of issued A shares of the associated corporation as at the Latest Practicable Date
COSCO SHIPPING Development Co., Ltd.	Mr. FENG Boming	Beneficial Owner	Personal	29,100	0.0004%

(b) As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors, no Director was a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO:

China COSCO Shipping Corporation Limited

Name of Director	Post held
Mr. HUANG Xiaowen	Executive vice president and party committee member
Mr. FENG Boming	General manager of the strategic and corporate management department
Mr. ZHANG Wei (張煒)	General manager of the operation and management department
Mr. CHEN Dong	General manager of the financial management department
Mr. WANG Haimin	Director

COSCO SHIPPING Holdings Company Limited

Name of Director	**Post held**
Mr. HUANG Xiaowen	Vice chairman and executive director
Mr. ZHANG Wei (張為)	Executive director and deputy general manager
Mr. FANG Meng	Supervisor representing employees
Mr. DENG Huangjun	Chief financial officer
Mr. FENG Boming	Non-executive director
Mr. ZHANG Wei (張煒)	Non-executive director
Mr. CHEN Dong	Non-executive director
Mr. XU Zunwu	Executive director, general manager and deputy party secretary (in charge of the general affairs)
Mr. WANG Haimin	Executive director and deputy general manager

(c) Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, (i) none of the Directors or chief executives of the Company had any interest or short positions in any shares or underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; and (ii) none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, the Directors namely Mr. HUANG Xiaowen, Mr. ZHANG Wei (張為), Mr. FANG Meng, Mr. DENG Huangjun, Mr. FENG Boming, Mr. ZHANG Wei (張煒), Mr. CHEN Dong, Mr. XU Zunwu and Mr. WANG Haimin held directorships and/or senior management positions in China COSCO Shipping Corporation Limited and its respective associates and/or other companies which have interests in terminals operation and management business (the "**Terminal Interests**").

The Board is of the view that the Group is capable of carrying on its businesses independently of the Terminal Interests. When making decisions on the terminals business of the Group, the relevant Directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best interests of the Group. Other than as disclosed above, none of the Directors and their respective associates has interests in the businesses which competes or was likely to compete, whether directly or indirectly, with the businesses of the Group.

4. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

5. DIRECTORS' INTEREST IN CONTRACTS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting and which is significant in relation to the business of the Enlarged Group.

6. DIRECTORS' INTEREST IN SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract or service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

7. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular and whose opinion or advice is contained in this circular:

Name	Qualification
PwC	Certified Public Accountants
KPMG Spain	Certified Public Accountants

As at the Latest Practicable Date, neither PwC nor KPMG Spain were beneficially interested in the share capital of any member of the Group, nor had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, neither PwC nor KPMG Spain had any direct or indirect interest in any assets which had been, since 31 December 2016 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

Each of PwC and KPMG Spain has given and has not withdrawn its respective written consent to the issue of this circular with the inclusion herein of its report or letter and references to its name in the form and context in which it appears.

8. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Company were made up.

9. LITIGATION

There was no litigation or claim of material importance pending or threatened against any member of the Enlarged Group as at the Latest Practicable Date.

10. MATERIAL CONTRACTS

The members of the Enlarged Group have entered into the following material contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular:

(a) a sale and purchase agreement dated 11 December 2015 between the Company as purchaser and COSCO SHIPPING Development Co., Ltd. (formerly China Shipping Container Lines Company Limited) and COSCO SHIPPING Financial Holdings Co., Limited (formerly China Shipping (Hong Kong) Holdings Co., Limited) as sellers in relation to acquisition of the entire issued share capital of China Shipping Ports Development Co., Limited for an initial consideration of RMB7,632,455,300 (subject to completion accounts adjustments, pursuant to which an amount of RMB216,989,700 was deducted in relation to the incompletion of sale of Damietta International Port Company S.A.E.), details of which are set out in the announcement of the Company dated 11 December 2015 and the circular of the Company dated 31 December 2015;

(b) a sale and purchase agreement dated 11 December 2015 between the Company as seller and COSCO SHIPPING Development (Hong Kong) Co., Limited (formerly China Shipping Container Lines (Hong Kong) Co., Limited) as purchaser in relation to the disposal of the entire issued share capital of Florens International Limited (formerly Florens Container Holdings Limited) for an initial consideration of RMB7,784,483,300 (subject to completion accounts adjustments) and assignment of the shareholder's loans in the amount of US$285,000,000 for a consideration of US$285,000,000, details of which are set out in the announcement of the Company dated 11 December 2015 and the circular of the Company dated 31 December 2015; and

(c) a transaction agreement dated 20 January 2017 between Shanghai China Shipping Terminal Development Co., Ltd. ("**SCSTD**", a wholly-owned subsidiary of the Company) and Qingdao Port International Co., Ltd. ("**QPI**") in relation to the subscription for 1,015,520,000 non-circulating domestic shares in QPI by SCSTD at a total consideration of RMB5,798,619,200 (equivalent to RMB5.71 per share), of which RMB3,198,650,840 was settled by the transfer of a 20% equity interest in Qingdao Qianwan Container Terminal Co., Ltd. to QPI and the remaining RMB2,599,968,360 was settled in cash, together with a strategic co-operation agreement dated 20 January 2017 between the Company and QPI, details of which are set out in the announcement of the Company dated 20 January 2017 and the circular of the Company dated 13 February 2017.

Save as disclosed above, no other material contract has been entered into by the members of the Enlarged Group within the two years immediately preceding the date of this circular.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at 49/F, COSCO Tower, 183 Queen's Road Central, Hong Kong from 9:30 a.m. to 5:30 p.m., Monday to Friday (other than public holidays) from the date of this circular up to and including 27 July 2017:

(a) the memorandum of association and bye-laws of the Company;

(b) the material contracts referred to in the section headed "Material Contracts" in this Appendix;

(c) the accountants' report on the financial information of the NPH and its subsidiaries prepared by KPMG Spain, the text of which is set out in Appendix II to this circular;

(d) the report from PwC on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(e) the written consents from the experts referred to under the section headed "Experts and Consents' in this Appendix;

(f) the annual reports of the Company for each of the two financial years ended 31 December 2015 and 2016; and

(g) a copy of each circular issued by the Company under Chapters 14 and/or 14A of the Listing Rules since 31 December 2016, being the date of the latest published audited accounts of the Company.

12. GENERAL

(a) The General Counsel & Company Secretary of the Company is Ms. HUNG Man, Michelle, a practising solicitor in Hong Kong. She is also qualified in England and Wales.

(b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

COSCO SHIPPING Ports Limited
中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1199)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of COSCO SHIPPING Ports Limited (the "**Company**") will be held at 47/F, COSCO Tower, 183 Queen's Road Central, Hong Kong on Thursday, 27 July 2017 at 2:30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the following as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) (i) the entering into of the sale and purchase agreement dated 12 June 2017 by COSCO SHIPPING Ports (Spain) Limited ("**the SPV**"), a wholly-owned subsidiary of the Company, as purchaser and the Company as guarantor of the purchaser, with TPIH Iberia, S.L.U. ("**TPIH**") as seller in relation to the acquisition by the SPV of 51% of the shares in Noatum Port Holdings, S.L.U. ("**NPH**"); (ii) the entering into of the shareholders' agreement dated 12 June 2017 by the Company as the SPV's guarantor, the SPV, TPIH and NPH in relation to NPH (including, without limitation, the possible acquisition by the SPV of TPIH's shares in NPH); and (iii) in each case, the transactions contemplated thereunder (together as the "**Transaction**") be and are hereby approved, ratified and confirmed; and

(b) the directors of the Company be and are hereby authorised for and on behalf of the Company, amongst other matters, to sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and to do all such things as they may in their absolute discretion consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the Transaction and to be in the interests of the Company."

By Order of the Board
COSCO SHIPPING Ports Limited
HUNG Man, Michelle
General Counsel & Company Secretary

Hong Kong, 30 June 2017

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business:
49/F, COSCO Tower
183 Queen's Road Central
Hong Kong

Notes:

1. Shareholders who are entitled to vote at the SGM are those whose names appear as Shareholders on the register of members of the Company as at the close of business on Friday, 21 July 2017. In order to be entitled to vote at the SGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 21 July 2017.

2. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more (if the relevant member holds more than one share) proxies to attend and vote instead of him. A proxy need not be a member of the Company but must be present in person to represent the member.

3. To be valid, the proxy form together with any power of attorney or other authority under which it is signed or a certified copy of such power or authority must be deposited at the office of the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

4. Completion and return of the proxy form will not preclude a shareholder of the Company from attending and voting in person at the meeting or any adjourned meeting thereof if the shareholder of the Company so desires, and in such event, the proxy form will be deemed to be revoked.

5. Where there are joint holders of any shares in the Company, any one of such joint holders may vote at the meeting, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

6. Unless the context requires otherwise, terms defined in the circular of the Company dated 30 June 2017 of which this notice forms part have the same meanings in this notice.