C00970-2018

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

Feb 15, 2018

2. SEC Identification Number

147212

3. BIR Tax Identification No.

000-323-228

4. Exact name of issuer as specified in its charter

International Container Terminal Services, Inc

5. Province, country or other jurisdiction of incorporation

Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

ICTSI Administration Building, Manila International Container Terminal (MICT) South Access Road, Port Area, Manila
Postal Code
1012

8. Issuer's telephone number, including area code

+(632) 245 4101

9. Former name or former address, if changed since last report

Not Applicable

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock Outstanding	2,034,195,466

11. Indicate the item numbers reported herein

9

International Container Terminal Services, Inc.

ICT

PSE Disclosure Form 7-1 - Notice of Annual or Special Stockholders' Meeting

References: SRC Rule 17 (SEC Form 17-C) and
Sections 7 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

2018 Annual Stockholders' Meeting of International Container Terminal Services, Inc. (ICTSI)

Background/Description of the Disclosure

In a meeting of the Board of Directors of International Container Terminal Services Inc. (ICTSI) held today, February 15, 2018, the Board approved the resolutions on the following matters:

1. Setting the Annual Stockholders' Meeting of International Container Terminal Services, Inc. (ICTSI) on Thursday, April 19, 2018 at 10:00am at the Solaire Ballrooms 2 to 5 of the Solaire Resort & Casino, 1 Aseana Avenue, Entertainment City, Parañaque City, Metro Manila and fixing of record date to March 16, 2018 for stockholders entitled to notice and to vote

2. Approval of the Agenda for the 2018 Annual Stockholders Meeting

Type of Meeting

☑ Annual

☐ Special

Date of Approval by Board of Directors	Feb 15, 2018
Date of Stockholders' Meeting	Apr 19, 2018
Time	10:00am
Venue	Solaire Ballrooms 2 to 5 of the Solaire Resort & Casino, 1 Aseana Avenue, Entertainment City, Parañaque City, Metro Manila
Record Date	Mar 16, 2018
	1. Call to order. The call is done to officially open the meeting. 2. Determination of existence of quorum. The presence of shareholders holding at least majority of the outstanding shares is required for the existence of a quorum. 3. Approval of the Minutes of the Annual Stockholders' Meeting held on 20 April 2017. Said

Agenda	minutes record the proceedings at the last stockholders' meeting prior to this meeting. 4. Chairman's Report. The Chairman's Report will present a summary of business operation of the corporation and its subsidiaries during preceding fiscal year. 5. Approval of the Chairman's Report and the 2017 Audited Financial Statements. Having heard the report, the shareholders are asked to approve the Chairman's Report and the Audited Financial Statements. 6. Approval/ratification of acts, contracts, investments and resolutions of the Board of Directors and Management since the last Annual Stockholders' Meeting. Said acts, contracts, investments and resolutions are summarized in Item 15 of the Information Statement (SEC Form 20-IS) to be furnished to the shareholders and approval thereof by the stockholders is sought. 7. Election of Directors. The incumbent directors are named in Item 5 of the Information Statement, together with their respective profiles and qualifications. The directors of the corporation are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting, and until their respective successors have been elected and qualified. 8. Appointment of External Auditors. The appointment of the external auditor named in Item 7 of the Information Statement is being sought. 9. Other matters. Any other matter which may be brought to the attention of the stockholders may be taken up. 10. Adjournment. This is done to officially end the meeting.

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End Date	N/A

Other Relevant Information
The dividend policy of the corporation is described in the section entitled "Dividends and Dividend Policy" in Item 15 of the Information Statement. The Board of Directors fixed March 16, 2018 as the record date for the purpose of determining the Stockholders entitled to notice and to vote. Registration starts at 9:00 a.m. Please bring your identification documents (e.g. SSS, driver's license, passport) to facilitate registration. Should you be unable to attend the meeting, but wish to be represented, you may send us a Proxy (in the form attached as "Schedule 1" to the Definitive Information Statement). For Stockholders whose shareholdings are lodged with the Philippine Central Depository, please secure a certification from your respective brokers and send it to us on or before April 6, 2018. Proxy validation will be held at the Executive Lounge, 4/F ICTSI Administration Building, South Access Road, MICT, Port of Manila on April 10, 2018 at 10:00 a.m. Please see attached Notice of the Annual Stockholders' Meeting as signed by the Corporate Secretary on behalf of the Board of Directors as well as the Information Statement (SEC Form 20-IS).

Filed on behalf by:

Name	Arthur Tabuena
Designation	Treasury Director and Head of Investor Relations

COVER SHEET

1 4 7 2 1 2

SEC Registration Number

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

(Company's Full Name)

ICTSI ADMINISTRATION BUILDING
MICT SOUTH ACCESS ROAD, MANILA

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

Jose Joel M. Sebastian

(Contact Person)

(+632) 245 4101

(Company Telephone Number)

1 2 **3 1**

Month *Day*

(Fiscal Year)

S E C 20 IS

(Form Type)

0 4 **Every 3rd Thursday**

Month *Day*

(Annual Meeting)

N/A

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

1,399

as of December 31, 2017

Total No. of Stockholders

Total Amount of Borrowings

(as of September 30, 2017)

US$98.3M	**US$1,370.5M**
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
[**X**] Preliminary Information Statement
[ ] Definitive Information Statement

2. Name of Registrant as specified in its charter
International Container Terminal Services, Inc.

3. Province, country or other jurisdiction of incorporation or organization
Manila, Philippines

4. SEC Identification Number **147212**

5. BIR Tax Identification Code **000-323-228**

6. Address of Principal Office
3F ICTSI Administration Building
Manila International Container Terminal
South Access Road, Manila, Philippines
Postal Code **1012**

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

8. Date, time and place of the meeting of security holders
April 19, 2018, 10:00 a.m., Solaire Ballrooms 2 to 5, Solaire Resort and Casino, 1 Aseana Avenue, Entertainment City, Parañaque City, Metro Manila, Philippines

9. Approximate date on which the Information Statement is first to be sent or given to security holders
March 23, 2018

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding as of December 31, 2017
Common Stock, P1.00 par value	**2,034,195,466**

Amount of consolidated debt outstanding as of **31 December 2016: US$1,381.4 million**

11. Are any or all of registrant's securities listed in a Stock Exchange?

Yes __✓__ No _______

Name of Stock Exchange: **Philippine Stock Exchange**
Class of Securities Listed: **Common Stock**

ICTSI MANAGEMENT IS NOT SOLICITING PROXIES FOR THIS ANNUAL STOCKHOLDERS' MEETING. PLEASE DO NOT SEND ICTSI MANAGEMENT YOUR PROXY.

International Container Terminal Services, Inc.

EXCELLENCE UNCONTAINED

ISO 9001:2008 and ISO 14001:2004 certified

ICTSI 2018 ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Stockholders' Meeting of International Container Terminal Services, Inc. (ICTSI) will be held at the Solaire Ballrooms 2 to 5 of the Solaire Resort & Casino, 1 Aseana Avenue, Entertainment City, Parañaque City, Metro Manila at 10:00 a.m. on Thursday, 19 April 2018, with the following agenda:

1. Call to order. The call is done to officially open the meeting.
2. Determination of existence of quorum. The presence of shareholders holding at least majority of the outstanding shares is required for the existence of a quorum.
3. Approval of the Minutes of the Annual Stockholders' Meeting held on 20 April 2017. Said minutes record the proceedings at the last stockholders' meeting prior to this meeting.
4. Chairman's Report. The Chairman's Report will present a summary of business operation of the corporation and its subsidiaries during preceding fiscal year.
5. Approval of the Chairman's Report and the 2017 Audited Financial Statements. Having heard the report, the shareholders are asked to approve the Chairman's Report and the Audited Financial Statements.
6. Approval/ratification of acts, contracts, investments and resolutions of the Board of Directors and Management since the last Annual Stockholders' Meeting. Said acts, contracts, investments and resolutions are summarized in Item 15 of the Information Statement (SEC Form 20-IS) to be furnished to the shareholders and approval thereof by the stockholders is sought.
7. Election of Directors. The incumbent directors are named in Item 5 of the Information Statement, together with their respective profiles and qualifications. The directors of the corporation are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting, and until their respective successors have been elected and qualified.
8. Appointment of External Auditors. The appointment of the external auditor named in Item 7 of the Information Statement is being sought.
9. Other matters. Any other matter, which may be brought to the attention of the stockholders, may be taken up.
10. Adjournment. This is done to officially end the meeting.

The dividend policy of the Corporation is described in the section entitled "Dividends and Dividend Policy" in Item 15 of the Information Statement.

The Board of Directors fixed 16 March 2018 as the record date for the purpose of determining the Stockholders entitled to notice and to vote.

Registration starts at **9:00 a.m.** Please bring your identification documents (e.g. SSS, driver's license, passport) to facilitate registration.

Should you be unable to attend the meeting, but wish to be represented, you may send us a Proxy (in the form attached as "Schedule 1" to the Information Statement). For Stockholders whose shareholdings are lodged with the Philippine Central Depository, please secure a certification from your respective brokers and send it to us on or before **6 April 2018**.

Proxy validation will be held at the Executive Lounge, 4/F ICTSI Administration Building, South Access Road, MICT, Port of Manila on **10 April 2018 at 10:00 a.m.**

Manila, 15 February 2018.

FOR THE BOARD OF DIRECTORS

RAFAEL T. DURIAN
Corporate Secretary

PART I.A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

The Annual Stockholders’ Meeting of International Container Terminal Services, Inc. (ICTSI) will be held on April 19, 2018 in Solaire Ballrooms 2 to 5 of the Solaire Resort & Casino, 1 Aseana Avenue, Entertainment City, Paranaque City, Metro Manila at 10:00 a.m.

The address of the principal office of International Container Terminal Services, Inc. is ICTSI Administration Building, Manila International Container Terminal, South Access Road, Manila 1012, Philippines. This Information Statement (electronic copy in CD format) will be mailed to Stockholders entitled to notice of and to vote at the Annual Stockholders’ Meeting on or about March 23, 2018.

Item 2. Dissenters’ Right of Appraisal

The matters to be acted upon at the Annual Stockholders’ Meeting are not matters with respect to which a dissenting Stockholder may exercise his appraisal right under Section 81 of the Corporate Code.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

Other than election of Directors and ratification of acts of the Board of Directors and Management, there are no substantial interest, by security holdings or otherwise, of ICTSI, any Director or Officer thereof, any nominee for Director, or associate of any of the foregoing persons in any matter to be acted upon at the Annual Stockholders’ Meeting.

None of the Directors of ICTSI has informed ICTSI in writing that he intends to oppose any action to be taken by ICTSI at this Annual Stockholders’ Meeting.

PART I.B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of January 31, 2018, common shares issued and outstanding were 2,045,177,671 shares (including 10,982,205 treasury shares). While Preferred A and B shares outstanding as of the same date were 3,800,000 shares and 700,000,000 shares, respectively.

Voting/Non Voting Shares	Type of Securities	No. of Foreign Owned shares	No. of Local Owned shares	No. of Outstanding shares
Voting shares	Common shares	860,909,525	1,173,285,941	2,034,195,466
Voting shares	Preferred B shares	-	700,000,000	700,000,000
Total Outstanding Voting shares		860,909,525	1,873,285,941	2,734,195,466
Foreign Ownership Level of Total Outstanding Voting shares		**31.49%**		
Non Voting shares	Preferred A shares	3,800,000		
Foreign Ownership Level of Total Outstanding Voting and Non- Voting shares		**31.58%**		

Only Stockholders of record at the close of business on March 16, 2018 are entitled to notice and to vote at the Annual Stockholders’ Meeting. The common stock and preferred B stock will vote on matters scheduled to be taken up at the Annual Meeting with each share being entitled to cast one (1) vote.

For the election of Directors, Stockholders entitled to vote may vote such number of shares for as many persons as there are Directors to be elected, or may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares shall equal or may distribute them on the same principle among as many candidates as they shall see fit.

Security Ownership of Certain Beneficial Owners and Management

Beneficial Owners

The following are known to the registrant to be, directly or indirectly the record or beneficial owner of more than five (5) percent of registrant’s voting securities as of January 31, 2018:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage*
Common	PCD Nominee Corporation (Non-Filipino) Makati Stock Exchange Bldg.,Ayala Avenue, Makati City 1200	The Hongkong & Shanghai Banking Corp. Ltd. – Clients' Acct. - 4/F HSBC Centre 3058 Fifth Avenue West Bonifacio Global City Taguig 1634 Represented by Maris Flores, Senior Vice President and Head, HSBC Securities Services and Kathy Dela Torre, Senior Vice President Client Services, only holds a legal title as custodian, and is not the beneficial owner of the lodged shares.	Foreign	318,375,199 (Lodged with PCD) Indirect	11.63%
Common	PCD Nominee Corporation (Non-Filipino) Makati Stock Exchange Bldg.,Ayala Avenue, Makati City 1200	Deutsche Bank Manila - Clients' Acct. - 23/F Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, 1226 Makati City Represented by Carlos Dela Torre, Head of Securities and Custody Operations, only holds legal title as custodian in favor of various clients, and is not the beneficial owner of the lodged shares.	Foreign	311,379,553 (Lodged with PCD) Indirect	11.37%
Common	Bravo International Port Holdings, Inc. 104 H.V. dela Costa St., 17-19 Floors Liberty Center Salcedo Village, Makati City 1200	Bravo International Port Holdings, Inc. represented by Enrique K. Razon, Jr.,	Filipino	279,675,000	10.21%
Common	PCD Nominee Corporation (Filipino) Makati Stock Exchange Bldg.,Ayala Avenue, Makati City 1200	AB Capital Securities, Inc., Units 1401-1403, 14th Floor, Tower One, Ayala Triangle, Ayala Avenue, Makati City 1200 Represented by Lamberto M. Santos, Jr. President; and Ericsson C. Wee, First Vice President, only holds a legal title as custodian and is not the beneficial owner of the lodged shares	Filipino	472,727,222 (Lodged with PCD) Indirect	17.27%
Preferred B	Achillion Holdings, Inc. 104 H.V. dela Costa St., 17-19 Floors Liberty Center Salcedo Village, Makati City 1200	Achillion Holdings, Inc. represented by Enrique K. Razon, Jr.	Filipino	700,000,000	25.57%

** Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shares of 2,737,995,466 (which excludes treasury shares) as of January 31, 2018.*

Security Ownership of Management

As of January 31, 2018, the aggregate beneficial ownership of all Directors and executive officers totals to 1,695,212,127 shares, equivalent to 61.91 percent.

Title of Class	**Name**	**Number of shares and nature of beneficial ownership**		**Citizenship**	**Percentage [1]**
Common and Preferred B	Enrique K. Razon, Jr.[2]	1,678,105,057	Direct and Indirect	Filipino	61.29%[3]
Common	Andres Soriano III	8,150,481	Direct and Indirect	American	0.30%
Common	Stephen A. Paradies	4,087,573	Direct	Filipino	0.15%
Common	Jose C. Ibazeta	2,798,310	Direct	Filipino	0.10%
Common	Silverio Benny J. Tan	756,310	Direct and Indirect	Filipino	0.03%
Common	Martin L. O'Neil	533,635	Direct	American	0.02%
Common	Octavio Victor R. Espiritu	300,000	Direct	Filipino	0.01%
Common	Vivien F. Miñana	165,925	Direct	Filipino	0.01%
Common	Joseph R. Higdon	156,000	Direct	American	0.01%
Common	Jon Ramon M. Aboitiz	135,000	Direct and Indirect	Filipino	0.00%
Common	Jose Joel M. Sebastian	19,997	Direct	Filipino	0.00%
Common	Berlin D. Samonte	2,836	Direct	Filipino	0.00%
Common	Rafael T. Durian	1,000	Direct	Filipino	0.00%
Common	Rafael D. Consing, Jr.	3	Direct	Filipino	0.00%
Common	Benjamin M. Gorospe III	-		Filipino	0.00%

[1] *Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shares of 2,737,995,466 (which excludes treasury shares) as of January 31, 2018.*

[2] *Shares in the name of Enrique K. Razon, Jr. and Razon Group.*

[3] *The percentage ownership of Enrique K. Razon, Jr. and the Razon Group is at 61.37% if based on the total number of issued and outstanding common shares and preferred B voting shares of 2,734,195,466 (which excludes treasury shares and preferred A non-voting shares) as of January 31, 2018.*

Dealings with Company's Shares

Directors are required to report their dealings in Company shares within three (3) business days from all ICTSI share-related transactions.

ICTSI discloses to the Philippine Stock Exchange (PSE) the ownership (direct and indirect) and any acquisition or disposal of ICTSI securities by ICTSI directors and officers pursuant to the PSE Revised Disclosures and Securities Regulations Code. Directors and officers are likewise prohibited from buying or selling ICTSI securities (e.g. shares of stock) during the period within which material non-public information is obtained and up to two (2) full trading days after the price sensitive information is disclosed.

The ICTSI shares held by its Directors in FY 2017 are as follows:

Directors	January 1, 2017	December 31, 2017
Enrique K. Razon, Jr.*	1,678,105,057	1,678,105,057
Andres Soriano III	9,150,481	8,150,481
Stephen A. Paradies	4,087,573	4,087,573
Jose C. Ibazeta	3,008,560	2,798,310
Octavio Victor R. Espiritu	300,000	300,000
Joseph R. Higdon	156,000	156,000
Jon Ramon M. Aboitiz	135,000	135,000

**Shares in the name of Enrique K. Razon, Jr. and Razon Group; consists of 978,105,057 common shares and 700,000,000 Preferred B shares*

Voting Trust Holders of 5% or More

Not applicable

Changes in Control

Not applicable

Item 5. Directors and Executive Officers

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

The members of the Board of Directors and Executive Officers of ICTSI as of January 31, 2018 are the following:

	Office	Name	Citizenship	Age
1	Chairman of the Board and President	Enrique K. Razon, Jr.	Filipino	57
2	Director	Jon Ramon M. Aboitiz	Filipino	69
3	Director	Octavio Victor R. Espiritu*	Filipino	74
4	Director	Joseph R. Higdon*	American	76
5	Director	Jose C. Ibazeta	Filipino	75
6	Director	Stephen A. Paradies	Filipino	64
7	Director	Andres Soriano III	American	66
	Executive Vice President	Martin L. O'Neil	American / Irish	57
	Senior Vice President, Chief Financial Officer & Compliance Officer	Rafael D. Consing, Jr.	Filipino	49
	Senior Vice President, Finance	Jose Joel M. Sebastian	Filipino	54
	Vice President and Senior Administration Officer	Vivien F. Miñana	Filipino	53
	Corporate Secretary	Rafael T. Durian	Filipino	84
	Assistant Corporate Secretary	Silverio Benny J. Tan	Filipino	61
	Assistant Corporate Secretary	Benjamin M. Gorospe III	Filipino	50

**Independent Director*

The following are the Regional Heads and Global Corporate Officers for the ICTSI group of companies as of January 31, 2018:

Office	Name	Citizenship	Age
Senior Vice President, Regional Head – Asia Pacific & MICT	Christian Martin R. Gonzalez	Filipino	42
Senior Vice President, Regional Head – Europe & Middle East and Acting Regional Head – Africa	Hans-Ole Madsen	Danish	52
Senior Vice President, Regional Head – Americas	Anders Kjeldsen	Danish	48
Vice President, Audit and Compliance	Sandy A. Alipio	Filipino	47
Vice President, Regional Head of Business Development – Asia Pacific	Jose Manuel M. De Jesus	Filipino	53
Vice President, Engineering	Guillaume Lucci	French / American	41
Vice President, Head of Global Corporate Human Resources	Michael Robin Cruickshanks	British	60
Vice President, Head of Global Commercial	Tico Wieske	Dutch	54
Interim Chief Information Officer	Hanna M. Lukosavich	American	61

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

Directors

Enrique K. Razon, Jr., *age 57, Filipino*

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

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

Mr. Razon is a member of the US-Philippines Society and the ASEAN Business Club, Philippines, Inc.

Mr. Razon received his Bachelor of Science degree, major in Business Administration, from the De La Salle University in 1980.

**Publicly-listed Corporation*

***Jon Ramon M. Aboitiz**, age 69, Filipino*

Mr. Aboitiz has been a Director of ICTSI* since *April 2008* and was appointed as a member of the ICTSI Audit Committee in April 2010 and the current Chairman of the Related Party Transactions Committee in April 2017.

Mr. Aboitiz is also the Chairman of Aboitiz & Co., Inc. and Aboitiz Equity Ventures, Inc.*, a Cebu-based investment and management enterprise engaged in numerous and diverse business concerns ranging from power generation and distribution, banking and financial services, real estate development, construction, food, ship building and cement.

Mr. Aboitiz began his career with the Aboitiz Group in 1970 after graduating from the Sta. Clara University, California, with a B.S. Commerce Degree majoring in Management. He became the President of Aboitiz & Company in 1991 until 2008. He was the President and CEO of Aboitiz Equity Ventures, Inc.* from 1993 – 2008.

Presently, he holds various positions in the Aboitiz Group including Vice Chairman of Aboitiz Power Corporation*, Vice Chairman of Union Bank of the Philippines and Chairman of the Bank's Committees namely: Executive Committee, Risk Management Committee and Nominations Committee; Vice Chairman of Compensation and Remuneration Committee, and Corporate Governance Committee. He is also a Director of Bloomberry Resorts Corporation* and is a member of its Audit Committee. He is Chairman and CEO of the Ramon Aboitiz Foundation, a member of the Board of Advisors of the Coca-Cola Export Corporation (Philippines) and Pilipinas KAO Corporation. He is also a Board of Trustee of The Santa Clara University, California USA.

**Publicly-listed Corporation*

***Octavio Victor R. Espiritu**, age 74, Filipino*

Mr. Espiritu has been an independent Director of ICTSI* since *April 2002* and has served as the Chairman of the Audit Committee; a member of the Nomination Committee since February 2011; and the Chairman of the Risk Management Committee since April 2015. He is also the Chairman of GANESP Ventures, Inc. and a Director of Bank of the Philippine Islands*, Philippine Dealing System Holdings Corp. and Subsidiaries, and Phil Stratbase Consultancy Inc.

Mr. Espiritu was a three (3)-term former President of the Bankers Association of the Philippines; a former President and Chief Executive Officer (CEO) of Far East Bank and Trust Company; and the Chairman of the Board of Trustees of the Ateneo de Manila University for fourteen (14) years.

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

**Publicly-listed Corporation*

***Joseph R. Higdon**, age 76, American*

Mr. Higdon has been an independent Director of ICTSI* since *April 2007* and the current Chairman of ICTSI’s Corporate Governance Committee since April 2017. He is also an independent Director of SM Investments Corporation*, Security Bank Corporation* and The Island Institute, a non-profit organization seeking to preserve island communities along the coast of Maine and Trekkers, a community based mentoring organization.

Mr. Higdon was the Senior Vice President of Capital Research and Management, a Los Angeles (USA)-based international investment management firm, until June 2006. He joined Capital Research and Management in 1974 and has covered Philippine stocks from 1989 to 2006. He was the Vice President of the New World

Fund, which focused on companies doing business in emerging countries and was a Director of Capital Strategy Research.

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

**Publicly-listed Corporation*

***Jose C. Ibazeta**, age 75, Filipino*

Mr. Ibazeta has been a Director of ICTSI* since *December 1987*. In 2009, he was named as a Trustee and the Vice President of ICTSI Foundation, Inc. He was a member of the Audit Committee of ICTSI* until April 2010 and a member of the Nomination Committee since February 2011. He also served as ICTSI's Treasurer until February 2007, when he was appointed as the President of the Power Sector Assets and Liabilities Management Corporation (PSALM) by the President of the Republic of the Philippines. He served as PSALM President and Chief Executive Officer (CEO) from March 1, 2007 to March 30, 2010. In April 2010, he declined his nomination to be a Director of ICTSI by reason of his appointment as the Acting Secretary of the Department of Energy, a position he held from April 1, 2010 until June 30, 2010. He was re-elected as a Director of ICTSI* in August 2010.

Mr. Ibazeta is a Consultant to the Chairman of the Board of A. Soriano Corp.; a Director of A. Soriano Corp.*, Anscor Consolidated Corp., Anscor Property Holdings, Inc., Minuet Realty Corp., Anscor Land, Inc., Phelps Dodge Philippine Energy Products Corp., Newco, Inc., Seven Seas Resorts and Leisure, Inc., A. Soriano Air Corp., Vicinetum Holdings, Inc., Vesper Industrial and Development Corp., and AG&P International Holdings, Ltd.; the Chairman and President of Island Aviation, Inc.; and a Director and the President of both Seven Seas Resorts and Leisure, Inc. and Pamalican Resort, Inc. Mr. Ibazeta is also the founding Chairman and a Director of Philippine Stratbase Consultancy, Inc.

Mr. Ibazeta is a member of the Finance Committee of the Ateneo de Manila University and the Board of Trustees of Radio Veritas and St. James the Great Parish Foundation.

Mr. Ibazeta received his Bachelor of Science in Economics degree from the Ateneo de Manila University in 1963 and his Master´s Degree in Business Administration from the University of San Francisco in 1968. He completed all requirements for an MBA in Banking and Finance from New York University in 1975.

**Publicly-listed Corporation*

***Stephen A. Paradies**, age 64, Filipino*

Mr. Paradies has been a Director of ICTSI* since *December 1987*. He has been the Chairman of the Nomination Committee of ICTSI since February 2011 and the current Chairman of the Board Risk Oversight Committee since April 2017. He is also a Director of ICTSI Warehousing, Inc. and Sociedad Puerto Industrial Aguadulce S.A. Moreover, Mr. Paradies is the Senior Vice President-Finance/Treasurer of Aboitiz & Company, Inc.; a Trustee of Bloomberry Foundation, Inc.; a Director, President and Chief Executive Officer of AEV Properties, Inc.; and a Director of Union Properties, Inc., Union Bank of the Philippines*, and NapaGapa Beverages, Inc.

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

**Publicly-listed Corporation*

***Andres Soriano III**, age 66, American*

Mr. Soriano has been a Director of ICTSI since *July 1992* and is currently the Chairman of ICTSI's Remuneration Sub - committee. He is the Chairman and Chief Executive Officer (CEO) of A. Soriano Corporation*; the Chairman and President of Anscor Consolidated Corp.; the Chairman of the Andres Soriano Foundation, Inc., Phelps Dodge International Philippines, Inc., Phelps Dodge Philippines Energy Products

Corp., and Seven Seas Resorts and Leisure, Inc.; and a Director of Anscor Property Holdings, Inc., A. Soriano Air Corporation, and the Manila Peninsula Hotel, Inc.

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

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

**Publicly-listed Corporation*

Executive Officers

***Martin L. O'Neil,** age 57, American / Irish*

Mr. O'Neil is the Executive Vice President of International Container Terminal Services, Inc. (ICTSI)*, a position he assumed in October 2015. He previously served as the Senior Vice President and the Chief Financial Officer of ICTSI* during the periods from 2006 to 2010 and July 2013 to October 2015. He is currently a Director and the Chairman of International Container Terminal Holdings, Inc. and ICTSI Ltd.; a Director of Tecon Suape S.A., ICTSI Georgia Corp., Sociedad Puerto Industrial Aguadulce S.A., Terminal Maritima de Tuxpan S.A. de C.V., ICTSI (Hong Kong) Ltd., Victoria International Container Terminal Limited and Bank of Philippine Islands (Europe).

From 2001 to 2003, he was the Head of the London office of Telegraph Hill Communications Partners, a San Francisco based firm advising on private equity investments and management of private equity portfolio companies. Prior to that, he was a Managing Director of JP Morgan & Co., where he was active in project finance, capital markets and mergers and acquisitions in New York, Hong Kong, and London. He was a Director of JP Morgan Capital Corporation, the JP Morgan's private equity investment arm, and it was during this time that he invested in and served as a Director of ICTSI International Holdings Corp. (IIHC). He joined JP Morgan & Co. in 1984.

Mr. O'Neil is a dual citizen of USA and Ireland and graduated from Harvard College in Cambridge, Massachusetts (USA), with a BA degree (Cum Laude) in 1983, and was also named a Harvard College Scholar. He currently serves as a member of Harvard's Committee on University Resources.

**Publicly-listed Corporation*

***Rafael D. Consing, Jr.**, age 49, Filipino*

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

Capital B.V., ICON Logistiek B.V., ICTSI Americas B.V., ICTSI Cameroon B.V., Tecplata B.V., Global Container Capital B.V., CGSA B.V., SPIA Colombia B.V., CMSA B.V., TSSA B.V., ICTSI Treasury B.V., ICTSI Cooperatief U.A., ICTSI Oceania B.V., ICTSI Tuxpan B.V., ICTSI Africa B.V., ICTSI Global Cooperatief U.A., and ICTSI Global Finance B.V.; and a Commissioner of PT ICTSI Jasa Prima Tbk.

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

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

**Publicly-listed Corporation*

***Jose Joel M. Sebastian,** age 54, Filipino*

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

Mr. Sebastian started his professional career with SGV & Co. in 1984. He became a Partner in 1999. His expertise is in financial audits of publicly-listed companies in the telecommunications, port services, shipping, real estate, retail, power generation and distribution, manufacturing, media and entertainment industries.

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

**Publicly-listed Corporation*

***Vivien F. Miñana**, age 53, Filipino*

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

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

**Publicly-listed Corporation*

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

***Christian Martin R. Gonzalez**, age 42, Filipino*

Mr. Gonzalez is the Senior Vice President, Regional Head-Asia Pacific and MICT of International Container Terminal Services, Inc. (ICTSI)*. He was appointed to the said position on November 9, 2015 and was transferred to the ICTSI Ltd. - Regional Operating Headquarters (ROHQ) on April 21, 2016.

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

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

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

**Publicly-listed Corporation*

***Hans-Ole Madsen,** age 52, Danish*

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

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

**Publicly-listed Corporation*

Anders Kjeldsen, *age 48, Danish*

Mr. Kjeldsen is the Senior Vice President, Regional Head – Americas of the International Container Terminal Services, Inc. (ICTSI)* Group. He is likewise a Director of Sociedad Puerto Industrial Aguadulce S.A. and Contecon Guayaquil S.A. Prior to joining ICTSI*, he served as Head of Latin America portfolio for APM Terminals until January 2017. Before moving to Latin America, he was appointed as portfolio Chief Operation Officer (COO) for Global Ports Investment PLC. (GPI, PLC.) in Russia for 3 years.

Prior to his role in GPI PLC., Mr. Kjeldsen headed the APM Terminals West Med where he was responsible for a total of 5 million TEU capacity, being the business units in Algeciras and Tangier. He joined the A.P. Moller-Maersk Group in 1991. During the last 27 years, he worked in most disciplines of the container terminal industry. He has been involved in terminal operations in most parts of the world such as Denmark, Germany, Netherlands, Spain, Russia and Panama.

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

**Publicly-listed Corporation*

Sandy Alipio, *age 47, Filipino*

Mr. Alipio has been the Vice President for Audit and Compliance of ICTSI* since May 2014. Prior to his work at ICTSI*, he spent a decade working for the San Francisco-based, Elan Pharmaceuticals, holding several positions such as Internal Control, Senior Director, R&D Finance, Vice President of BioNeurology Finance and the Vice President of Internal Audit & SOX.

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

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

**Publicly-listed Corporation*

Jose Manuel M. De Jesus*, age 53, Filipino*

Mr. De Jesus is the Vice-President for Business Development – Asia of International Container Terminal Services, Inc. (ICTSI)*. He was appointed to the said position in September 2008. Concurrently, he is the Chairman and President of the following ICTSI subsidiaries: Bauan International Ports, Inc., Davao Integrated Port and Stevedoring Services Corp., Hijo International Port Services, Inc., Mindanao International Container Terminal Services, Inc., South Cotabato Integrated Ports Services, Inc., Abbotsford Holdings, Inc., and Cordilla Properties Holdings, Inc.; a Director and the President of ICTSI Subic Inc.; the Chairman Subic Bay International Terminal Corp.; a Director and the Vice President of Cavite Gateway Terminal, Inc., Intermodal Terminal Holdings, Inc.; and a Director of Pakistan International Container Terminal Limited, Laguna Gateway Inland Container Terminal, Inc., Australian Container Terminals, Ltd., International Container Terminal Services Private Limited, IW Cargo Handlers, Inc., New Muara Container Terminal Services SDN BHD, Subic Bay International Terminal Holdings, Inc., Motukea International Terminal Limited, South Pacific International Container Terminal Limited and ICTSI Far East Pte. Ltd.

Prior to his role as Vice President for Business Development – Asia, he was Director of Business Development for the Americas. In 2005, he headed the Asia Business Development Group. Before that, he was seconded and had held numerous posts such as Director for Strategic Planning of ICTSI*'s Regional Development Offices in

Miami and Dubai, and the General Manager of Thai Laemchabang Terminals, Inc. He joined ICTSI* in 1995 as Executive Assistant to the Chairman.

Mr. De Jesus is an Industrial Management Engineering graduate of the De La Salle University in Manila.

**Publicly-listed Corporation*

Guillaume Lucci, *41, French/American*

Mr. Lucci is the Vice President for Global Engineering of ICTSI*. He is a Director of Victoria International Container Terminal Limited and ICTSI Project Delivery Services Co. Pte. Ltd. Prior to joining ICTSI*, Mr. Lucci served as the Infrastructure Commercial Director for CH2M HILL in Latin America and as a Director of CH2M HILL do Brasil and Halcrow Panama S.A (Halcrow). He previously served as Halcrow's Regional Director for the Maritime Business Group in Latin America. He also served as the Principal Vice President and Director of River Consulting's Maritime Division, a subsidiary of Kinder Morgan Energy Partners (NYSE KMP), the largest independent operator of liquid and dry bulk terminals in the USA.

Mr. Lucci holds a M.S. degree in Structural Engineering, Mechanics and Materials from the University of California at Berkeley, and undergraduate degrees in Civil Engineering and in Mathematics from Florida Institute of Technology (Summa Cum Laude) and the University of Toulon et du Var, France. He is a registered Structural Engineer in Florida, USA.

**Publicly-listed Corporation*

Michael Robin Cruickshanks, *age 60, British*

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

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

**Publicly-listed Corporation*

Tico Wieske*, age 54, Dutch*

Mr. Wieske joined ICTSI* in February 2016. He is the Vice President for Global Commercial, who has 28 years of shipping and transport experience. He is likewise a Director of Victoria International Container Terminal Limited, Motukea International Terminal Limited, South Pacific International Container Terminal Limited and Yantai International Container Terminals Limited. Before joining ICTSI*, he was the Global Head of Key Client Management Asia Carriers of APM Terminals, Hongkong. Prior to this, he was the Chief Commercial Officer of APM Terminals, Asia Pacific Region. He represented APM Terminals in various boards including, ACT Aqaba Container Terminal in Jordan, APMT Port of Bahrain, SAGT South Asia Gate Way Terminals in Colombo Sri Lanka, SETV Abidjan Ivory Coast, DIT Douala Cameron and MPS in Tema, Ghana.

Mr. Wieske earned his B.A. Economics degree in J. van Zwijndregt in Hague, the Netherlands.

**Publicly-listed Corporation*

***Hanna M. Lukosavich**, age 61, American*

Ms. Lukosavich has been the Interim Chief Information Officer of ICTSI* since November 2016. Concurrently, she is a Senior Director with Alvarez & Marsal Performance Improvement in Houston.

Prior to joining Alvarez & Marsal, Ms. Lukosavich held CIO positions at Ferrostaal Inc., Resolution Performance Products LLC., Hercules Inc. and American Water. She also led international IT organization for Sally Beauty Inc., and served as VP of IT Strategy for Michaels Stores.

Ms. Lukosavich has more than 20 years of experience of managing global IT organizations across multiple industries while specializing in business processes improvement through implementation of ERPs such as SAP. For her accomplishments in Information Technology, Ms. Lukosavich received a Women in Technology award in 2004.

Ms. Lukosavich earned her degree in Master of Science – Computer Modelling, Software design & Accounting from Lodz University in Poland.

**Publicly-listed Corporation*

***Rafael T. Durian**, age 84, Filipino*

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

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

**Publicly-listed Corporation*

***Benjamin M. Gorospe III**, age 50, Filipino*

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

Atty. Gorospe joined ICTSI* in 2003 as a Tax Manager. Prior to this, he worked with the Tax Department of SGV & Co. for five (5) years and with its Audit Department for one (1) year.

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

**Publicly-listed Corporation*

***Silverio Benny J. Tan**, age 61, Filipino*

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

Resources & Energy Inc., and Pilipinas Golf Tournaments, Inc. He is the assistant corporate secretary of ICTSI*, and ICTSI Ltd. and a trustee and the auditor of the ICTSI Foundation, Inc.

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

**Publicly-listed Corporation*

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

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

Directors' Attendance

Pursuant to the Company's By – laws, the Board should hold a regular meeting every month but special meetings may also be called by the Chairman of the Board or the President. The attendance of the Board for the Annual Stockholders Meeting as well as both regular and special meetings in 2017 is as follows:

Board	Name	Date of Election[1]	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Enrique K. Razon Jr.	April 20, 2017	24	24	100%
Member	Jon Ramon M. Aboitiz	April 20, 2017	24	23	96%
Member	Jose C. Ibazeta	April 20, 2017	24	22	92%
Member	Stephen A. Paradies	April 20, 2017	24	24	100%
Member	Andres Soriano III	April 20, 2017	24	24	100%
Independent	Octavio Victor R. Espiritu	April 20, 2017	24	24	100%
Independent	Joseph R. Higdon	April 20, 2017	24	20	83%

[1] *April 20, 2017 was when a Regular Board Meeting, Annual Stockholders Meeting and Organizational Board Meeting were conducted.*

Directors' Trainings

Each director attended corporate governance trainings, continuing education program and conferences in 2017:

Name of Director	Date of Training	Program
Jon Ramon M. Aboitiz	March 28, 2017	Corporate Governance
Stephen A. Paradies	March 29, 2017	Corporate Governance
Octavio V. Espiritu	July 18, 2017	Corporate Governance
Joseph R. Higdon	April 25, 2017	Corporate Governance
Enrique K. Razon Jr.	July 18, 2017	Corporate Governance
Jose C. Ibazeta	July 18, 2017	Corporate Governance
Andres Soriano III	August 24, 2017	Corporate Governance

Directors and Executive Officers

The following have been nominated as Members of the Board of Directors for the ensuing year and their respective profiles are provided above:

Office	Name	Citizenship	Age
Chairman of the Board and President	Enrique K. Razon, Jr.	Filipino	57
Director	Jon Ramon M. Aboitiz	Filipino	69
Director	Octavio Victor R. Espiritu*	Filipino	74
Director	Joseph R. Higdon*	American	76
Director	Jose C. Ibazeta	Filipino	75
Director	Stephen A. Paradies	Filipino	64
Director	Andres Soriano III	American	66

**As Independent Director*

Nominees for Independent Directors/Nomination Committee

In line with established procedures, a formal nomination of an Independent Director is signed by an incumbent Director, and is submitted to the Corporate Secretary. The Corporate Secretary, guided by the By-Laws, Revised Manual on Corporate Governance and the Corporation Code, forwards the same to the Nomination Committee. In accordance with its Revised Manual on Corporate Governance, the Nominations Committee passes upon the qualifications of the nominee and the process includes an examination of the nominee's business background and company affiliations. The Nominations Committee ascertains that the nominee does not possess any of the disqualifications to serve as an Independent Director of ICTSI as provided in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

Octavio Victor R. Espiritu and Joseph R. Higdon were nominated as Independent Directors of ICTSI. There are no other nominees for independent directors. Octavio Victor R. Espiritu was nominated by Jose C. Ibazeta, an incumbent Director. Messrs. Espiritu and Ibazeta are not related. Joseph R. Higdon was nominated by the Chairman, Enrique K. Razon, Jr. Messrs. Higdon and Razon are not related. Information on the nominees are stated on page 8 of this Information Statement.

Section 10, Article I of ICTSI's By – laws provide non-controlling shareholders a right to nominate candidates for the Board of Directors. The amendment of ICTSI's By – laws to incorporate the provisions of SRC Rule 38 (as amended) was approved by the SEC on 23 June 2010.

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to its operations, policies or practices.

The Nomination Committee is composed of Stephen A. Paradies (Chairman), Jose C. Ibazeta and Octavio Victor R. Espiritu.

Significant Employees

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

Family Relationships

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

Involvement in Certain Legal Proceedings

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

(a) Any bankruptcy petition filed by or against any business of which a director, executive officer or controlling partner was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;

(b) Any conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the nominee's involvement in any type of business, securities, commodities or banking activities; and

(d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

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

MICT

The MICT Berth 6 Project is a port development project being undertaken by the Company with the approval of the PPA and in compliance with the Company's commitment under its concession contract with the PPA. The City Council of Manila issued Resolution No. 141 dated 23 September 2010, adopting the Committee Report of the ad hoc committee that investigated the reclamation done in Isla Puting Bato in Manila, which stated that the project should have undergone prior consultation with the City of Manila, approval and ordinance from the City of Manila and consent from the City Mayor.

The Company and its legal counsels' position is that Resolution No. 141 of the City Council of Manila is purely recommendatory and is not the final word on the issue whether the MICT Berth 6 Project is validly undertaken or not.

On 26 November 2010, the PPA, through the Office of the Solicitor General, filed a petition for certiorari and prohibition with application for the issuance of a temporary restraining order and/or writ of preliminary injunction assailing City Council Resolution No. 141 before the Supreme Court. The Supreme Court granted a temporary restraining order enjoining the Mayor of Manila and the City Council of Manila from stopping or suspending the implementation of the MICT Berth 6 Project of the PPA, which remains valid and continuing until further orders from the Supreme Court.

The Supreme Court then granted the Company's motion to intervene in the case of PPA vs. City of Manila and City Council of Manila. The parties filed their respective comments and replies before the Supreme Court. As at the date of this Offering Circular, the parties were awaiting the Supreme Court's resolution of this case.

Notwithstanding the foregoing legal proceedings, the MICT Berth 6 Project was completed and inaugurated by the President of the Republic of the Philippines in July 2012.

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

PLDT initially filed a claim against the Company, claiming that the cargo had been dropped while inside a container at the Company's terminal and holding the Company responsible for the value of the equipment. The Company did not pay the claim, arguing that there is no evidence that the cargo had been damaged. The Company further argued that the containerised equipment was never dropped to the ground but was merely wedged in between containers while being moved in the container yard. As of January 30, 2018, the case is currently on trial.

PICT

In 2007, the trustees of the Port of Karachi ("KPT") filed a civil suit against PICT in the High Court of Sindh ("HCS") claiming a sum of approximately U.S.$2.9 million along with interest, as default payment of wharfage and penalty thereon, for the alleged mis-declaration of the category of goods on the import of ship-to-shore cranes and rubber tyred gantry cranes in 2004. The HCS has passed judgement and decree in favour of PICT and ordered that KPT is not entitled to the amount of wharfage charges claimed by it. In June 2017, KPT filed an appeal against the aforesaid judgment before the Divisional Bench of the HCS. Upon advice of PICT's legal advisor, management believes that there is no merit in this claim.

Also in 2007, PICT filed an interpleader civil suit before the HCS against the Deputy District Officer, Excise and Taxation ("DDO") and the trustees of KPT in respect of the demand raised by the DDO on PICT to pay property tax out of the handling, marshalling and storage charges payable to KPT amounting to approximately U.S.$0.4 million for the period from 2003 to 2007. In compliance with the Order of HCS, PICT deposited the amounts with HCS. In 2014, another demand was made by the DDO amounting to approximately U.S.$0.9 million for the period from 2008 to 2014. On an application filed by PICT for directions, HCS ordered for deposit of the aforementioned amount out of HMS charges billed by KPT, and PICT subsequently complied with the order of HCS. In 2015, HCS issued further orders directing PICT to deposit the remaining handling, marshalling and storage charges due and payable with HCS in quarterly installments and PICT complied accordingly. The amount deposited with HCS has been netted against the handling, marshalling and storage charges payable to KPT. The decision of the suit is still pending and, upon advice of PICT's legal counsel, management believes that there is full merit in this case and there may be no adverse implication against PICT.

While completing the tax audit proceedings for tax year 2013, the Deputy Commissioner Inland Revenue ("DCIR") modified the deemed assessment of PICT and made certain disallowances/ additions on the taxable income and raised an income tax demand of approximately U.S.$1.24 million. PICT filed an appeal before the Commissioner Inland Revenue — Appeals ("CIR-A") who partially decided the appeal in favour of PICT. Consequently, PICT made the payment of approximately U.S.$0.95 million in respect of issues confirmed by the CIR-A, and filed a second appeal before the Appellate Tribunal Inland Revenue, which is now pending for adjudication. Upon advice of PICT's tax advisor, management believes that the issues involved in the appeal is expected to be decided in favour of PICT.

During the period, the Assistant Commissioner Sindh Revenue Board ("AC-SRB") under Sindh Sales Tax on Services Act, 2011 raised a demand of approximately U.S.$4.9 million, along with penalty and default surcharge, for the tax periods of January 2013 to December 2014 on exempt services provided by PICT. PICT filed an appeal with the Commissioner of Appeals — SRB, which is pending for hearing. PICT has also filed a petition before the HCS in respect of the subject order passed by AC-SRB, seeking protection from any adverse action. HCS has granted an interim order restraining AC-SRB from taking any adverse action relating to recovery of above demand. Upon advice of PICT's tax and legal advisors, management believes that PICT has a strong defense and the appeal is expected to be decided in favour of PICT.

TSSA

In 2008, a civil suit was filed by former customer Interfood Comercio ("Interfood") against TSSA for damages to perishable cargo amounting to BRL7.0 million (approximately U.S.$3.0 million). Interfood's cargo (garlic and birdseed) was declared improper for human and animal consumption due to long storage period at TSSA before it was claimed and such cargo was destroyed by Brazilian customs authorities. The lower court and Court of Appeals ruled in favor of Interfood. The case has been pending in the Supreme Court for more than four years. An amount of BRL9.3 million (approximately U.S.$2.8 million) in TSSA's bank account has been garnished by the lower court. TSSA made an accrual for this contingency in the amount of BRL1.9 million (U.S.$0.8 million) in 2014 and nil in 2015 and 2016, presented as part of "Other expenses" account in the consolidated statements of income. The provision aggregating BRL13.8 million (U.S.$5.2 million), BRL13.8 million (U.S.$3.5 million), BRL13.8 million (U.S.$4.2 million) and BRL13.8 million (U.S.$4.1 million) were recognised as part of "Accounts payable and other current liabilities" account in the consolidated balance sheets as at 31 December 2014, 2015 and 2016 and 30 September 2017, respectively. In July 2016, the State Court rendered a decision against TSSA. The said judgment, however, is still subject to a last appeal with the Supreme Court in Brasilia.

ICTSI Oregon

Due to continuing labour disruption caused by the ILWU in Portland commencing in June 2012, IOI has filed two separate counter-claims in U.S. federal court against the ILWU seeking monetary damages. The first is a claim for damages caused by the ILWU's unlawful secondary activity under the National Labor Relations Act. The second is an antitrust claim brought against the ILWU and the Pacific Maritime Association ("PMA"). IOI also has a second counterclaim for breach of fiduciary duty against PMA. In addition, the National Labor Relations Board ("NLRB") has sought and obtained two federal court injunctions against the ILWU, prohibiting illegal work stoppages as well as a finding of contempt of court against the union. IOI's damage claim for unlawful secondary activity has been stayed pending completion of administrative proceedings before the NLRB. This is a substantial claim, seeking a multi-million dollar judgment, and is unlikely to be tried in court for at least a few years.

IOI's antitrust claim was dismissed by the federal court. The judge granted IOI permission to appeal the dismissal to the Ninth Circuit Court of Appeals. The appeal is pending and oral argument was conducted before the Ninth Circuit Court of Appeals in Portland in October 2016. A decision is likely to be obtained in 2017. If IOI prevails, its antitrust claim will proceed before the trial court. Under federal law, successful antitrust plaintiffs may recover treble damages.

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

On 6 November 2017, IOI was granted a favourable decision from the U.S. Court of Appeals in Washington D.C. against the ILWU. The U.S. Court of Appeals found ILWU guilty of violating federal labour laws and upheld two NLRB decisions declaring that ILWU engaged in deliberate work stoppages and slowdowns, made false safety claims, and engaged in other coercive conduct against IOI and its customers.

Management believes that the other cases pending between IOI, ILWU and PMA will be resolved in favour of IOI.

Tecplata SA

Ganmar S.A. ("Ganmar") challenged, in summary proceedings, the legality of the Concession Agreement for the construction and operation of the Port of La Plata by Tecplata, requesting also via three preliminary injunctions the suspension of the works at the terminal. Ganmar alleges that Tecplata's concession should have been awarded through a bidding process. The preliminary injunctions requested by Ganmar were rejected both by the Civil and Commercial Court and the Court of Appeals due to lack of evidence on the illegality of the Concession Agreement and/or the lack of urgent reasons to suspend the contract. Management of Tecplata believes that there is no merit in the action filed by Ganmar and has not provided for possible obligations arising from the aforementioned legal proceedings.

TICT

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

BICTL

In 2015, BICTL filed a case against the Revenue Service with the Tbilisi City Court for the cancellation of the tax assessment in the amount of U.S.$860.7 thousand (GEL2.3 million). The case involves value-added tax on fees collected by BICTL for services rendered in relation to the export of scrap materials. The Revenue Service alleged that such fees are subject to VAT while BICTL, upon the advice of tax advisors, believes that it has a sound basis to treat the services as a VAT zero-rated sale of services. In March 2016, the Tbilisi City Court rendered a decision in favor of the Revenue Service. BICTL has appealed said decision with the appellate court and is awaiting for hearing date announcement.

Certain Relationships and Related Party Transactions

Transactions with Related Parties

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

			2014		2015		**2016**	
Related Party	Relationship	Nature of Transaction	Amount	Outstanding Receivable (Payable) Balance	Amount	Outstanding Receivable (Payable) Balance	**Amount**	**Outstanding Receivable (Payable) Balance**
					(In Millions)			
ICBV								
SPIA	Joint venture	Interest-bearing loans and interests	US$64.73	US$115.12	US$94.77	US$209.90	**US$66.58**	**US$276.48**
Parent Company YRDICTL/YICT								
YPH	Non-controlling shareholder	Port fees (i)	1.46	–	1.10	–	**1.77**	**–**
		Trade transaction (ii)	0.37	(0.01)	0.09	(0.01)	**–**	**–**
		Management fees (iii)	–	–	0.23	–	**0.22**	**–**
		Interest-bearing loans (iv)	–	–	–	–	**21.60**	**(21.60)**
		Interests on loans (iv)	–	–	–	–	**0.07**	**(0.03)**
YPG	Common shareholder	Port fees (i)	3.02	(0.77)	3.72	(0.29)	**2.36**	**(0.14)**
		Trade transaction (ii)	1.80	(0.13)	2.09	(0.32)	**1.87**	**(0.02)**
		Purchase of equipment	–	–	2.58	–	**–**	**–**
DP World	Non-controlling shareholder	Management fees (iii)	–	–	0.19	–	**0.17**	**–**
Tecplata								
NPSA		Purchase of additional shares	6.00	–	–	–	**–**	**–**
SCIPSI								
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.17	(0.01)	0.16	(0.02)	**0.20**	**(0.03)**
AGCT								
Luka Rijeka D.D. (Luka Rijeka)	Non-controlling shareholder	Provision of services (v)	0.27	–	0.29	(0.03)	**0.37**	**(0.02)**
PICT								
Premier Mercantile Services (Private) Limited	Common Shareholder	Stevedoring and storage charges (vi)	3.62	(0.68)	4.47	(0.52)	**5.17**	**(0.03)**
Premier Software (Private) Limited	Common shareholder	Software maintenance charges	0.01	–	0.01	–	**0.01**	**–**
Marine Services	Common	Container handling	0.81	0.08	0.57	0.04	**0.52**	**0.03**

			2014		2015		**2016**	
Related Party	Relationship	Nature of Transaction	Amount	Outstanding Receivable (Payable) Balance	Amount	Outstanding Receivable (Payable) Balance	**Amount**	**Outstanding Receivable (Payable) Balance**
					(In Millions)			
(Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited	shareholder	revenue[vii]						
LGICT								
NCT Transnational Corp.	Non-controlling shareholder	Management fees	–	–	0.16	(0.16)	**0.41**	**(0.04)**
		Maintenance and repairs	–	–	0.04	(0.04)	**0.09**	**(0.02)**
BIPI								
Atlantic Gulf and Pacific Co. of Manila, Inc. (AG&P)	Common shareholder	Rent expense	0.06	–	0.07	(0.01)	**0.05**	**(0.02)**
		Revenues	2.09	0.03	0.42	0.25	**–**	**–**
		Utilities	–	–	–	–	**0.03**	**–**

(i) YICT is authorized under the Joint Venture Agreement to collect port charges levied on cargoes; port construction fees and facility security fee in accordance with government regulations. Port fees remitted by YICT for YPH /YPG are presented as part of "Port authorities' share in gross revenues" in the consolidated statements of income. Outstanding payable to YPH/YPG related to these port charges are presented under "Accounts payable and other current liabilities" account in the consolidated balance sheets.

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

(iii) The BOD of YICT approved a management fee of RMB6.1 million and RMB5.7 million in 2015 and 2016, respectively, allocated among the shareholders namely: ICTSI, DP World and YPH.

(iv) On December 5, 2016, YICT obtained a US$21.6 million (RMB150.0 million) short-term loan from YPH at an interest rate of 4.35 percent per annum and maturity date of January 25, 2017. The loan was used to refinance YICT's maturing loan with ABC (see Note 16.2.4).

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

(vi) PICT has entered into an agreement with Premier Mercantile Services (Private) Limited for the latter to render stevedoring and other services, which are settled on a monthly basis.

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

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

Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2014, 2015 and 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Aside from the transactions described above, ICTSI does not have any other transactions with its directors, executive officers, security holders or members of their immediate family.

Item 6. Compensation of Directors and Executive Officers

The aggregate compensation paid to the Chairman of the Board and President, and four (4) highest paid executive officers named below, as a group, for 2016 amounted to US$2.2 million (2015: US$4.3 million). The estimated amount of compensation expected to be paid in 2017 to the Chairman of the Board and President and four (4) highest paid executive officers as a group, amounted to US$2.3 million.

Name and Principal Position	Year	Salary	Bonus and Others[a]	Total[b]
Enrique K. Razon, Jr. *Chairman of the Board and President*				
Martin O'Neil *Executive Vice-President*				
Rafael D. Consing, Jr. *Senior Vice-President and Chief Financial Officer*				
Vivien F. Miñana *Vice-President and Senior Administration Officer*				
Jose Joel M. Sebastian				

Senior Vice-President, Finance				
Chairman of the Board and President and four (4) highest paid executive officers, as a group	2017 (Estimate)	US$0.5M	US$1.8M	US$2.3M
	2016 (Actual)	0.4M	1.8M	2.2M
	2015 (Actual)	0.5M	3.8M	4.3M
All officers and Directors, as a group, Unnamed(c)	2017 (Estimate)	1.0	5.9	6.9M
	2016 (Actual)	0.9	5.8	6.7M
	2015 (Actual)	1.1	8.3	9.4M

(a) *Mainly includes non-cash compensation based on Stock Incentive Plan paid out of the allocated Treasury Shares of ICTSI*

(b) *Includes total compensation paid in the Philippines by the registrant and its subsidiaries*

(c) *Including four (4) highest paid executive officers*

The members of the Board of Directors receive directors' fees as compensation in accordance with the Company's By-Laws. There are no material terms of any other arrangements or contracts where any director of ICTSI was compensated or is to be compensated, directly or indirectly, in 2015, 2016 or in the coming year, for any service provided as a director.

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

There are no existing compensatory plans or arrangements, including payments to be received from ICTSI by any named executive officer, upon resignation, retirement or any other termination of the named executive officer's employment with the Company and its subsidiaries or from a change-in-control of the Company (except for the automatic vesting of awarded shares under the Stock Incentive Plan referred to below) or a change in the named executive officers' responsibilities following a change-in-control.

ICTSI's directors and named executive officers do not hold any outstanding warrants or options as of December 31, 2016. There were no adjustments or amendments made on the options previously awarded to any officers and directors of ICTSI. Certain officers were granted awards under the Stock Incentive Plan (SIP) in 2014, 2015 and 2016. Discussion on the SIP is further disclosed in Note 20, *Share-based Payment Plan*, to the Annual Audited Consolidated Financial Statements.

Item 7. Independent Public Accountants

The principal external auditor is the firm SGV & Co. The Group has engaged Mr. Arnel F. De Jesus, partner of SGV & Co., for the audit of the Group's books and accounts in 2016.

The appointment of the partner-in-charge will be in compliance with SEC Rule 68, Paragraph 3 (b)(iv) and SEC Memorandum Circular No. 8, Series of 2003, which require the rotation of the external auditor every five (5) years and a two-year cooling off period in the re-engagement of the same signing partner or individual auditor.

The reappointment of SGV & Co. as the Company's external auditors is part of the agenda for this year's annual stockholders meeting.

A representative of the external auditor is expected to be present at the annual stockholders' meeting and will have an opportunity to make a statement if he or she so desires. The representative will also be available to respond to appropriate questions from the stockholders.

External Audit Fees and Services

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

	2014	2015	**2016**
Audit Fees	US$939.3	US$1,057.8	**US$1,070.2**
Audit-Related Fees	–	880.4	**379.1**
Tax Fees	92.0	295.6	**72.9**
Other Fees	14.8	73.1	**151.1**

Audit Fees include the audit of the Group's annual financial statements. The consolidated audit fees increased in 2015 and 2016 as a result of additional scope of work for new operating and start-up terminals.

Audited-Related Fees include the review of interim financial statements and issuance of comfort letters for the capital market raising transactions of the Group. The amount in 2015 pertains to the issuances of three comfort letters as a result of the capital market raising transaction of the Group and project financing in one of the subsidiaries while the amount in 2016 pertains to the issuance of a comfort letter relating to the Group's liability management exercise.

Tax fees paid to SGV & Co./Ernst & Young are for tax compliance, tax advisory services and transfer-pricing studies. In 2015, the amount increased mainly due to the transfer-pricing studies and tax advisory on tax planning for the restructuring of our subsidiaries in Latin America.

Other fees mainly include due diligence services related to business development and other various one-time engagements.

The Audit Committee, composed of Octavio Victor R. Espiritu (Chairman), Jon Ramon Aboitiz and Stephen A. Paradies makes recommendations to the Board concerning the external auditors and pre-approves audit plans, scope and frequency before the conduct of the external audit. The Audit Committee reviews the nature of the non-audit related services rendered by the external auditors and the appropriate fees paid for these services.

The reappointment of SGV & Co. as the Company's external auditors was approved by the stockholders in a meeting held on April 20, 2017.

Changes in and Disagreements with Accountants of Accounting and Financial Disclosure

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

Item 8. Compensation Plans

ICTSI is centered on empowering, motivating and energizing its employees' talents. The Company continues to improve and develop competencies in the people working for its success.

An Employees Stock Option Plan ("ESOP") was established in 1991 under which shares from authorized but unissued capital stock were set aside for subscription by directors, officers, and employees. A Stock Option Committee composed of three (3) directors determined the number of shares to which a particular recipient was entitled. The subscription price under the ESOP was 95% of the issue price in the initial public offering of the Company and is subject to revision by Stock Option Committee from time to time.

In January 2007, Board approved the amendment of ESOP to convert it into a restricted stock plan called the "Stock Incentive Plan" (the "SIP"). The amendment of the ESOP into an SIP was approved by the stockholders at a special meeting held in March 2007.

Under the SIP, shares from our treasury will be granted to a participant by a resolution of Stock Incentive Committee. The Committee determines who and how many will be the awarded shares under the SIP.

ICTSI currently has no stock options, warrants or rights plan.

Descriptions and explanations of the above transactions are further disclosed in Note 20, *Share-based Payment Plan*, to the Annual Audited Consolidated Financial Statements.

PART I.C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Otherwise for Exchange
Not Applicable

Item 10. Modification or Exchange of Securities
Not Applicable

Item 11. Financial and Other Information
Not applicable

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters
Not applicable

Item 13. Acquisition or Disposition of Property
Not applicable as there is no acquisition or disposition of any property.

Item 14. Restatement of Accounts
Not applicable as there is no restatement of accounts.

Part I.D. OTHER MATTERS

Item 15. Action with Respect to Reports

Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors and Management since the Last Annual Stockholders' Meeting

As a matter of corporate policy, Management seeks the approval and ratification by the Stockholders of all acts, contracts, investments and resolutions of the Board of Directors and Management since April 20, 2017, the date of the last Annual Stockholders' Meeting. These are reflected in the minutes of the meetings of the Board of Directors, in the regular reports and disclosures to the Securities and Exchange Commission and to the Philippine Stock Exchange, and in the 2017 Annual Report and the Report of the Chairman.

The affirmative vote of a majority of the votes cast on this matter is necessary for the ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management, which include the following:

February 22, 2017 (Regular Meeting)
Approval to the amendment of the Seventh and Eighth Articles of the Articles of Incorporation of ICTSI

March 14, 2017 (Special Meeting)
Approval of the following: (1) Participation of ICTSI in the second phase of the Thessaloniki Port Bid; and (2) awarding of shares under ICTSI's Stock Incentive Plan

March 20, 2017 (Regular Meeting)
Approval of the following: (1) Appointment of legal representative in ICTSI's application for permits of Manila International Container Terminal; (2) appointment of authorized representatives in the application for Income Tax Holiday entitlement with BOI; and (3) authorization of the sale of motor vehicles of ICTSI

April 10, 2017 (Special Meeting)
Approval of the following: (1) Authorization of the amendments of the credit facilities with the Standard Chartered Bank; and (2) renewal of credit facilities with Metrobank

April 20, 2017 (Regular Meeting)
Approval of the following: (1) CFO Report for 2016; (2) Financial Report for the 1st Quarter of 2017; (3) creation of new board committees; (4) release of previous years appropriation in the retained earnings and new appropriations for 2017; (5) declaration of dividends; and (6) signing of agreement with HSBC for ICTSI's Employee Privilege Plan

May 2, 2017 (Special Meeting)
Approval of the following: (1) Appointment of signatories for forms regarding dividend declaration; (2) appointment of signatories in bank transactions; (3) appointment of proxy for the Annual Stockholders Meeting of Mindanao International Container Terminal Services, Inc.; and (4) establishment and renewal of credit facilities with the Bank of Tokyo

May 18, 2017 (Regular Meeting)
Approval of the following: (1) Application for BIR – Importer Clearance Certificate; (2) signing of Sub-lease Agreement with Prime BMD; and (3) appointment of Metrobank as Investment Manager

June 19, 2016 (Regular Meeting)
Approval of the following: (1) Increase of credit facilities with the Bank of Tokyo; (2) signing of Conditional Purchase agreement for the Housing Project to ICTSI's employees; (3) acting as surety to the term loan facility of Operadora Portuaria Centroamericana S.A. de C.V.; (4) renewal of the ICTSI's accreditation as an importer with Bureau of Customs; and (5) amendments in the credit facilities with the Standard Chartered Bank

June 30, 2017 (Special Meeting)
Approval of the awarding of shares under ICTSI's Stock Incentive Plan

July 11, 2017 (Special Meeting)
Approval of the return of deposits for future stock subscription in International Container Terminal Holdings, Inc.

August 15, 2017 (Special Meeting)
Approval of the awarding of shares under ICTSI's Stock Incentive Plan

August 17, 2016 (Special Meeting)
Approval of the increase of credit facilities with PNB

September 7, 2017 (Special Meeting)
Approval fo the appointment of the ICTSI's Data Protection Officer

September 8, 2017 (Special Meeting)
Approval of the following: (1) Sale of treasury shares; (2) renewal of credit facilities with Bank of Tokyo; and (3) establishment of a bridge facility with Metrobank

September 14, 2017 (Special Meeting)
Approval of the return of deposits for future stock subscription in International Container Terminal Holdings, Inc.

September 21, 2017 (Regular Meeting)
Approval of the following: (1) Signing of the 25-year agreements to operate the international ports in Motukea and Lae in Papua New Guinea; (2) securing of Re-export Bond for ICTSI's dredging project; (3) signing of Share Purchase Agreement with Petron Corporation; (4) signing of Deed of Undertaking with San Miguel Holdings Corporation; and (5) signing of Agreement with IZ Investment Holdings, Inc.

October 2, 2017 (Special Meeting)
Approval of the awarding of shares under ICTSI's Stock Incentive Plan

October 11, 2017 (Special Meeting)
Approval of the following: (1) Signing of the expansion agreement for the second development phase of the Basra Gateway Terminal; (2) securing of Re-export Bond for ICTSI's dredging project and appointment of legal representatives; (3) creation and opening of account with Coins.ph; (4) appointment of legal representative in procuring necessary permits for Manila International Container Terminal; and (5) signing of Deed of Absolute Sale of shares with Petron Corporation

November 20, 2017 (Special Meeting)
Approval of the appointment of legal representatives in transacting with public and private entities for the transactions of ICTSI's Claims Department

December 18, 2017 (Special Meeting)
Approval of the following: (1) One-time increase in the Standby Letter of Credit Facility with PNB; (2) appointment of legal representatives with respect to the case of CWC vs. American President Lines; and (3) appointment of legal representatives with respect to the case of Pioneer Insurance vs. MCC Transport, et.al.

December 29, 2017 (Special Meeting)
Approval of the following: (1) Parent Guarantee of ICTSI to ICTSI South Pacific Limited; (2) appropriation of ICTSI's existing retained earnings; and (3) Revised Audit Committee Charter

January 10, 2018 (Special Meeting)
Approval of the final terms and conditions of new senior perpetual securities issued by Royal Capital B.V.

January 11, 2018 (Special Meeting)
Approval of the guarantee of additional senior perpetual capital securities issued by Royal Capital B.V.

Summary of the Minutes of the 2017 Annual Stockholders' Meeting

The Annual Meeting of Stockholders of INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. (ICTSI or "Company") was called to order at 10:00 a.m., April 20, 2017, at the Solaire Ballrooms 2 to 5, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Parañaque City, pursuant to written notices given by the Corporate Secretary Atty. Rafael T. Durian.

Chairman Enrique K. Razon, Jr. presided the meeting. Assistant Corporate Secretary, Atty. Silverio Benny J. Tan, acted as secretary of the meeting ("Secretary") and took minutes of the proceedings.

The following members of the Board of Directors were present: Enrique K. Razon Jr., Andres Soriano III, Stephen A. Paradies, Octavio R. Espiritu, John Ramon Aboitiz, Joseph R. Higdon and Jose C. Ibazeta.

1. Call to Order -

The Chairman called the meeting to order and asked the secretary whether the stockholders were duly notified and if there was a quorum for the meeting.

2. **Determination of Quorum -**

On request of the Chairman, the Secretary certified that notices for the Annual Meeting of Stockholders of ICTSI were sent out to stockholders as of record date of March 15, 2017 starting March 24, 2017. The Secretary further certified that stockholders representing 2,359,487,120 shares, out of a total of 2,729,363,543 shares, or 86.45% of total outstanding shares were present in person or by proxy. There was, therefore, a quorum for the meeting.

3. **Approval of Minutes of the Annual Meeting of Stockholders Held on April 21, 2016**

The Chairman said that the first item in the agenda was the approval of the minutes of the previous Annual Meeting of Stockholders. A stockholder moved for the approval of the minutes of the Annual Stockholders Meeting dated April 21, 2016, which was duly seconded. There being no objection to the motion, the Chairman declared the motion carried.

The votes through proxies with specific instructions on this motion, are detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,282,864,625
Dissenting	None
Abstaining	None

The following resolution was thus adopted and approved:

RESOLUTION NO. STK-01-17

"RESOLVED, that the minutes of the Annual Stockholders Meeting held on April 21, 2016 are hereby approved."

4. **Chairman's Report -**

The Chairman and President delivered the following report:

Overall, 2016 was a very good year for the Company. It was a year where we saw some of the large investments that we made over the last five years begin to pay off.

It was also the year when we completed most of our greenfield projects, such as Berth 27 in Umm Qasr in Iraq, Matadi in the Democratic Republic of Congo or DRC, and the near completion of two large greenfields in Buenaventura, Colombia, which we recently inaugurated, and in Melbourne, Australia, which we are about to inaugurate. These terminals will be the principal drivers of growth for the Company over the next several years.

2016 was likewise a year which brought with it many far reaching global political events, such as the presidential elections in the Philippines and the United States, and the Brexit vote. The latter two specifically bring with them uncertainties in the global trade structure and the long term status of the European Union, both of which play a large role in world trade. The new trade policies of the Trump Administration will have the largest impact on whether the free trade era and globalization will take a turn in a different direction.

So there are possibilities that headwinds for global trade could be gathering just over the horizon, although it is still too early to tell. The free trade policies of the last two decades have certainly been beneficial for Asia and Latin America.

We also witnessed the acceleration of consolidation in the shipping business, where we now have fewer but much larger shipping line customers with constantly shifting alliances. In spite of low fuel prices, the shipping industry is still struggling with over-capacity and low growth.

Even with all these uncertainties we have areas where we have a strong presence and have experienced very good growth. For ICTSI, the sheer strategic diversity of our portfolio of terminals served us in good stead once again.

An Extraordinary Season for Business Development

ICTSI is known as a solid performer in the ports development, management, and operations sector; we have not been known for flash or hype. Whenever we make a claim, we have the facts and the numbers to back us up. Today, please allow me, therefore, to bring to your attention an extraordinary season that we have just had in our global operations.

Specifically, we delivered four large and mega port infrastructure projects within the same year. More so, we delivered all but one on time, or ahead of time, and just as important, on or below budget. We have, strictly speaking, crossed a threshold as possibly the most successful port developer in the industry. I cannot name any among the major players who can claim this track record, particularly in the difficult environments where we have accomplished this.

First with Sociedad Puerto Industrial Aguadulce or SPIA, our joint venture container terminal development project with PSA in Buenaventura, Colombia. We delivered it on budget—with the development work valued at USD $546 million—albeit seven months behind schedule. We grappled with a whole multitude of issues involving over 20 different contractors, and an extremely difficult site, among other challenges, but eventually delivered all the infrastructure, including a 21-kilometer road through a jungle.

In Africa, the Matadi Gateway Terminal or MGT is a state-of-the-art port: the first of its scale and standard for DR Congo. With an auspicious start four months ahead of schedule, we had our work cut out for us: a remote location, limited materials, hard rocky soil conditions. Yet, the USD $95 million investment is soundly based on the solid prospects offered by the strategic location. With this infrastructure comes a primary gateway for DRC's mining and agricultural exports and all imports as revenue drivers.

In Iraq, where we have two existing terminals, we completed the construction of Berth 27, our third, on time and below budget.

In Australia, our Victoria International Container Terminal at the Port of Melbourne was completed below budget and four months ahead of schedule. This has never been achieved in the port industry for a 100 percent automated terminal. It is especially noteworthy when considering the unprecedented complexity of the civil works requirements, along with the level of pioneering automation built right into the design.

VICT was designed, and is now fully equipped, to be totally automated and the most advanced container terminal in the world. A large portion of the US$450 million investment went into VICT's cutting-edge technology, automation, and the highest systems for port safety. VICT is the very first terminal in Australia that can accommodate the largest Neo-Panamax container ships. For the time being, we can rightly claim that our Melbourne terminal is the most automated and modern terminal in the world.

Across Our Operations

Despite generally sluggish trade, ICTSI handled consolidated volume of 8,689,363 twenty-foot equivalent units or TEUs, up by 12 percent over 2015. The increase in volume was driven by continuing volume ramp-up in Iraq, Mexico, and Indonesia and organic trade growth in Pakistan, Madagascar, Croatia, Ecuador, and the Philippines.

Financial Performance

For the year in review, gross revenues from port operations increased seven percent in 2016 to US$1.128 billion, from US$1.051 billion the previous year.

ICTSI's Net Income more than tripled to US$180 million as compared to 2015, up 207 percent over the US$58.5 million in 2015. This includes a non-recurring charge of US$23.4 million for the pre-termination of the lease agreement in Portland, Oregon, as against non-recurring charges of $114.6 million in 2015. Without these non-recurring items, recurring net income would have increased 18 percent to US$203.4 million, from US$172.8 million.

Consolidated EBITDA increased 17 percent to US$525.1 million in 2016, from US$450.0 million the previous year mainly due to the continuing ramp-up and further improvement in operating efficiencies at the terminals in Iraq and Mexico; and strong operating results from the company's terminals in Madagascar, Honduras, Pakistan, Indonesia and the Philippines. Consolidated EBITDA margin continued to improve to 47 percent in 2016, from 43 percent the year earlier.

Total cash operating expenses of the Group decreased by three percent, from US$432.3 million in 2015 to US$419.6 million in 2016 due to a continuing cost cutting program, and favorable translation impact of local currency expenses. The decrease was tapered by higher cost contributions of new terminals in Argentina, DRC and Australia.

Fund Management

Capital expenditures for 2016 amounted to US$391.9 million. Excluding capitalized borrowing costs and other expenses, capital expenditures amounted to US$353.5 million, 84 percent of the US$420.0 million capital expenditure budget for the full year 2016.

The Group's capital expenditure provision for 2017 is approximately US$240.0 million allocated for continuing development of Puerto Cortes, Honduras, Mexico and the Manila terminal.

Before I move on, I would like to reiterate the unprecedented level of efficiency we have achieved in delivering our infrastructure projects, in terms of time, and of budget.

And now, a note of cautious hope

As we continue our strategy of expanding our global footprint, we will also single mindedly execute our cost cutting program, which we developed over a year ago, and streamline our entire organization from the ground up, thereby gaining more efficiencies and increasing our operating leverage.

The Company is well underway with our liability management and debt reduction program, and we are constantly strengthening our balance sheet. Given potential looming uncertainties, we look to the future as a much stronger Company.

On motion duly made by a stockholder and seconded by another, and in the absence of any objection the annual report for 2016 of the Chairman was approved.

Based on the proxies with special instructions, 2,282,225,625 votes were cast in favor of the motion while 639,000 voted against, with no abstentions.

5. Approval of the Chairman's Report and the 2016 Audited Financial Statements

The Chairman informed the stockholders that the next item in the agenda is the approval of the 2016 Audited Financial Statements.

Upon a motion duly made and seconded, and in the absence of any objections, the stockholders approved the Audited Financial Statements of the Company as of December 31, 2016.

The votes through proxies with specific instructions on this motion, are detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,282,225,625
Dissenting	639,000
Abstaining	None

The following resolution was thus approved:

RESOLUTION NO. STK-02-17

"RESOLVED, that the Chairman's Report for 2016 is hereby approved."

The Chairman informed the stockholders that the next item in the agenda is the approval of the 2016 Audited Financial Statements.

Upon a motion duly made and seconded, and in the absence of any objections, the stockholders approved the Audited Financial Statements of the Company as of December 31, 2016.

The votes through proxies with specific instructions on this motion, are detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,282,225,625
Dissenting	639,000
Abstaining	None

The following resolution was thus adopted and approved:

RESOLUTION NO. STK-03-17

"RESOLVED, that the Audited Financial Statements as of December 31, 2016 is hereby approved."

6. Approval/Ratification of Acts, Contracts, Investments and Resolutions of the Board of Directors and Management Since the Last Annual Stockholders' Meeting

The Chairman said that we now go to the approval and ratification of all acts, contracts, investments and resolutions and other activities approved by the Board and Management. A stockholder moved for the approval of all acts, contracts, investments and resolutions of the Board of Directors and Management since the Annual Stockholders Meeting of April 21, 2016 as they appear in the minutes of the Board meetings and in reports and disclosures made to the Securities and Exchange Commission and the Philippine Stock Exchange. This motion was seconded by another stockholder, and in the absence of any objection to the motion, the Chairman declared the motion carried.

The votes through proxies with specific instructions on this motion, are detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,282,225,625
Dissenting	639,000
Abstaining	None

The following resolution was thus adopted and approved:

RESOLUTION NO. STK-04-17

"RESOLVED, that all the acts, contracts, investments, resolutions and other activities approved by the outgoing Board of Directors and Management since the last annual meeting of April 21, 2016 are hereby approved and ratified."

7. Election of Directors

The Secretary reported that the formal nomination of the following to the Board of Directors of the Company was received by the Office of the Corporate Secretary in accordance with the By-Laws, namely:

ENRIQUE K. RAZON, JR.
JOSE C. IBAZETA
STEPHEN A. PARADIES
ANDRES SORIANO III
JON RAMON ABOITIZ

*** OCTAVIO VICTOR ESPIRITU**
***JOSEPH R. HIGDON**
(*nominees for independent director)

No other nominations were received. The Secretary further reported that the nominations were passed upon to the Nomination Committee.

A stockholder moved that since there were only seven (7) nominees for the seven (7) available seats in the Board, the Secretary be directed to cast the votes for the seven (7) nominees, except for the proxies with specific instructions, and that the said seven (7) nominees be declared duly elected for the ensuing term. The said motion was duly seconded.

The Chairman asked the body whether there was any objection, and there being none, he declared the motion carried.

The Chairman instructed the Secretary to cast a vote for the seven (7) nominees and declare them as duly elected Directors for the ensuing term, except for stockholders who voted through proxy with specific instructions. The proxies with specific instructions on this matter are detailed below:

	In favor	**Against**	**Abstain**	**Total Shares Voting**
Enrique K. Razon, Jr.	2,249,431,940	31,628,405	1,804,280	2,282,864,625
Jose C. Ibazeta	2,018,161,293	264,703,332	-	2,282,864,625
Stephen A. Paradies	1,980,863,577	302,001,048	-	2,282,864,625
Andres Soriano III	2,004,386,224	278,478,401	-	2,282,864,625
Jon Ramon Aboitiz	1,975,568,787	307,295,838	-	2,282,864,625
Octavio Victor R. Espiritu	2,130,708,106	152,156,519	-	2,282,864,625
Joseph R. Higdon	2,281,871,305	993,320	-	2,282,864,625

The following resolution was thus adopted and passed:

RESOLUTION NO. STK-05-17

"RESOLVED, that the following are the duly elected Directors for the ensuing term:

Enrique K. Razon, Jr.
Jon Ramon Aboitiz
Octavio Victor R. Espiritu*
Joseph R. Higdon*
Jose C. Ibazeta
Stephen A. Paradies
Andres Soriano III"

***As independent directors.**

8. Amendment of the Seventh and Eirth Article of the Articles of Incorporation of the Company

The Chairman said that the next item in the agenda was the amendment of the Seventh Article of the Articles of Incorporation, to delete the provision that the Preferred B Shares shall be redeemed by the Company when the nationality restrictions applicable to the Company are lifted by appropriate legislation or constitutional amendment. This amendment was approved by the Board of Directors on February 22, 2017.

The Chairman explained that the amendment to the Seventh Article is intended to give the Board of Directors of the Corporation the discretion over when the Preferred B shares should be redeemed. Under the current provision, the Board of Directors does not have this discretion because the redemption of the preferred B shares is required when the nationality restrictions applicable to the Corporation is lifted by law or constitutional amendment. Giving the Board of Directors the discretion to determine when the Preferred B shares will be redeemed provides flexibility, which is necessary to allow the Corporation to address issues or challenges which may be brought about by the lifting of the nationality restrictions.

The Chairman said that the Preferred B shares are low par value voting shares which receive no dividends. They were issued to maximize the ability of the Corporation to take in foreign equity. Incidentally, it allows the Corporation to comply with the requirement under the MICT Contract against any change of control in the Corporation without the approval of the Philippine Ports Authority.

A stockholder moved for the approval of the proposed amendment to the Seventh Article of the Articles of Incorporation in the language previously approved by the Board of Directors in its resolution dated February 22, 2017. This motion was duly seconded. In the absence of any objection, the Chairman declared the motion carried.

The votes through proxies with specific instructions on this motion, are detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,100,879,689
Dissenting	171,488,954
Abstaining	10,495,982

The following resolution was thus adopted and approved:

RESOLUTION NO. STK-07-17

> **"RESOLVED, to allow the Board of Directors the discretion on when the Preferred B shares of the Corporation will be redeemed, and for this purpose to amend the SEVENTH ARTICLE of the Amended Articles of Incorporation of the Corporation, to delete the sentence which states: "The Preferred B Shares shall be redeemed by the Corporation when the nationality restrictions applicable to the Corporation are lifted by appropriate legislation or constitutional amendment."**

The Chairman then said that we now go to the approval of an amendment to the Eighth Article of the Articles of Incorporation to delete the right of first refusal and other restrictions on the right to sell shares in the Corporation other than the nationality restriction. This amendment was approved by the Board of Directors on February 22, 2017.

The Chairman explained that the amendment of the Eighth Article will clean up provisions in the Amended Articles of Incorporation, which are vestiges of the period when the Corporation was privately held. These include the right of first refusal and restrictions on sale of shares. These restrictions on the shares are no longer applicable because the shares of the Corporation are now listed in the Philippine Stock Exchange, and are freely transferable.

The nationality restriction will remain as it is currently required by law because the Corporation is engaged in port operation which, in the Philippines, is considered a public service subject to nationality restriction. Certain subsidiaries of the Corporation also own land in the Philippines, which subjects the land holding subsidiaries and the Corporation, as controlling stockholder, to the nationality restriction.

A stockholder moved for the approval of the proposed amendment to the Eighth Article of the Articles of Incorporation in the language previously approved by the Board of Directors in its resolution dated February 22, 2017. This motion was seconded by another stockholder. The Chairman asked if there was any objection to the motion, and hearing none, the Chairman declared the motion carried.

The votes through proxies with specific instructions on this motion, are detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,249,303,089
Dissenting	23,065,554
Abstaining	10,495,982

The following resolution was thus adopted and approved:

RESOLUTION NO. STK-08-17

> **"RESOLVED, to clean up the Amended Articles of Incorporation of the Corporation by deleting the provisions providing for right of first refusal and other restrictions on the transfer of shares of the Corporation which were applicable before the Initial Public Offering of the Corporation, and for this purpose to delete provisions of the EIGHTH ARTICLE which states:**
>
> **"The subscription for and the ownership of all shares of stock in this corporation are made and taken upon the condition that any holder of**

shares of stock desiring to sell or otherwise dispose of the same shall offer his stock to the other stockholders of record."

including sub-articles (a), (b), (c), (d), and (e) on the right of first refusal.

RESOLVED to retain the provision on nationality restriction provided by law which States: "No transfer of share of stock which will reduce the ownership of Filipino citizens to less than the required percentage of capital stock as provided by existing laws shall be allowed or permitted to be recorded in the proper books of the corporation and this restriction shall be printed in all the stock certificates to be issued by the Corporation."

9. Appointment of External Auditors

The Chairman said the next item in the agenda is the appointment of the External Auditor. A stockholder nominated Sycip Gorres Velayo and Company, which the Audit Committee had recommended, as External Auditor for 2017. Upon motion duly made and seconded, the nomination was closed. The Chairman asked the stockholders if there was any objection and there being none, he declared the resolution approved.

The votes through proxies with specific instructions on this matter, as detailed below:

VOTES	NUMBER OF VOTES CAST
Approving	2,281,619,795
Dissenting	944,180
Abstaining	300,650

The following resolution was thus adopted and approved:

RESOLUTION NO. STK-09-17

"RESOLVED, That Sycip Gorres Velayo and Company is appointed as external auditors of the company for the year 2017."

10. Other Matters

Dividend Declaration

The Chairman announced that at the meeting of the Board of Directors held earlier in the morning, April 20, 2017, the Board declared cash dividends of P 2.47 per share for stockholders of record as of May 5, 2017, payable on May 17, 2017. The stockholders applauded the announcement.

Questions and Answers

The Chairman opened the floor and gave the stockholders the opportunity to ask questions and raise issues.

A stockholder, Ms. Nora Borja, congratulated the Chairman and the Board of Directors for a very profitable year. She suggested that stockholders may be given free shuttle service from Mall of Asia to Solaire Resort & Casino and vice versa during special and annual meeting of the Company. She further suggested that few days before the meeting, the free shuttle service may be posted in the website. The Chairman responded that they will take note of the suggestion and they will look into that suggestion.

Another stockholder, Mrs. Cardino, inquired the effect of the protectionist policy of the United States on ICTSI operations. The Chairman responded that it is too early to see the impact of the campaign. However, if the protectionist campaign of Mr. Trump will be successful, it will be something bad to the rest of the world. Nevertheless, he mentioned that it is too early to tell its impact on ICTSI operations.

11. Adjournment -

The Chairman asked if there are other questions from the floor. A stockholder moved for the adjournment of the meeting, which was duly seconded. There being no objection, the Chairman announced that the meeting was adjourned. He invited the stockholders to partake of brunch courtesy of the Company, thanked them for their attendance, hoped to see them again next year, and greeted them good morning.

Compliance with Leading Practice on Corporate Governance

(a) Evaluation System

On January 25, 2007, an evaluation system to measure compliance with the Revised Manual of Corporate Governance was finalized and approved by the Board to measure or determine the level of compliance of the Board of Directors and top level management.

(b) Measures being undertaken by the Corporation to comply with the adopted leading practices on good corporate governance

Anti – Bribery Policy and Procedure

ICTSI has established its Anti – Bribery Policy and Procedure which strictly prohibits bribery of any kind, and to anyone, whether private individuals or government officials. Local business customs or culture is not a valid excuse for engaging in bribery. ICTSI employees are prohibited from asking for, accepting or receiving bribes, or any other personal benefit that would induce the employee to breach his/her duty to act in good faith, to act impartially or in accordance with a position of trust. All employees are guided by the ICTSI Anti-Bribery Compliance Policy and Procedure.

Employee Trainings

Part of ICTSI's objectives is to impart basic knowledge and skills to new employees and to assist existing employees to function more effectively by keeping them abreast of recent developments and concepts which they could use in their respective fields.

In 2017, ICTSI implemented the following programs:

1.) Behavioral trainings which are initiated by the company as part of organization development. These include:
   a. Interaction Management;
   b. Basic Management Programs and Leadership trainings;
   c. Ports Operation and Strategy;
   d. Ports Planning and Design;
   e. Customer Service Training;
   f. Employee Discipline Workshop;
   g. People Management Conference;
   h. Labor and Employee Relations Summit;
   i. PSQI Leadership Training; and
   j. Team Building Sessions.

2.) Company Orientation Programs which include:

   a. Operations for Non-Operations;

b. Orientation for newly hired employees;
c. Orientation re: government mandated benefits;
d. Orientation for HMI;
e. Orientation for Retiring Employees;
f. Operations for Non-Operations;
g. Ugnayan sa Pantalan.
h. Claims for Non-Claims
i. ISO Workshop

3.) Technical training programs for skills enhancement

a. Reach Stackers, Quay Cranes, Rubber Tired Gantries, Sidelifter
b. Hatch Clerk Training
c. PISM Purchasing & Supply Chain Trainings
d. Certified Management Accountant Program
e. Digital Communication & Branding
f. CISCO CCNA Switching & Routing Course
g. Basic Non-Life Insurance
h. Fire Fighting Seminar & Drill
i. Weather 101
j. Port Safety & Health Standards
k. SAP GT Training
l. Commercial Claims 101
m. First Aid with Basic Life Support
n. FBI Briefing on Weapons of Mass Destruction
o. 8th National SE Conference Social Innovation in Practice
p. Business Communication

Health, Safety and Productivity of its Employees

ICTSI maintains its own medical and dental facilities for the use of its employees and their dependents. **Medical Services** include medical check-ups, consultations, treatments, minor surgeries, issuance of medical certificates and approval of sick leave applications. Further, all regular employees and their immediate dependents are provided access to clinic medicines (i.e., antibiotics, maintenance medicines, over-the-counter (OTC) medicines, etc.) Annual drug test for all employees during Company's scheduled APE and Random Drug Test per month for minimum of 100 employees is also conducted. ICTSI also provides free Chest X-Ray for dependents with suspected Pulmonary Tuberculosis.

This also includes services of duly licensed nurses whose duties are to assist the doctor in the treatment of employees and/or their dependent/s, dispense medicine to patients based on the doctor's prescription, file medical records of employees and/or their dependents, apply first aid and/or other immediate/necessary treatment to employees especially in cases of injuries sustained in accidents or incidents occurring within the company premises in the absence of a doctor, assist in transporting employee patients to accredited hospitals in case of emergencies, and conduct home visits to absent employees upon the written request from authorized representative/officer of ICTSI.

Dental Services are performed by duly licensed dentists whose duties include oral check-ups, oral prophylaxis, tooth filing, and tooth extraction.

ICTSI's medical and dental facilities provide round the clock services for employees and their dependents. ICTSI also maintains its own ambulance to address emergency medical cases. A fire truck is always on stand-by within the terminal premises to provide immediate service and assistance in cases of fire and other catastrophes.

ICTSI also introduced a health insurance plan which provides employees access to medical insurance coverage for their Out-Patient and In-Patient (hospitalization, consultation, laboratory, etc) medical needs. It is provided through an approved Health Care Provider and offers a choice of Employee. This health insurance plan varies by maximum amount limits. Employee also has the option to use his/her medical and dental reimbursement

(MDR) benefit to enroll his/her dependents in any of our available Dependent Programs. This MDR benefit may also be used for the order and free delivery of medicines via MEDEXPRESS, a delivery service drugstore.

Annual Physical Exam is also conducted religiously in order to promote health awareness and early detection of illnesses. Standard exams include Physical Examination of the doctor, Electrocardigram (ECG), X-ray, Complete Blood Count, Urinalysis, Fecalysis and Visual Acuity Screening. During the APE event, our partner healthcare professionals also provides Cardiometabolic Workplace Wellness program which includes Biometric Tests (Blood Sugar, Cholesterol, Blood Pressure screening, Body Mass Index (BMI /Obesity screening and Foot Doppler test) which helps us in profiling our employees and assessing their overall cardiometabolic health status thus, helping us further to reduce rates of illnesses like Hypertension, Diabetes, Dyslipidemia, etc. Also, from the baseline workforce profiling gathered during APE, we design and provide a customized wellness program like prevention of lifestyle-related diseases, Smoking Cessation campaign among others.

Employees with adverse finding after the above exams shall be directed to consult a specialist for further examination and medication. We have also tapped the services of different medical groups to provide us with seminars and briefing on diseases and medical conditions most common to our employees.

Safety Trainings

Developed Programs and policies for year 2017:

- Full implementation of Personal Protective Equipment (PPE) Policy to all- Zero Tolerance
- New uniform with high visibility marks both upper garments and working pants were distributed for operation employees.
- Conducted trainings and drills on:
    - Fire Prevention and Suppression;
    - First Aid Training and Basic Life Support-CPR;
    - Room to Room orientation and Earthquake simulation drill using a 20’ container ;
    - Port Safety and Health Standards and
    - Handling of Dangerous Goods Course seminar/training.

- Intensified monitoring and strict implementation of “No Rider Policy”
- Intensified “No loitering” policy inside the yard
- Policy on the Control of vehicle access to MICT
- New MICT “No Smoking” Policy
- No “Smoking Policy” while operating any equipment\New Policy on Improper Mounting and Stacking of Containers

Other Programs:

- Has an established Health and Safety Committee
- Intensified terminal inspections
- Enhance monitoring of traffic flow and movements of port equipment in the terminal
- Thorough inspection of all cargo gears of vessels at anchorage basin
- Ensure safety of visitors & port users during terminal visits, tours and orientations
- Intensified follow-up inspections
- Intensified training for ERT members
- Intensified coordination between Safety and Operations Officers and Staff. Upgrade of research and development methods
- Handling of Dangerous Good Course. Specialized training course on the proper identification, related legislative regulations and other specifications for dangerous goods handled in the port.
- Ensures compliance to the requirements of ISO 9001:2008 & 1400:2004 standards, PPA, DENR, DOLE-BWC and the BFP

Accident Prevention:

- Intensified tool box meeting in different sections, reminded/reoriented Terminal guidelines and procedures as well as safe working habits.

- Intensified mobility and visibility of Safety Officers
- Intensified yard inspections and Safety Visibility;
- Regular roving inspection and monitoring of the Terminal is being conducted daily to ensure that safety is properly implemented and exercised.
- Regular monitoring of the container stacking at the container yard.
- Ensuring that the terminal guidelines are properly implemented
- Enhance outside truck drivers orientation
- Regular inspection of firefighting equipment
- Regular inspection of building, equipment and facilities.
- Ensuring safety of dockworkers while on board vessels.
- Maintaining proper housekeeping inside the MICT premises; and
- Strict implementation of personal protective equipment for Employees, Port Users, Contractors and Visitors.

ICTSI is committed to provide a safe and healthful place of work in accordance with industry standards and in compliance with government requirements. To meet this commitment, ICTSI abides by the following principles:

- Place the highest priority on the health and safety of all employees and port users;
- Provide health and safety training to employees to empower or incident prevention program;
- Encourage employees to perform their jobs properly in accordance with established procedures and work practices;
- Ensure the Company's operation and other activities comply with applicable government regulations.
- Provide full cooperation to clients, statutory authorities and local communities;
- Communicate and consult with employees to be able to continually improve work procedures and maintain safe practices in the performance of their jobs; and
- Monitor performance and conduct regular audits to ensure health and safety management system is up to date and continually improved.

Through these principles, ICTSI believes that:

- Accident loss can be controlled through good management combined with active employee involvement;
- Safety is the direct responsibility of all managers, supervisors, employees, contractors and port users;
- All employees will be aware of their statutory duty to take reasonable care of the health and safety of themselves and others who may be affected by their actions; and
- Health and safety for the company, in general will be steered towards a higher education.

(c) Revised Manual of Corporate Governance

The Group adopted a Manual on Corporate Governance in January 2003. Its latest Revised Manual on Corporate Governance ("CG Manual"), pursuant to SEC Memorandum Circular 19 – 2016, was submitted on May 31, 2017. The Company submitted a Certificate last January 29, 2018, which states that the Company is in full compliance of its CG Manual.

The Company likewise submitted its 2016 Annual Corporate Governance Report on May 30, 2017, pursuant to SEC Memorandum Circular 20 - 2016. In line with SEC Memorandum Circular 15 - 2017, the Company will submit its 2017 Integrated Annual Corporate Governance Report on or before May 30, 2018.

The Company's Compliance Officer was appointed in February 2014. Last February 9, 2016, concurrent as Chief Financial Officer, Rafael D. Consing, Jr. was appointed as the new Compliance Officer. The Compliance Officer coordinates with the Philippine SEC with respect to compliance requirements, monitor compliance with the revised manual and report any governance-related issues to the Board. The Company has not deviated from its CG Manual and further commits itself to principles and best practices of governance in the attainment of corporate goals.

(d) Continuing Improvements for Corporate Governance

ICTSI continues to improve its corporate governance, systems and processes to enhance adherence to practices of good corporate governance, which includes annual trainings for its Board of Directors and key officers pursuant to SEC Memorandum Circular 20-2013. These improvements are being updated and documented in its Annual Corporate Governance Report.

Recognition and Awards in 2017

2017

December: **Platinum Award**
For the fourth year in a row, ICTSI was honored by The Asset Corporate Awards in the Platinum category as one of the elite companies in Asia that has shown All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations at a gala dinner on December 13, 2017 in Hong Kong. ICTSI's TABS (Terminal Appointment Booking System) was cited as the Best Initiatives in Innovation. ICTSI was also one of the recipients of The Asset Corporate Awards 2017 Best CEO - Enrique K. Razon, Jr.

June: ICTSI was awarded by **Corporate Governance Asia**, in the 7th Asian Excellence Recognition Awards 2017, as one of the Best Investor Relations Companies in the Philippines and Rafael D. Consing, Jr. as one of Asia´s Best CFO.

Dividends and Dividend Policy

Since 2015 to 2017, ICTSI was able to declare dividends from PhP 0.90 - PhP 2.47, which is based on the Company's unrestricted retained earnings. Dividends are payable to all common stockholders, on the basis of outstanding shares held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to stockholders whose names are recorded in the stock and transfer book as of the record date fixed by the Board. Preferred A shareholders are entitled to dividends at rates fixed by the Board. On the other hand, Preferred B shareholders earns no dividends. Discussion on the parent company retained earnings available for dividend declaration is further disclosed in *Schedule J* to the Annual Audited Consolidated Financial Statements.

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

	2015	**2016**	2017
Date of Board approval	April 16, 2015	April 21, 2016	**April 20, 2017**
Cash dividends per share	US$0.020 (0.90)	US$0.020 (0.91)	**US$0.050 (2.47)**
Record date	May 4, 2015	May 5, 2016	**May 5, 2017**
Payment date	May 15, 2015	May 18, 2016	**May 17, 2017**

Item 16. Matters Not Required to be Submitted

Not Applicable

Item 17. Amendment of Charter, Bylaws or Other Documents

Not applicable

Item 18. Other Proposed Actions

Approval of the 2017 Minutes of the Annual Stockholders' Meeting

The Minutes of the Annual Stockholders' Meeting of ICTSI held on April 20, 2017 ("Minutes") will be presented for approval of the Stockholders in the Annual Stockholders' Meeting. Such action on the part of the Stockholders will not constitute approval or disapproval of the matters conferred to in said Minutes since it has already been obtained in that meeting.

The Minutes and related records are available for inspection by any Stockholder at any reasonable hour during business days. The Minutes of the 2017 Annual stockholders Meeting, subject to the shareholders' approval, has been disclosed and uploaded in ICTSI's company website. In addition, copies of the Minutes shall be posted and will be available for review by the Stockholders present in the Annual Stockholders' Meeting.

The affirmative vote of a majority of the votes cast on this matter is necessary for approval of the Minutes.

Approval of the 2017 Audited Consolidated Financial Statements

The annual consolidated financial statements of ICTSI and subsidiaries as of and for the year ended December 31, 2017 and the accompanying notes to annual consolidated financial statements (referred to as "Consolidated Financial Statements") prepared by ICTSI and audited by SGV & Co., the independent auditors appointed by the stockholders, will be submitted for approval of the Stockholders at the Annual Stockholders' Meeting.

The Consolidated Financial Statements have been meticulously prepared in conformity with the Financial Reporting Standards reflecting the amounts based on the best estimates and informed judgment of the management with an appropriate consideration to materiality the same being the Company management's responsibility.

In this regard, management maintains a comprehensive system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are recognized. Management likewise discloses to ICTSI's audit committee and to its external auditors: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors thoroughly reviews the consolidated financial statements before such statements are approved and submitted to the stockholders of ICTSI.

SGV & Co. have examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and have expressed their opinion on the fairness of presentation upon completion of such examination in the Report to the Stockholders and Board of Directors of ICTSI and subsidiaries.

The affirmative vote of majority of the votes cast on this proposal will constitute approval of the Consolidated Financial Statements.

Item 19. Voting Procedures

The Chairman will announce each proposal to the floor, which shall be voted upon separately. In the absence of any objection from the floor, the Chairman shall instruct the Corporate Secretary to enter a unanimous vote of approval, except where the particular proxies provide for a negative vote or an abstention. If there is an objection, the Chairman will call for a division of the house. The votes of shareholders present in person or by Proxy shall be counted by hand, and the Chairman will announce the result of the voting, unless voting by ballots is called for. If voting by ballots is decided, ballots will be distributed to Stockholders present in person or by Proxy in the meeting. The ballots will be filled up by Stockholders, and submitted to the Corporate Secretary or his duly authorized representatives. The valid ballots will be counted by the Corporate Secretary or a committee that the Board may organize for the purpose for the votes of the Stockholders. The Chairman will then announce the result after the counting.

The following matters require the following votes:

Subject Matter	**Votes Required**
Approval of Minutes of the Annual Stockholders' Meeting	Majority of the votes cast
Approval of the 2017 Audited Financial Statements	Majority of the votes cast
Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management	Majority of the votes cast
Election of Directors	The top seven (7) nominees with the most number of votes are elected
Reappointment of SGV & Co. as the Company's external auditors	Majority of the votes cast

Undertaking to Provide Annual Report

A copy of the 2017 ICTSI Annual Report on SEC Form 17-A for the fiscal year ended 31 December 2017, as filed with the Securities and Exchange Commission, will be sent to any stockholder at the address he indicates, without charge upon written request addressed to:

The Corporate Secretary
International Container Terminal Services, Inc.
3F ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road, Port of Manila
1012 Manila, Philippines

Item 20. Proxies

Not applicable

Part IV. SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Manila on February 15, 2018.

For and behalf of the Board of Directors

By:

RAFAEL T. DURIAN
Corporate Secretary

Schedule 1 – Proxy Form

Instructions for submission of attached Proxy Form

1. Submission of the Proxy

(a) The proxy form must be completed, signed and dated by the shareholder or his duly authorized representative, and received at the principal office and mailing address of ICTSI **not later than 5:00 p.m. on 6 April 2018**, with the following details:

> Attention: Atty. Benjamin M. Gorospe III, Assistant Corporate Secretary
> 3/F ICTSI Administration Bldg., MICT South Access Road, Port of Manila

(b) If the shares of stock are owned by two or more joint owners, the proxy form must be signed by all of the joint owners.

(c) If the shares of stock are owned in an "and/or" capacity, the proxy form must be signed by either one of the owners.

(d) If the shares of stock are owned by a corporation, association, partnership, or unincorporated entity, the proxy form must be accompanied by a certification, signed by a duly authorized officer, partner or representative of such corporation, association, partnership or unincorporated entity, to the effect that the person signing the proxy form has been authorized by the governing body or has the power pursuant to its by-laws, constitutive documents or duly approved policies of such corporation, association, partnership or unincorporated entity, for such purpose.

(e) A proxy form given by a broker or dealer in respect of shares of stock carried by such broker or dealer for the account of a customer must be supported by a sworn certification that the same is given with the express prior authorization of such customer.

(f) If any customer of a broker or dealer who is the beneficial owner of shares of stock executes a sub-proxy, the broker or dealer shall certify that the signature on the sub-proxy is the true and genuine signature of its customer.

2. Revocation of Proxy

An owner of shares of stock who has given a proxy has the power to revoke it by a written instrument duly signed and dated, which must be received at ICTSI's principal office and mailing address **not later than 5:00 p.m. on 6 April 2018**. A proxy is also considered revoked if an individual stockholder attends the meeting in person and expresses his intention to vote in person.

3. Validation of Proxies

Proxy validation will be held at the Executive Lounge, 4/F ICTSI Administration Building, South Access Road, MICT, Port of Manila on **10 April 2018 at 10:00 a.m.** Validation of proxies will be done by the Corporate Secretary and persons designated by the Corporate Secretary who shall be under his supervision and control, in accordance with the procedure and guidelines set out in the ICTSI's By-Laws and Rule 20(11)(b) of the Amended Implementing Rules and Regulations of the Securities Regulation Code.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.

PROXY

The undersigned (the "Principal") hereby constitutes and appoints [Name of Proxy] ____ (the "Proxy") as his/her attorney-in-fact, so that the Proxy or any other person empowered by the Proxy, shall have, without need of further authorization from the Principal, with full power and authority to represent and vote any and all of the shares of stock of the Principal in INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. (the "Corporation") at any and all stockholders' meetings of the Corporation, or any adjournment thereof, on all matters that may be brought before said meetings, including the election of directors, as fully and to all intents and purposes as such Principal might do if present and acting in person.

This proxy shall be valid for a period of five (5) years from date hereof unless sooner revoked by the Principal in writing.

IN WITNESS WHEREOF, this proxy has been executed by the Principal on the date and place indicated below.

____
Signature over Printed Name of Principal
Date signed: _________________________
Place signed:_________________________

Annex "A"

Management Report

Management's Discussion and Analysis or Plan of Operations

The following discussion and analysis relate to the consolidated financial position and results of operations of ICTSI and its wholly and majority-owned subsidiaries (collectively known as "ICTSI Group") and should be read in conjunction with the accompanying audited consolidated financial statements and related notes as of and for the year ended December 31, 2016. References to "ICTSI", "the Company", and "Parent Company" pertain to ICTSI Parent Company, while references to "the Group" pertain to ICTSI and its subsidiaries.

Overview

The Group is an international operator of common user container terminals serving the global container shipping industry. Its business is the acquisition, development, operation and management of container terminals focusing on facilities with total annual throughputs ranging from 50,000 to 2,500,000 twenty-foot equivalent units (TEUs). It also handles break bulk cargoes (BBC) and provides a number of ancillary services such as storage, container packing and unpacking, inspection, weighing, and services for refrigerated containers or reefers. As of March 9, 2017, the Group is involved in 28 terminal concessions and port development projects in 18 countries worldwide. There are 25 operating terminals in eight key ports and an inland container terminal in the Philippines, two in Indonesia and one each in China, Ecuador, Brazil, Poland, Georgia, Madagascar, Croatia, Pakistan, Honduras, Mexico, Iraq, Argentina, DR Congo and Colombia; an ongoing port development project in Australia; a sub-concession agreement to develop, manage and operate a port in Nigeria; and a recent acquisition of an existing concession to construct and operate a port in Tuxpan, Mexico. The projects in DR Congo and Colombia have started initial operations in the third quarter and fourth quarter of 2016, respectively. Phase 1 of the project in Australia is expected to commence commercial operations in the second quarter of 2017. Construction of the port in accordance with the sub-concession agreement in Nigeria is currently in the planning stage.

ICTSI was established in 1987 in connection with the privatization of Manila International Container Terminal (MICT) in the Port of Manila, and has built upon the experience gained in rehabilitating, developing and operating MICT to establish an extensive international network concentrated in emerging market economies. International acquisitions principally in Asia, Europe, Middle East and Africa (EMEA) and Americas substantially contributed to the growth in volume, revenues, EBITDA and net income. ICTSI's business strategy is to continue to develop its existing portfolio of terminals and proactively seek acquisition opportunities that meet its investment criteria.

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

- Asia
    - Manila - Manila International Container Terminal, Port of Manila, Philippines (MICT)
    - Zambales - New Container Terminal (NCT) 1 and 2, Subic Bay Freeport Zone, Olongapo City, Philippines (SBITC/ICTSI Subic)
    - Batangas - Bauan Terminal, Bauan, Philippines (BIPI)
    - Laguna - Laguna Gateway Inland Container Terminal, Calamba City, Laguna, Philippines (LGICT)
    - Davao - Sasa Wharf, Port of Davao (DIPSSCOR) and Hijo International Port, Davao del Norte, Philippines (HIPS)

  - General Santos - Makar Wharf, Port of General Santos, Philippines (SCIPSI)
  - Misamis Oriental - Phividec Industrial Estate, Tagaloan, Philippines (MICTSI)
  - Indonesia - Makassar Port Container Terminal, Makassar, South Sulawesi, Indonesia (MTS) and Port of Tanjung Priok, Jakarta, Indonesia (OJA)
  - China - Yantai International Container Terminal, Port of Yantai, Shandong Province, China (YICT)
  - Pakistan - Port of Karachi, Karachi, Pakistan (PICT)
  - Australia - Webb Dock Container Terminal and ECP at Webb Dock East, Port of Melbourne, Australia (VICT)

- Europe, Middle East and Africa (EMEA)
  - Poland - Baltic Container Terminal, Gdynia, Poland (BCT)
  - Georgia - Port of Batumi, Batumi, Georgia (BICTL)
  - Croatia - Brajdica Container Terminal, Rijeka, Croatia (AGCT)
  - Madagascar - Port of Toamasina, Toamasina, Madagascar (MICTSL)
  - Nigeria - Deep Water Port, Ibeju-Lekki, Lagos State, Federal Republic of Nigeria (LICTSLE)
  - DR Congo - Matadi Gateway Terminal, Mbengu, Matadi, Democratic Republic of Congo (IDRC)
  - Iraq - Port of Umm Qasr, Iraq (ICTSI Iraq)

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

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

Matadi Gateway Terminal, Matadi, Democratic Republic of Congo. On January 23, 2014, the Company, through its subsidiary, ICTSI Cooperatief U.A. (ICTSI Cooperatief), forged a business partnership with La Societe de Gestion Immobiliere Lengo (SIMOBILE) for the establishment and formation of a joint venture company, ICTSI DR Congo (IDRC). ICTSI Cooperatief and SIMOBILE initially owned 60.0 percent and 40.0 percent of IDRC, respectively. On May 19, 2015, ICTSI Cooperatief and SIMOBILE transferred their respective 8.0 percent and 2.0 percent ownership interest in IDRC to Societe Commerciale Des Transports Et Des Ports S.A. (SCTP SA) in exchange for the latter's contribution of technical knowledge, skills and substantial experience in the port and port system in DRC and operation of railroad system and undertaking to facilitate the activities of IDRC and to assist in its relations with the public authorities. SIMOBILE transferred to its subsidiary, La Societe d'Investissement et de Placement Sprl (SIP Sprl), its 10% ownership in IDRC. Thereafter, IDRC is owned 52.0 percent by ICTSI, 28.0 percent by SIMOBILE, 10.0 percent by SIP Sprl and 10.0 percent by SCTP SA. IDRC will build, manage, develop and operate Matadi Gateway Terminal as a new container terminal in phases, as well as provide exclusive container handling services and general cargo services therein. Phase 1 is expected to be completed within 18 to 24 months from the start of construction. The construction of the terminal commenced in January 2015 and was completed in the fourth quarter of 2016. Initial operations started in the third quarter of 2016 while commercial operations started in January 2017.

Port of Umm Qasr, Iraq. On April 8, 2014, ICTSI, through its wholly owned subsidiary ICTSI (M.E.) JLT, and General Company for Ports of Iraq signed the Contract for the Construction and Operation of Three New Quays and Management and Operation of Quay No. 20 ("Contract") in the Port of Umm Qasr ("Port") in Iraq. The Contract grants ICTSI the rights to: (a) manage and operate the existing container facility at Berth 20 of the Port for a period of 10 years, (b) build, under a build-operate-transfer (BOT) scheme, a new container and general cargo terminal in the Port for a concession period of 26 years, and (c) provide container and general cargo terminal services in both components. On March 1, 2016, an addendum to the Contract ("Addendum") was signed by the parties granting ICTSI, through ICTSI Dubai, the right to manage and operate an additional existing Quay No. 19 for a total of 13 years, with the first three years for the completion of rehabilitation works. Also, the Addendum extended the original term for the management and operation of Quay No. 20 from 10 to 13 years. ICTSI took over Berth 20 in September 2014 and started commercial operations in November 2014, while Phase 1 of the expansion project is expected to be completed and be operational by the first quarter of 2017.

Webb Dock Container Terminal and ECP at Webb Dock East, Port of Melbourne, Australia. On May 2, 2014, ICTSI, through its subsidiary in Australia, Victoria International Container Terminal Ltd. (VICT), signed a contract with Port of Melbourne Corporation (POMC) for the design, construction, commissioning, operation, maintaining and financing of the Webb Dock Container Terminal ("Terminal") and Empty Container Park (ECP) at Webb Dock East (WDE) in the Port of Melbourne. The contract grants VICT the rights to: (a) design, build and commission the new Terminal at berths WDE 4 and WDE 5, (b) design, build and commission the new ECP at WDE, and (c) operate the Terminal and ECP until June 30, 2040. The Phase 1 construction of the Terminal and ECP commenced in the fourth quarter of 2014 and is expected to commence commercial operations in the second quarter of 2017. Phase 2 is expected to be completed in the last quarter of 2017.

Port of Yantai, Shandong Province, China. On July 1, 2014, the Company, through its subsidiary, ICTSI (Hong Kong) Limited (IHKL), acquired 51.0 percent of the total equity interest of Yantai International Container Terminals Limited (YICT) for a total cash consideration of US$137.3 million (RMB854.2 million). On the same date, the Company sold its 60.0 percent ownership interest in YRDICTL to Yantai Port Holdings (YPH) for a total cash consideration of US$94.8 million (RMB588.1 million). The objective of these transactions is to consolidate and optimize the overall port operations within the Zhifu Bay Port area in Yantai. After the consolidation, YICT became the only foreign container terminal within the Zhifu Bay Port area. ICTSI took control over the operations of YICT on the same date.

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

Port of Tuxpan, Mexico. On May 27, 2015, ICTSI acquired 100.0 percent of the capital stock of Terminal Maritima de Tuxpan, S.A. de C.V. (TMT) for a total cash consideration of US$54.5 million from Grupo TMM, S.A.B. and its subsidiary Inmobiliaria TMM, S.A. de C.V. TMT has a concession to construct and operate a maritime container terminal in the Port of Tuxpan, Mexico and is the owner of the real estate where the maritime container terminal will be constructed. The concession agreement is valid until May 25, 2021, subject to extension for another 20 years. As of March 9, 2017, management is currently working on a development plan on TMT.

Davao Sasa Port, Philippines. On April 21, 2006, the PPA granted DIPSSCOR a ten-year contract for cargo handling services at Sasa Wharf, Port of Davao in the Philippines that expired on April 20, 2016.

The tender process for the Davao Sasa Port Modernization project has started and ICTSI is one of the short-listed bidders. Since April 2016, the local office of the Philippine Ports Authority in Davao City has granted DIPSSCOR a series of hold-over authorities for a period of six months. The latest hold-over authority is until April 20, 2017.

Makar Wharf, Port of General Santos, South Cotabato, Philippines. On February 20, 2006, the PPA granted South Cotabato Integrated Port Services, Inc. (SCIPSI) a ten-year contract for the exclusive management and operation of arrastre, stevedoring, bagging and crated cargo handling services at Makar Wharf, Port of General Santos, General Santos City in the Philippines that expired on February 19, 2016. Since then, the local office of the PPA in General Santos City has granted SCIPSI a series of hold-over authorities for a period of one year. The latest hold-over authority is until February 24, 2018.

On June 30, 2014, ICTSI, through its subsidiaries, ICTSI Ltd. and International Container Terminal Services (India) Private Limited (ICTSI India), and L&T Shipbuilding Ltd. (LTSB) signed a termination agreement cancelling ICTSI's container port agreement for the management of the Kattupalli Container Terminal in Tamil, Nadu. In accordance with the termination agreement, LTSB paid ICTSI India approximately US$15.9 million (INR957.5 million) as reimbursement of the license fee the latter paid to operate the terminal plus management fees and other amounts due to ICTSI India.

On April 27, 2015, ICTSI sold its 60.0 percent ownership interest in Naha International Container Terminal Inc. (NICTI) back to NICTI. The 10-year lease agreement of NICTI granted by Naha Port Authority was to expire by end of 2015 and ICTSI was no longer interested to participate in the negotiation for the extension of the lease agreement.

Muara Container Terminal, Brunei Darussalam. The Agreement with the Brunei Government for the operation and maintenance of the Muara Container Terminal in Brunei Darussalam is expiring on May 20, 2017 after yearly extension from 2012. The Agreement with the Brunei Government was no longer renewed and ended effective February 21, 2017. NMCTS contributed less than 1.0 percent of the Group's revenue and about 1.0 percent of the Group's net income in 2016.

Port of Portland, Oregon, U.S.A. In October 2016, the Board of ICTSI Ltd. has authorized the management of ICTSI Oregon to negotiate with the Port of Portland and reach terms mutually acceptable to both parties with respect to the termination of the lease agreement after two major customers, Hanjin Shipping Co. and Hapag-Lloyd stopped calling the Port of Portland in March 2015 due to continuing labor disruptions. In late 2016, the Port of Portland and ICTSI Oregon began discussions of a mutual agreement to terminate the lease agreement. As a result, the Company has provided for probable loss on the pre-termination of the lease agreement amounting to US$23.4 million in 2016 based on the Company's best estimate of the probable outcome of the negotiations with the Port.

On March 8, 2017, ICTSI, through ICTSI Oregon, and the Port of Portland have signed a Lease Termination Agreement and both parties have mutually agreed to terminate the 25-year Lease Agreement to operate the container facility at Terminal 6 of the Port of Portland with an effective date of March 31, 2017. The Lease Termination Agreement allows ICTSI Oregon to be relieved of its long-term lease obligations. In exchange, the Port of Portland will receive US$11.45 million in cash compensation and container handling equipment including spare parts and tools.

Results of Operations and Key Performance Indicators

Results of Operations

The following table shows a summary of the results of operations for the year ended December 31, 2016 as compared with the same period in 2015 and 2014 as derived from the accompanying audited consolidated financial statements.

Table 6.1 Audited Consolidated Statements of Income

	For the Years Ended December 31				
In thousands, except % change data	2014	2015	**2016**	% Change *2014 vs 2015*	% Change *2015 vs 2016*
Gross revenues from port operations	US$1,061,152	US$1,051,325	**US$1,128,395**	(0.9)	7.3
Revenues from port operations, net of port authorities' share	897,504	882,322	**944,693**	(1.7)	7.1
Total income (net revenues, interest and other income)	968,736	906,183	**980,396**	(6.5)	8.2
Total expenses (operating, financing and other expenses)	723,341	786,566	**723,355**	8.7	(8.0)
EBITDA[1]	443,009	450,022	**525,078**	1.6	16.7
EBIT[2]	321,323	323,569	**377,248**	0.7	16.6
Net income attributable to equity holders of the parent	181,988	58,545	**180,016**	(67.8)	207.5
Earnings per share					
Basic	US$0.075	US$0.011	**US$0.066**	(85.3)	500.0
Diluted	0.075	0.011	**0.065**	(85.3)	490.9

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[1] EBITDA is not a uniform or legally defined financial measure. It generally represents earnings before interest, taxes, depreciation and amortization. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. EBITDA is also frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry.

The Group's EBITDA figures are not; however, readily comparable with other companies' EBITDA figures as they are calculated differently and thus, must be read in conjunction with related additional explanations. EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under PFRS. Some of the limitations concerning EBITDA are:

- EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for working capital needs;
- EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal debt payments;
- Although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in the industry may calculate EBITDA differently, which may limit its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of the business. The Group compensates for these limitations by relying primarily on the PFRS results and uses EBITDA only as supplementary information.

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

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

Table 6.2 EBITDA Computation

	For the Years Ended December 31				
In thousands, except % change data	2014	2015	**2016**	% Change *2014 vs 2015*	% Change *2015 vs 2016*
Net income attributable to equity holders of the parent	US$181,988	US$58,545	**US$180,016**	(67.8)	207.5
Non-controlling interests	9,525	10,434	**13,455**	9.5	29.0
Provision for income tax	53,882	50,638	**63,571**	(6.0)	25.5
Income before income tax	245,395	119,617	**257,042**	(51.3)	114.9
Add (deduct):					
Depreciation and amortization	121,686	126,453	**147,830**	3.9	16.9
Interest and other expenses	147,160	227,813	**155,910**	54.8	(31.6)
Interest and other income	(71,232)	(23,861)	**(35,704)**	(66.5)	49.6
EBITDA	US$443,009	US$450,022	**US$525,078**	1.6	16.7

Key Performance Indicators

The five (5) key performance indicators (KPIs) include gross moves per hour per crane, crane availability and berth utilization, which affect the operations of the Group, and volume growth in twenty-foot equivalent unit (TEU) and gross revenue growth, which are both financial in nature. These KPIs are discussed in detail in the succeeding paragraphs.

2016 Compared with 2015

Gross moves per hour per crane ranged from 17.2 to 33.5 moves per hour in 2015 to 17.3 to 32.6 moves per hour in 2016. Crane availability ranged from 90.9 percent to 100.0 percent in 2015 to 79.4 percent to 99.1 percent in 2016. Berth utilization was at 20.5 percent to 76.3 percent in 2015 and 16.3 percent to 76.5 percent in 2016.

2015 Compared with 2014

Gross moves per hour per crane ranged from 16.5 to 29.9 moves per hour in 2014 to 17.2 to 33.5 moves per hour in 2015. Crane availability ranged from 91.0 percent to 99.9 percent in 2014 to 90.9 percent to 100.0 percent in 2015. Berth utilization was at 23.1 percent to 105.2 percent in 2014 and 20.5 percent to 76.3 percent in 2015.

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

Comparison of Operating Results for the Years Ended December 31, 2016 and 2015

TEU Volume

The below table presents the volume (in TEU) handled by the Group for the years ended December 31, 2015 and 2016:

Table 6.3 Volume

	For the Years Ended December 31		
	2015	**2016**	% Change
Asia	4,094,580	**4,552,881**	11.2
Americas	2,738,079	**3,004,690**	9.7
EMEA	943,334	**1,131,792**	20.0
	7,775,993	**8,689,363**	11.7

The Group's consolidated volume increased by 11.7 percent from 7,775,993 TEUs for the year ended December 31, 2015 to 8,689,363 TEUs handled for the same period in 2016 mainly due to new shipping lines and services, improvement in trade activities at certain terminals and continuous growth and ramp-up at ICTSI Iraq.

Volume from the Asia segment, consisting of terminals in the Philippines, China, Indonesia and Pakistan, increased by 11.2 percent from 4,094,580 TEUs for the year ended December 31, 2015 to 4,552,881 TEUs for the same period in 2016 mainly due to improvement in trade activities at most of the Philippine terminals; and new shipping lines and services at OJA and PICT, slightly tapered by lower exports at YICT. The Asia operations accounted for 52.7 percent and 52.4 percent of the consolidated volume for the years ended December 31, 2015 and 2016, respectively.

Volume from the Americas segment, consisting of terminals in Brazil, Ecuador, Honduras, Mexico and The United States of America, increased by 9.7 percent from 2,738,079 TEUs for the year ended December 31, 2015 to 3,004,690 TEUs for the same period in 2016 primarily arising from new shipping lines and services at CMSA and CGSA; and increased domestic volumes at TSSA, partially tapered by the full year impact of cessation of operations at ICTSI Oregon. The Americas operations accounted for 35.2 percent and 34.6 percent of the consolidated volume for the years ended December 31, 2015 and 2016, respectively.

Volume from the EMEA segment, consisting of terminals in Poland, Georgia, Madagascar, Croatia and Iraq, reported a 20.0 percent growth from 943,334 TEUs for the year ended December 31, 2015 to 1,131,792 TEUs for the same period in 2016 mainly due to continuous growth and ramp-up at ICTSI Iraq; and marginal economic recovery resulting to increase in trade activities at MICTSL and AGCT. Growth was partially offset by reduced vessel calls and trade volume at BCT. The EMEA operations accounted for 12.1 percent and 13.0 percent of the Group's consolidated volume for the years ended December 31, 2015 and 2016, respectively.

Total Income

Total income consists of: (1) Revenues from port operations, net of port authorities' share in gross revenues; (2) Interest income; (3) Foreign exchange gain; and (4) Other income.

The table below illustrates the consolidated total income for the years ended December 31, 2015 and 2016:

Table 6.4 Total Income

	For the Years Ended December 31		
(In thousands, except % change data)	2015	**2016**	% Change
Gross revenues from port operations	US$1,051,325	**US$1,128,395**	7.3
Port authorities' share in gross revenues	169,003	**183,702**	8.7
Net revenues	882,322	**944,693**	7.1
Interest income	13,383	**17,651**	31.9
Foreign exchange gain	3,672	**4,659**	26.9
Other income	6,806	**13,393**	96.8
	US$906,183	**US$980,396**	8.2

For the year ended December 31, 2016, net revenues stood at 96.4 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.8 percent, 0.5 percent and 1.4 percent, respectively. For the same period in 2015, net revenues stood at 97.4 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.5 percent, 0.4 percent and 0.7 percent, respectively.

Gross Revenues from Port Operations

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

The below table illustrates the consolidated gross revenues for the years ended December 31, 2015 and 2016:

Table 6.5 Gross Revenues from Port Operations

	For the Years Ended December 31		
(In thousands, except % change data)	2015	**2016**	% Change
Asia	US$564,577	**US$581,405**	3.0
Americas	377,639	**387,423**	2.6
EMEA	109,109	**159,567**	46.2
	US$1,051,325	**US$1,128,395**	7.3

The Group's consolidated gross revenues from port operations increased by 7.3 percent from US$1,051.3 million for the year ended December 31, 2015 to US$1,128.4 million for the same period in 2016 mainly due to volume growth; tariff rate adjustments at certain terminals; new contracts with shipping lines and services; and continuous growth and ramp-up at ICTSI Iraq.

Gross revenues from the Asia segment reported a growth of 3.0 percent from US$564.6 million for the year ended December 31, 2015 to US$581.4 million for the same period in 2016 mainly due to improvement in trade activities at most of the Philippine terminals resulting to volume growth; new contracts with shipping lines and services at OJA and PICT; and tariff rate adjustments at certain terminals, tapered by unfavorable translation impact of the depreciation of PHP-based revenues at Philippine terminals. The Asia operations captured 53.7 percent and 51.5 percent of the consolidated gross revenues for the years ended December 31, 2015 and 2016, respectively.

Gross revenues from the Americas segment increased by 2.6 percent from US$377.6 million for the year ended December 31, 2015 to US$387.4 million for the same period in 2016 mainly due to new shipping lines and services at CGSA and CMSA; and tariff rate adjustments and increased storage and special services at OPC, tapered by lower storage and non-containerized revenues at TSSA; unfavorable translation impact of the depreciation of MXN-based revenues at CMSA; and discontinued vessel calls of two major shipping lines at ICTSI Oregon as a result of the continuing effect of labor disruptions and conflicts.

The Americas operations accounted for 35.9 percent and 34.3 percent of the consolidated gross revenues for the years ended December 31, 2015 and 2016, respectively.

Gross revenues from the EMEA segment grew by 46.2 percent from US$109.1 million for the year ended December 31, 2015 to US$159.6 million for the same period in 2016 primarily due to continuous growth and ramp-up at ICTSI Iraq; and favorable container volume mix and tariff rate adjustments at MICTSL, partially offset by weaker short-sea trade and reduced vessel calls at BCT. The EMEA operations stood at 10.4 percent and 14.2 percent of the consolidated gross revenues for the years ended December 31, 2015 and 2016, respectively.

Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities by certain terminals, grew by 8.7 percent from US$169.0 million for the year ended December 31, 2015 to US$183.7 million for the same period in 2016 as a result of stronger revenues at these terminals.

Interest Income, Foreign Exchange Gain and Other Income

Consolidated interest income increased by 31.9 percent from US$13.4 million for the year ended December 31, 2015 to US$17.7 million for the same period in 2016 mainly due to higher interest income earned from advances to SPIA, a joint venture associate.

Foreign exchange gain increased from US$3.7 million for the year ended December 31, 2015 to US$4.7 million for the same period in 2016 mainly due to the favorable translation impact of certain currencies against US dollar. Foreign exchange gain mainly arises from the settlement and translation or restatement adjustments of foreign currency-denominated monetary assets and liabilities.

Other income, on the other hand, increased from US$6.8 million for the year ended December 31, 2015 to US$13.4 million for the same period in 2016 mainly due to gain on disposal of certain property and equipment; recovery of claims from contractors and insurance, tax refunds and credits, and other income. Other income includes the Group's rental, dividend income, and other sundry income accounts of ICTSI and subsidiaries.

Total Expenses

The below table shows the breakdown of total expenses for 2015 and 2016.

Table 6.6 Total Expenses

	For the Years Ended December 31		
(In thousands, except % change data)	2015	**2016**	% Change
Manpower costs	US$193,164	**US$192,536**	(0.3)
Equipment and facilities-related expenses	124,754	**119,877**	(3.9)
Administrative and other operating expenses	114,382	**107,201**	(6.3)
Total cash operating expenses	432,300	**419,614**	(2.9)
Depreciation and amortization	126,453	**147,830**	16.9
Interest expense and financing charges on borrowings	61,231	**75,050**	22.6
Interest expense on concession rights payable	37,301	**34,050**	(8.7)
Equity in net loss of a joint venture	3,230	**5,572**	72.5
Foreign exchange loss and others	126,051	**41,239**	(67.3)
	US$786,566	**US$723,355**	(8.0)

Total cash operating expenses of the Group decreased by 2.9 percent from US$432.3 million for the year ended December 31, 2015 to US$419.6 million for the same period in 2016 mainly due to improved operational efficiencies resulting to lower costs on repairs and maintenance; decline in global fuel prices; cost optimization measures implemented; favorable translation impact of PHP-based expenses at Philippine terminals and MXN-based expenses at CMSA; and lower variable cost at ICTSI Oregon, tapered by increase in variable manpower costs and higher fuel and power consumption as a result of increase in volume; and cost contribution of new terminals, Tecplata, IDRC and VICT.

Manpower Costs

Manpower costs decreased by 0.3 percent from US$193.2 million for the year ended December 31, 2015 to US$192.5 million for the same period in 2016 primarily due to decline in variable contracted labor services at ICTSI Oregon; and favorable translation impact of PHP-based costs at Philippine terminals and MXN-based costs at CMSA, tapered by increase in variable contracted services driven by volume growth and government-mandated and contracted salary rate adjustments at certain terminals; and the contribution of new terminals, IDRC and VICT.

Manpower costs accounted for 44.7 percent and 45.9 percent of consolidated cash operating expenses for the years ended December 31, 2015 and 2016, respectively.

Equipment and Facilities-related Expenses

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

Equipment and facilities-related expenses decreased by 3.9 percent from US$124.8 million for the year ended December 31, 2015 to US$119.9 million for the same period in 2016 mainly due to improved operational efficiencies resulting to slightly lower costs on repairs and maintenance; decline in global prices of fuel; favorable translation impact of PHP-based expenses at Philippine terminals and MXN-based expenses at CMSA; and lower variable cost at ICTSI Oregon, tapered by higher fuel consumption driven by volume growth; and increase in fuel and power tariffs at CGSA.

Equipment and facilities-related expenses represented 28.9 percent and 28.6 percent of consolidated cash operating expenses for the years ended December 31, 2015 and 2016, respectively.

Administrative and Other Operating Expenses

Administrative and other operating expenses decreased by 6.3 percent from US$114.4 million for the year ended December 31, 2015 to US$107.2 million for the same period in 2016 mainly due to reduction in travel, insurance costs and professional fees in relation to cost optimization measures implemented; favorable translation impact of Philippine-based expenses at Philippine terminals and MXN-based expenses at CMSA; and decrease in taxes and licenses, tapered by higher IT costs; and the contribution of new terminals, Tecplata, IDRC and VICT.

Administrative and other operating expenses stood at 26.5 percent and 25.5 percent of consolidated cash operating expenses for the years ended December 31, 2015 and 2016, respectively.

Depreciation and Amortization

Depreciation and amortization expense increased by 16.9 percent from US$126.5 million for the year ended December 31, 2015 to US$147.8 million for the same period in 2016 mainly from depreciation of Tecplata's port facilities starting January 1, 2016; and higher depreciation arising from expansion of port facilities and acquisition of port equipment at MICT, YICT and OPC.

Interest and Financing Charges on Borrowings

Interest and financing charges on borrowings increased by 22.6 percent from US$61.2 million for the year ended December 31, 2015 to US$75.1 million for the same period in 2016 primarily due to higher average loan balance and lower capitalized borrowing costs on qualifying assets. Capitalized borrowing costs on qualifying assets amounted to US$27.5 million in 2015 and US$24.3 million in 2016. Capitalization rate slightly decreased from 6.6 percent in 2015 to 6.5 percent in 2016.

Interest Expense on Concession Rights Payable

Interest on concession rights payable decreased by 8.7 percent from US$37.3 million for the year ended December 31, 2015 to US$34.1 million for the same period in 2016 mainly due to the declining principal balances of the Group's concession rights payable as of December 31, 2016.

Equity in Net Loss of A Joint Venture

Equity in net loss of a joint venture increased by 72.5 percent from US$3.2 million for the year ended December 31, 2015 to US$5.6 million for the same period in 2016 due to the increase in the Company's share in net loss at SPIA as a result of increase in level of start-up activities in line with the start of initial operations in the fourth quarter of 2016.

Foreign Exchange Loss and Others

Foreign exchange loss and others decreased from US$126.1 million for the year ended December 31, 2015 to US$41.2 million for the same period in 2016 primarily due to the absence of non-recurring impairment charges on the concession right assets of Tecplata amounting to US$88.0 million and on the goodwill of PT ICTSI Jasa Prima Tbk (JASA) and OJA aggregating US$26.6 million recognized in 2015, tapered by recognition of non-recurring charge on pre-termination of lease agreement at ICTSI Oregon amounting to US$23.4 million; recognition of probable loss on non-trade advances and solidarity contribution on equity at CGSA in 2016; and unfavorable translation impact of certain currencies against US dollar in 2016. Foreign exchange loss mainly results from the translation or restatement as well as from the settlement of foreign currency-denominated monetary assets and liabilities.

EBITDA and EBIT

Consolidated EBITDA grew by 16.7 percent from US$450.0 million for the year ended December 31, 2015 to US$525.1 million for the same period in 2016 primarily due to strong volume and revenue; combined with cost optimization measures implemented and lower operating costs. The EBITDA growth, however, was partially tapered by cost contributions of the new terminals. Consequently, EBITDA margin went up from 42.8 percent in 2015 to 46.5 percent in 2016.

Meanwhile, consolidated EBIT increased by 16.6 percent from US$323.6 million for the year ended December 31, 2015 to US$377.2 million for the same period in 2016 mainly due to stronger EBITDA. As a result, EBIT margin also increased from 30.8 percent in 2015 to 33.4 percent in 2016.

Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax increased from US$119.6 million for the year ended December 31, 2015 to US$257.0 million for the same period in 2016 primarily due to strong operating income and absence of non-recurring impairment charges recognized on the concession rights assets of Tecplata and goodwill of JASA and OJA in 2015, tapered by recognition of non-recurring charge on pre-termination of lease agreement at ICTSI Oregon; higher depreciation charges at Tecplata; and higher interest and financing charges arising from higher average loan balance and lower capitalized borrowing costs in 2016. Excluding non-recurring charges, consolidated income before income tax would have increased by 19.9 percent in 2016. The ratio of income before income tax to consolidated gross revenues stood at 11.4 percent and 22.8 percent in 2015 and 2016, respectively.

Consolidated provision for current and deferred income taxes increased from US$50.6 million for the year ended December 31, 2015 to US$63.6 million for the same period in 2016 mainly due to higher taxable income as a result of strong operating income, tapered by higher deferred income tax benefit on unrealized foreign exchange loss. Effective income tax rate in 2015 and 2016 stood at 42.3 percent and 24.7 percent, respectively. Excluding non-recurring charges, effective tax rate in 2015 and 2016 would have been 21.7 percent and 22.7 percent, respectively.

Net Income

Consolidated net income increased to US$193.5 million for the year ended December 31, 2016 from US$69.0 million for the same period in 2015. The ratio of consolidated net income to gross revenues stood at 6.6 percent and 17.1 percent in 2015 and 2016, respectively. Excluding non-recurring charges, consolidated net income would have increased by 18.4 percent in 2016.

Consolidated net income attributable to equity holders increased to US$180.0 million for the year ended December 31, 2016 from US$58.5 million for the same period in 2015. Excluding non-recurring charges, consolidated net income attributable to equity holders would have increased by 17.7 percent in 2016.

Basic and diluted earnings per share increased from US$0.011 in 2015 to US$0.066 in 2016 and US$0.011 in 2015 to US$0.065 in 2016, respectively.

Comparison of Operating Results for the Years Ended December 31, 2015 and 2014

TEU Volume

The below table presents the volume (in TEU) handled by the Group for the years ended December 31, 2014 and 2015:

Table 6.7 Volume

	For the Years Ended December 31		
	2014	**2015**	% Change
Asia	3,820,572	**4,094,580**	7.2
Americas	2,687,447	**2,738,079**	1.9
EMEA	930,616	**943,334**	1.4
	7,438,635	**7,775,993**	4.5

Consolidated volume handled by the Group increased by 4.5 percent for the year ended December 31, 2015 mainly due to new shipping lines and services; continuous growth and ramp-up at CMSA and OPC; increased demand for services at SBITC; and the contribution of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq, consolidated volume would have increased by 2.6 percent in 2015.

Volume handled by the Asia operations, consisting of terminals in the Philippines, China, Indonesia and Pakistan increased by 7.2 percent for the year ended December 31, 2015. The increase was a result of the favorable impact of the consolidation of terminal operations at YICT, which took effect in July 2014; new shipping lines and services at PICT; increase in trade volume at MICT as a result of the easing of the modified truck ban policy which was imposed by the City of Manila in early 2014 and was lifted in September 2014; and increased demand for services at SBITC. The Asia operations accounted for

51.4 percent and 52.7 percent of consolidated TEU volume for the years ended December 31, 2014 and 2015, respectively.

Volume from the Americas, consisting of terminals in Brazil, Ecuador, Honduras, Mexico and the United States of America, increased by 1.9 percent for the year ended December 31, 2015 primarily due to increased vessel calls as a result of the continuous growth and ramp-up at CMSA and OPC; as well as new shipping lines and services at CGSA. The growth in the segment's volume, however, was tempered by lower imports at CGSA due to higher trade tariffs imposed by the Ecuadorian government to mitigate the falling oil prices; lower imports at TSSA as a result of the slowdown of the Brazilian economy and significant depreciation of the Brazilian Reais against the US dollar; and discontinued vessel calls from two major shipping lines, Hanjin Shipping Co. (Hanjin) and Hapag Lloyd, at ICTSI Oregon as a result of continuous labor disruptions. Hanjin has discontinued vessel service several times in the past but eventually came back. The Americas comprised 36.1 percent and 35.2 percent of the consolidated volume for the years ended December 31, 2014 and 2015, respectively.

The EMEA operations, on the other hand, consisting of terminals in Poland, Georgia, Madagascar, Croatia and Iraq, reported an increase of 1.4 percent for the year ended December 31, 2015 mainly due to the contribution of a new terminal, ICTSI Iraq. Growth was partially offset by reduced trade volume in the region as a result of slow economic recovery and significant currency depreciation. Excluding ICTSI Iraq, volume for the segment would have decreased by 14.7 percent in 2015. The EMEA operations accounted for 12.5 percent and 12.1 percent of the consolidated volume for the years ended December 31, 2014 and 2015, respectively.

Total Income

Total income consists of: (1) Revenues from port operations, net of port authorities' share in gross revenues; (2) Foreign exchange gain; (3) Interest income; and (4) Other income.

The table below illustrates the consolidated total income for the years ended December 31, 2014 and 2015:

Table 6.8 Total Income

	For the Year Ended December 31		
(In thousands, except % change data)	2014	**2015**	% Change
Gross revenues from port operations	US$1,061,152	**US$1,051,325**	(0.9)
Port authorities' share in gross revenues	163,648	**169,003**	3.3
Net revenues	897,504	**882,322**	(1.7)
Gain on sale of subsidiaries	44,957	**323**	(99.3)
Interest income	10,915	**13,383**	22.6
Foreign exchange gain	1,157	**3,672**	217.4
Other income	14,203	**6,483**	(54.4)
	US$968,736	**US$906,183**	(6.5)

For the year ended December 31, 2015, net revenues accounted for 97.4 percent of the total consolidated income while interest income, foreign exchange gain and other income represented 1.5 percent, 0.4 percent and 0.7 percent, respectively. For the same period in 2014, net revenues, interest income and foreign exchange gain, gain on sale of subsidiaries and other income stood at 92.6 percent, 1.1 percent, 0.1 percent, 4.6 percent and 1.5 percent of the total consolidated income, respectively.

Gross Revenues from Port Operations

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

The below table illustrates the consolidated gross revenues for the years ended December 31, 2014 and 2015:

Table 6.9 Gross Revenues from Port Operations

	For the Years Ended December 31		
(In thousands, except % change data)	2014	**2015**	% Change
Asia	US$531,484	**US$564,577**	6.2
Americas	424,575	**377,639**	(11.1)
EMEA	105,093	**109,109**	3.8
	US$1,061,152	**US$1,051,325**	(0.9)

The Group's consolidated gross revenues from port operations slightly decreased by 0.9 percent from US$1,061.2 million for the year ended December 31, 2014 to US$1,051.3 million for the same period in 2015 mainly due to unfavorable container volume mix, lower storage revenues and ancillary services and unfavorable impact of significant currency depreciation. The downward impact was tapered by tariff rate adjustments at certain terminals; new contracts with shipping lines and services; continuous growth and ramp up at CMSA and OPC, favorable impact of consolidation of terminal operations at YICT and the contribution of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq and the translation impact of currency depreciation of the Brazilian Reais (BRL) at TSSA (-41.7%); Euro (EUR) at MICTSL (-19.7%), Mexican peso (MXN) at CMSA (-19.3%) and Philippine peso (PHP) at Philippine terminals (-2.5%), consolidated gross revenues would have increased by 2.0 percent in 2015.

Gross revenues from the Asia segment increased by 6.2 percent from US$531.5 million for the year ended December 31, 2014 to US$564.6 million for the same period in 2015 mainly attributable to favorable impact of consolidation of terminal operations at YICT; favorable mix and higher ancillary services at SBITC; new contracts with shipping lines and services at PICT, tapered by the unfavorable translation impact of the depreciation of PHP against US dollar (-2.5%) at Philippine terminals. Excluding the translation impact of PHP, gross revenues of the Asia segment would have increased by 8.0 percent in 2015. The Asia segment contributed 50.1 percent and 53.7 percent of the consolidated gross revenues for the years ended December 31, 2014 and 2015, respectively.

Gross revenues from the Americas segment reported a decline of 11.1 percent from US$424.6 million for the year ended December 31, 2014 to US$377.6 million for the year ended December 31, 2015 arising mainly from unfavorable container volume mix, lower storage and non-containerized revenues at TSSA; lower imports at CGSA due to higher trade tariffs imposed by Ecuadorian government; combined with unfavorable translation impact of the depreciation of BRL against the US dollar (-41.7%) at TSSA and MXN (-19.3%) at CMSA; and discontinued vessel calls of two major shipping lines at ICTSI Oregon as a result of the continuous labor slowdown. The decline in gross revenues was tapered by tariff rate adjustments at certain terminals; new shipping lines and services at CGSA; and volume growth and stronger ancillary revenues due to continuous growth and ramp-up at CMSA and OPC. Excluding the translation impact of BRL and MXN, gross revenues of the Americas segment would have decreased by 3.1 percent in 2015. The Americas segment accounted for 40.0 percent and 35.9 percent of the consolidated gross revenues for the years ended December 31, 2014 and 2015, respectively.

Gross revenues from the EMEA segment, on the other hand, grew by 3.8 percent from US$105.1 million for the year ended December 31, 2014 to US$109.1 million for the year ended December 31, 2015 primarily due to the contribution of a new terminal, ICTSI Iraq; and tariff rate adjustments at certain terminals, tapered by weaker short-sea trade and reduced vessel calls at BCT; and unfavorable translation impact of the depreciation of EUR against the US dollar (-19.7%). Excluding ICTSI Iraq and translation impact of EUR, the segment's gross revenues would have decreased by 7.5 percent in 2015. The EMEA segment captured 9.9 percent and 10.4 percent of the consolidated gross revenues for the years ended December 31, 2014 and 2015, respectively.

Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities by certain terminals, increased by 3.3 percent from US$163.6 million for the year ended December 31, 2014 to US$169.0 million for the same period in 2015 due to stronger revenues at these terminals and the contribution of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq, port authorities' share in gross revenues would have decreased by 1.4 percent in 2015.

Interest Income, Foreign Exchange Gain and Other Income

Consolidated interest income grew by 22.6 percent from US$10.9 million for the year ended December 31, 2014 to US$13.4 million for the same period in 2015 primarily due to higher interest income earned from advances granted to SPIA, a joint venture associate.

Foreign exchange gain increased from US$1.2 million for the year ended December 31, 2014 to US3.7 million for the same period in 2015 due to the favorable translation impact of a weaker MXN against US dollar. Foreign exchange gain mainly arises from the settlement and translation or restatement adjustments of foreign currency-denominated monetary assets and liabilities.

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

Other income declined by 54.4 percent from US$14.2 million for the year ended December 31, 2014 to US$6.5 million for the year ended December 31, 2015. Other income in 2014 included the non-recurring gains on termination of the management contract at ICTSI India and settlement of an insurance claim at CGSA totaling US$4.5 million. Other income includes the Group's rental, dividend income, and other sundry income accounts of ICTSI and subsidiaries.

Total Expenses

The table below shows the breakdown of total expenses for 2014 and 2015.

Table 6.10 Total Expenses

	For the Years Ended December 31		
(In thousands, except % change data)	2014	**2015**	% Change
Manpower costs	US$205,399	**US$193,164**	(6.0)
Equipment and facilities-related expenses	135,481	**124,754**	(7.9)
Administrative and other operating expenses	113,615	**114,382**	0.7
Total cash operating expenses	454,495	**432,300**	(4.9)
Depreciation and amortization	121,686	**126,453**	3.9
Interest expense and financing charges on borrowings	58,856	**61,231**	4.0
Interest expense on concession rights payable	38,066	**37,301**	(2.0)
Foreign exchange loss and others	50,238	**129,281**	157.3
	US$723,341	**US$786,566**	8.7

Total cash operating expenses of the Group dropped by 4.9 percent from US$454.5 million for the year ended December 31, 2014 to US$432.3 million for the same period in 2015 due to decrease in significant operating costs such as fuel costs due to decline in global prices of fuel and operational efficiencies; and costs on repairs and maintenance and equipment rental due to capital acquisitions and upgrades at certain terminals; decline in variable costs at ICTSI Oregon; and the favorable translation impact of BRL at TSSA, EUR at MICTSL, MXN at CMSA and PHP at Philippine terminals. The decrease, however, was reduced by the contributions and start-up costs of a new terminal and projects, including ICTSI Iraq, VICT, IDRC, LICTSLE, TMT and LGICT; and higher insurance costs arising from increased risk coverage. Excluding the new terminal and projects and the translation impact of currency depreciation, consolidated cash operating expenses would have decreased marginally by 0.3 percent in 2015.

Manpower Costs

Manpower costs decreased by 6.0 percent from US$205.4 million for the year ended December 31, 2014 to US$193.2 million for the same period in 2015 primarily due to decline in contracted services at ICTSI Oregon and the favorable translation impact of BRL at TSSA, EUR at MICTSL, MXN at CMSA and PHP at Philippine terminals, tapered by increased headcount as a result of the consolidation at YICT; government-mandated and contracted salary rate adjustments at certain terminals; and the contribution of new terminal and projects, including ICTSI Iraq, VICT, IDRC and LGICT. Excluding the new terminal and projects and the translation impact of currency depreciation, consolidated manpower costs would have decreased marginally by 0.5 percent in 2015.

Manpower costs accounted for 45.2 percent and 44.7 percent of cash operating expenses for the years ended December 31, 2014 and 2015, respectively.

Equipment and Facilities-related Expenses

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

Equipment and facilities-related expenses dropped by 7.9 percent from US$135.5 million for the year ended December 31, 2014 to US$124.8 million for the year ended December 31, 2015 mainly due to lower fuel cost as a result of decrease in global fuel prices; and lower equipment rentals and repairs and maintenance as a result of equipment acquisitions and upgrades at certain terminals; decline in variable costs at ICTSI Oregon; and the favorable translation impact of BRL at TSSA, EUR at MICTSL, MXN at CMSA and PHP at Philippine terminals. The decrease was slightly tapered by higher power costs driven by power tariff adjustments at certain terminals; and the contribution of a new terminal and projects, including ICTSI Iraq, IDRC and LGICT. Excluding the new terminal and projects and translation impact of currency depreciation, consolidated equipment and facilities-related expenses would have decreased by 2.0 percent in 2015.

Equipment and facilities-related expenses represented 29.8 percent and 28.9 percent of cash operating expenses for the years ended December 31, 2014 and 2015, respectively.

Administrative and Other Operating Expenses

Administrative and other operating expenses slightly increased by 0.7 percent from US$113.6 million for the year ended December 31, 2014 to US$114.4 million for the year ended December 31, 2015 mainly due to contributions and start-up costs of a new terminal and projects, including ICTSI Iraq, VICT, IDRC, LICTSLE, TMT and LGICT; and higher insurance costs arising from increased risk coverage of the Group's assets. These increased expenses were partially offset by the favorable foreign exchange translation impact of the BRL at TSSA, the EUR at MICTSL, the MXN at CMSA and the PHP at Philippine terminals. Excluding the new terminal and projects and translation impact of currency depreciation, consolidated administrative expenses and other operating expenses would have increased by 2.2 percent.

Administrative and other operating expenses stood at 25.0 percent and 26.5 percent of the total cash operating expenses for the years ended December 31, 2014 and 2015, respectively.

Depreciation and Amortization

Depreciation and amortization expense increased by 3.9 percent from US$121.7 million for the year ended December 31, 2014 to US$126.5 million for the same period in 2015 mainly due to the acquisition of port facilities and equipment upon consolidation of YICT, acquisition of port equipment and improvement of yard facilities at MICT and OPC, and the contribution of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq, depreciation and amortization expense would have increased by 3.5 percent in 2015.

Interest and Financing Charges on Borrowings

Financing charges increased by 4.0 percent from US$58.9 million for the year ended December 31, 2014 to US$61.2 million for the same period in 2015 primarily due to the increased level of outstanding debt and credit lines tapered by the lower financing cost as a result of the exchange of ICTSI senior notes for lower cost notes under the MTN Programme in January 2015 as part of the Group's liability management exercise. Capitalized borrowing costs on qualifying assets increased from US$25.0 million in 2014 to US$27.5 million in 2015 arising from the construction activities at Tecplata during the year and the ongoing construction activities at VICT, IDRC and ICTSI Iraq. Capitalization rate decreased from 6.8 percent in 2014 to 6.6 percent in 2015.

Interest Expense on Concession Rights Payable

Interest on concession rights payable decreased by 2.0 percent from US$38.1 million for the year ended December 31, 2014 to US$37.3 million for the same period in 2015 mainly due to the declining principal balances of the Group's concession rights payable as of December 31, 2015.

Foreign Exchange Loss and Others

Foreign exchange loss and others grew by 157.3 percent from US$50.2 million for the year ended December 31, 2014 to US$129.3 million for the same period in 2015 primarily due to the non-recurring impairment charges on the concession rights assets of Tecplata amounting to US$88.0 million as a result of the lower projected cash flows on its updated business plan caused by the prevailing and challenging economic conditions in Argentina and on the goodwill of PT ICTSI Jasa Prima Tbk (JASA) and OJA aggregating US$26.6 million as a result of lower projected cash flows on its updated business plan than originally expected. Other expenses in 2015 also includes recognition of a one-time wealth tax on equity in SPIA amounting to US$1.3 million in accordance with the new tax reform of Colombia in 2015. The 2014 amount, on the other hand, included an impairment charge on the goodwill at Tecplata amounting to US$38.1 million and a loss recognized on settlement of an insurance claim at BCT amounting to US$0.9 million in 2014.

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

EBITDA and EBIT

Consolidated EBITDA increased marginally by 1.6 percent from US$443.0 million for the year ended December 31, 2014 to US$450.0 million for the year ended December 31, 2015 primarily due to the strong operating results in Asia and the positive contribution of a new terminal, ICTSI Iraq. Excluding the new terminal and projects and translation impact of currency depreciation, consolidated EBITDA would have increased by 2.3 percent in 2015. Consequently, EBITDA margin went up to 42.8 percent in 2015 from 41.7 percent in 2014.

Meanwhile, consolidated EBIT slightly increased by 0.7 percent from US$321.3 million for the year ended December 31, 2014 to US$323.6 million for the year ended December 31, 2015 mainly due to the increase in EBITDA. As a result, EBIT margin also increased from 30.3 percent in 2014 to 30.8 percent in 2015.

Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax dropped by 51.3 percent from US$245.4 million for the year ended December 31, 2014 to US$119.6 million for the year ended December 31, 2015. The decrease was primarily due to the impact of a net non-recurring loss of US$115.5 million in 2015 compared to a net non-recurring gain of US$10.4 million recognized by the Company in 2014. The 2015 net non-recurring loss consists of a one-time wealth tax for equity in SPIA and impairment charges recognized on the concession rights assets of Tecplata and goodwill of JASA and OJA, net of a gain on sale of a subsidiary. On the other hand, the Company's 2014 net non-recurring gain consisted of gains on sale of subsidiaries, gains on termination of a management contact and settlement of an insurance claim at CGSA, net of an impairment charge recognized on the goodwill of Tecplata and loss recognized on the settlement of an insurance claim at BCT. Excluding the non-recurring gains and losses, consolidated income before income tax would have increased marginally by 0.1 percent. The ratio of income before income tax to consolidated gross revenues stood at 23.1 percent and 11.4 percent in 2014 and 2015, respectively.

Consolidated provision for current and deferred income taxes decreased by 6.0 percent from US$53.9 million for the year ended December 31, 2014 to US$50.6 million for the same period in 2015 mainly due to higher deferred income tax benefit on unrealized foreign exchange loss in 2015, tapered by recognition of a one-time super tax at PICT amounting to US$1.0 million in accordance with Finance Act 2015 of Pakistan. The current provision for income tax was reduced by MICT's Berth 6 income tax holiday incentive amounting to US$12.3 million and US$11.9 million for the year ended December 31, 2014 and 2015, respectively. Effective income tax rate in 2014 and 2015 stood at 22.0 percent and 42.3 percent, respectively. Excluding the impairment charges recognized in 2014 and 2015, effective income tax rate would have been 19.0 percent and 21.6 percent, respectively.

Net Income

Consolidated net income decreased by 64.0 percent from US$191.5 million for the year ended December 31, 2014 to US$69.0 million for the year ended December 31, 2015. Excluding the non-recurring items recognized in 2014 and 2015, consolidated net income would have increased by 1.8 percent in 2015.The ratio of consolidated net income to gross revenues stood at 18.0 percent and 6.6 percent in 2014 and 2015, respectively.

Net income attributable to equity holders decreased by 67.8 percent from US$182.0 million for the year ended December 31, 2014 to US$58.5 million for the same period in 2015. Excluding non-recurring gains and losses, net income attributable to equity holders would have increased by 1.2 percent in 2015.

Basic and diluted earnings per share decreased from US$0.075 in 2014 to US$0.011 in 2015.

Comparison of Operating Results for the Years Ended December 31, 2014 and 2013

TEU Volume

The below table presents the volume (in TEU) handled by the Group for the years ended December 31, 2013 and 2014:

Table 6.7 Volume

	For the Years Ended December 31		
	2013	**2014**	% Change
Asia	3,790,334	**3,820,572**	0.8
Americas	1,725,324	**2,687,447**	55.8
EMEA	794,182	**930,616**	17.2
	6,309,840	**7,438,635**	17.9

The Group's consolidated volume increased by 17.9 percent for the year ended December 31, 2014 primarily due to the contribution of new terminals, CMSA, OPC and ICTSI Iraq; continuous improvement in international and domestic trade; and new shipping lines. Excluding new terminals, consolidated volume would have increased by 2.2 percent in 2014.

Volume handled by the Asia operations, comprised of terminals in the Philippines, China, Indonesia and Pakistan, increased by 0.8 percent for the year ended December 31, 2014 mainly due to the favorable impact of consolidation of terminal operations at YICT, which took effect in July 2014; increased demand for services at SBITC; and new shipping lines at PICT. Meanwhile, the growth in the segment's volume was narrowed down by the slight decline in throughput at MICT as a result of the modified truck ban policy imposed by the City of Manila early this year, weaker volume at DIPSSCOR arising from the shared market with a newly-opened port, and lower imports and exports at MICTSI. The Asia operations accounted for 60.1 percent and 51.4 percent of the consolidated volume for the years ended December 31, 2013 and 2014, respectively.

Throughput from the Americas operations, composed of terminals in Brazil, Ecuador, Honduras, Mexico and the United States of America, surged by 55.8 percent for the year ended December 31, 2014 mainly due to the contribution of new terminals, CMSA and OPC; continuous shift to banana containerization at CGSA; and improvements in international and local trade at TSSA. The increase in the segment's volume was reduced by lower vessel calls at ICTSI Oregon as a result of the continuous labor disruptions. Excluding CMSA and OPC, the segment's volume would have increased marginally by 0.6 percent in 2014. The Americas operations accounted for 27.3 percent and 36.1 percent of the consolidated volume for the years ended December 31, 2013 and 2014, respectively.

Meanwhile, the EMEA operations, consisting of terminals in Poland, Georgia, Madagascar and Croatia, reported a double-digit increase of 17.2 percent for the year ended December 31, 2014 resulting from the higher volume brought in by major shipping lines at BCT, growth in international trade at AGCT and MICTSL, and contribution of new terminal, ICTSI Iraq, tapered by lower vessel calls at BICT. Excluding ICTSI Iraq, volume for the segment would have increased by 12.6 percent in 2014. The EMEA operations captured 12.6 percent and 12.5 percent of the consolidated volume for the years ended December 31, 2013 and 2014, respectively.

Total Income

Total income consists of: (1) Revenues from port operations, net of port authorities' share in gross revenues; (2) Foreign exchange gain; (3) Interest income; and (4) Other income.

The table below illustrates the consolidated total income for the years ended December 31, 2013 and 2014:

Table 6.8 Total Income

	For the Year Ended December 31		
(In thousands, except % change data)	2013	**2014**	% Change
Gross revenues from port operations	US$852,394	**US$1,061,152**	24.5
Port authorities' share in gross revenues	115,535	**163,648**	41.6
Net revenues	736,859	**897,504**	21.8
Gain on sale of subsidiaries	-	**44,957**	100.00
Interest income	12,025	**10,915**	(9.2)
Foreign exchange gain	3,663	**1,157**	(68.4)
Other income	4,783	**14,203**	196.9
	US$757,330	**US$968,736**	27.9

For the year ended December 31, 2014, net revenues accounted for 92.6 percent of the total consolidated income while interest income and foreign exchange gain represented 1.1 percent and 0.1 percent, respectively. For the same period in 2013, net revenues, interest income and foreign exchange gain stood at 97.3 percent, 1.6 percent and 0.5 percent of the total consolidated income, respectively.

Gross Revenues from Port Operations

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

The below table illustrates the consolidated gross revenues for the years ended December 31, 2013 and 2014:

Table 6.9 Gross Revenues from Port Operations

	For the Years Ended December 31		
(In thousands, except % change data)	2013	**2014**	% Change
Asia	US$457,856	**US$531,484**	16.1
Americas	304,279	**424,575**	39.5
EMEA	90,260	**105,093**	16.4
	US$852,395	**US$1,061,152**	24.5

The Group's consolidated gross revenues from port operations reached a record high of close to US$1.1 billion for the year ended December 31, 2014, a 24.5 percent surge from US$852.4 million reported for the same period in 2013. The increase was mainly due to the contribution of new terminals, CMSA, OPC and ICTSI Iraq; organic volume growth; favorable volume mix; and new contracts with shipping lines and forwarders. Excluding new terminals, gross revenues would have increased by 8.3 percent in 2014.

Gross revenues from the Asia segment climbed 16.1 percent from US$457.9 million for the year ended December 31, 2013 to US$531.5 million for the same period in 2014 mainly attributable to volume growth, favorable volume mix and favorable impact of consolidation at YICT, tapered by lower volume at DIPSSCOR. The Asia segment contributed 53.7 percent and 50.1 percent of the consolidated gross revenues for the years ended December 31, 2013 and 2014, respectively.

Gross revenues from the Americas segment increased remarkably by 39.5 percent from US$304.3 million for the year ended December 31, 2013 to US$424.6 million for the year ended December 31, 2014 arising mainly from the contribution of new terminals, CMSA and OPC. Excluding new terminals, gross revenues for the segment would have declined by 4.4 percent in 2014 due to unfavorable volume mix arising from government-imposed import restrictions and lower non-containerized revenues at CGSA;

lower vessel calls at ICTSI Oregon as a result of the continuous labor slowdown; and weaker BRL (-9.0%) and lower BBC revenues at TSSA. Excluding the translation impact of BRL, gross revenues for the segment would have increased by 42.4 percent in 2014. The Americas segment accounted for 35.7 percent and 40.0 percent of the consolidated gross revenues for the years ended December 31, 2013 and 2014, respectively.

Meanwhile, gross revenues from the EMEA segment grew by 16.4 percent from US$90.3 million for the year ended December 31, 2013 to US$105.1 million for the year ended December 31, 2014 primarily due to volume growth, favorable volume mix, and strong revenues from project cargoes at BCT; higher revenues from project cargoes at BICT; tariff rate adjustments at MICTSL; and addition of a new terminal, ICTSI Iraq. Excluding ICTSI Iraq, gross revenues for the segment would have increased by 12.4 percent in 2014. The EMEA segment captured 10.6 percent and 9.9 percent of the consolidated gross revenues for the years ended December 31, 2013 and 2014, respectively.

Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities, surged by 41.6 percent from US$115.5 million for the year ended December 31, 2013 to US$163.6 million for the same period in 2014 due to stronger revenues; higher port fees at TSSA; and the contribution of new terminals, CMSA, OPC and ICTSI Iraq. Excluding new terminals, port authorities' share in gross revenues would have increased by 24.5 percent in 2014.

Interest Income, Foreign Exchange Gain, and Other Income

Consolidated interest income declined by 9.2 percent from US$12.0 million for the year ended December 31, 2013 to US$10.9 million for the same period in 2014 primarily due to lower interest income earned on Tecplata's cash deposits and placements.

Foreign exchange gain dropped by 68.4 percent from US$3.7 million for the year ended December 31, 2013 to US$1.2 million for the same period in 2014 mainly due to the unfavorable translation of the Parent Company's net monetary assets due to a weaker Philippine peso against US dollar in 2014 (2014: -0.7%; 2013: -8.1%). In 2013, the Parent Company was in a net monetary liability position. Foreign exchange gain mainly arises from the settlement and translation or restatement adjustments of foreign currency-denominated monetary assets and liabilities.

Gain on sale of subsidiaries of US$45.0 million consists of a one-time gain on sale of a non-operating subsidiary amounting to US$13.2 million recognized in January 2014 and a gain of US$31.8 million recognized in July 2014 arising from the sale of the Group's 60.0 percent ownership interest in YRDICTL to YPH for US$94.8 million (RMB 588.1 million). An acquisition of 51.0 percent ownership in YICT was made on the same date. These transactions were entered into to consolidate and optimize the overall port operations within the Zhifu Bay Port area.

Other income grew by 196.9 percent from US$4.8 million for the year ended December 31, 2013 to US$14.2 million for the same period in 2014 mainly due to the recognition of gain on termination of a management contract amounting to US$2.9 million, and gain on settlement of an insurance claim of US$1.6 million. Other income includes the Group's rental, dividend income, and other sundry income accounts of ICTSI and subsidiaries.

Total Expenses

The table below shows the breakdown of total expenses for 2013 and 2014.

Table 6.10 Total Expenses

	For the Years Ended December 31		
(In thousands, except % change data)	2013	**2014**	% Change
Manpower costs	US$154,587	**US$205,399**	32.9
Equipment and facilities-related expenses	105,334	**135,481**	28.6
Administrative and other operating expenses	99,616	**113,615**	14.1
Total cash operating expenses	359,537	**454,495**	26.4
Depreciation and amortization	99,484	**121,686**	22.3
Interest expense and financing charges on borrowings	42,653	**58,856**	38.0
Interest expense on concession rights payable	27,943	**38,066**	36.2
Foreign exchange loss and others	12,746	**50,238**	294.1
	US$542,363	**US$723,341**	33.4

Total cash operating expenses of the Group grew by 26.4 percent from US$359.5 million for the year ended December 31, 2013 to US$454.5 million for the same period in 2014 due to the contributions and start-up costs of new terminals and projects, CMSA, OPC, ICTSI Iraq, IDRC and VICT; and higher volume-related expenses such as on-call labor and contracted services, repairs and maintenance, power and light, and fuel consumption. In addition, higher manpower costs due to government-mandated and contracted salary rate adjustments in certain terminals, the cessation of ICTSI Oregon's rent rebate program beginning January 2014, and increased business development activities also contributed to the increase in cash operating expenses. Excluding new terminals and projects, cash operating expenses would have increased by 7.2 percent in 2014.

Manpower Costs

Manpower costs increased by 32.9 percent from US$154.6 million for the year ended December 31, 2013 to US$205.4 million for the same period in 2014 primarily due to the contributions of new terminals and projects, CMSA, OPC, ICTSI Iraq and VICT; increase in manpower as a result of the consolidation at YICT; higher on-call labor and contracted services driven by volume; and government-mandated and contracted salary rate adjustments in certain terminals. Excluding new terminals and projects, manpower costs would have increased by 10.6 percent in 2014.

Manpower costs accounted for 43.0 percent and 45.2 percent of cash operating expenses for the years ended December 31, 2013 and 2014, respectively.

Equipment and Facilities-related Expenses

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

Equipment and facilities-related expenses went up by 28.6 percent from US$105.3 million for the year ended December 31, 2013 to US$135.5 million for the year ended December 31, 2014 mainly due to the contributions of new terminals and projects, CMSA, OPC, ICTSI Iraq and IDRC; cessation of ICTSI Oregon's rent rebate program; higher repairs and maintenance costs, and higher power and fuel usage caused by increased yard utilization at MICT; increased reefer services and higher power rates at CGSA; and higher volume-related expenses at YICT resulting from the consolidation. Excluding new terminals and projects, equipment and facilities-related expenses would have increased by 1.8 percent in 2014.

Equipment and facilities-related expenses represented 29.3 percent and 29.8 percent of cash operating expenses for the years ended December 31, 2013 and 2014, respectively.

Administrative and Other Operating Expenses

Administrative and other operating expenses surged by 14.1 percent from US$99.6 million for the year ended December 31, 2013 to US$113.6 million for the year ended December 31, 2014 mainly due to contributions and start-up costs of new terminals and projects, CMSA, OPC, ICTSI Iraq, VICT and IDRC; increased taxes and licenses at certain terminals; and higher frequency of travels due to increased business development activities. Excluding new terminals and projects, administrative and other operating expenses would have increased by 7.4 percent in 2014.

Administrative and other operating expenses stood at 27.7 percent and 25.0 percent of the total cash operating expenses for the years ended December 31, 2013 and 2014, respectively.

Depreciation and Amortization

Depreciation and amortization expense increased by 22.3 percent from US$99.5 million for the year ended December 31, 2013 to US$121.7 million for the year ended December 31, 2014 due to the full year amortization of concession rights on MICT's contract renewal and OPC's new concession contract; depreciation of port facilities and equipment at CMSA; and higher depreciation arising from yard expansion at MICTSL and acquisition of port facilities and equipment at YICT.

Interest and Financing Charges on Borrowings

Interest and financing charges on borrowings increased by 38.0 percent from US$42.7 million for the year ended December 31, 2013 to US$58.9 million for the year ended December 31, 2014 primarily due to lower capitalized borrowing costs, as CMSA has completed the construction of its port facilities and started commercial operations in November 2013; the issuance of additional US$75.0 million MTN in April 2014; and loans acquired as part of the consolidation at YICT totaling US$38.7 million (RMB 240.2 million) as of December 31, 2014. Capitalized borrowing costs on qualifying assets amounted to US$35.6 million in 2013 and US$25.0 million in 2014. Capitalization rate decreased from 7.6 percent in 2013 to 6.8 percent in 2014.

Interest Expense on Concession Rights Payable

Interest expense on concession rights payable increased by 36.2 percent from US$27.9 million for the year ended December 31, 2013 to US$38.1 million for the same period in 2014 mainly due to higher interest incurred on the concession rights payable recognized from the renewal of the concession contract at MICT in May 2013, and OPC's new concession contract.

Foreign Exchange Loss and Others

Foreign exchange loss and others grew by 294.1 percent from US$12.7 million for the year ended December 31, 2013 to US$50.2 million for the same period in 2014 primarily due to the recognition of a noncash impairment charge on the goodwill of Tecplata in 2014 amounting to US$38.1 million. The noncash impairment charge recognized on the goodwill of Tecplata was driven by lower projected cash flows on its updated business plan caused by the prevailing and unfavorable economic conditions in Argentina. Other expenses in 2014 also include equity in net loss at SPIA amounting to US$2.2 million and loss recognized on the settlement of an insurance claim at BCT of US$0.9 million, tapered by the decline in foreign exchange loss arising mainly from the deconsolidation of SPIA in November 2013.

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

EBITDA and EBIT

Consolidated EBITDA increased by 17.4 percent from US$377.3 million for the year ended December 31, 2013 to US$443.0 million for the year ended December 31, 2014 primarily due to stronger revenues and the positive contribution of new terminals, particularly CMSA and OPC. Excluding new terminals, consolidated EBITDA would have increased by 4.6 percent in 2014. However, EBITDA margin declined to 41.7 percent in 2014 from 44.3 percent in 2013 due to higher port fees and cash operating expenses arising mainly from start-up costs of new terminals and project costs at VICT and IDRC.

Meanwhile, consolidated EBIT grew by 15.7 percent from US$277.8 million for the year ended December 31, 2013 to US$321.3 million for the year ended December 31, 2014 mainly due to stronger operating results. EBIT margin, however, declined from 32.6 percent in 2013 to 30.3 percent in 2014 due to higher depreciation and amortization expense, port fees and cash operating expenses.

Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax increased by 14.2 percent from US$215.0 million for the year ended December 31, 2013 to US$245.4 million for the year ended December 31, 2014 primarily due to strong operating income; and contributions of new terminals, particularly CMSA and OPC. Non-recurring gains recognized on the sale of subsidiaries, termination of management contract, and settlement of an insurance claim, reduced by the noncash impairment charge recognized on the goodwill of Tecplata and loss on settlement of insurance claim at BCT also contributed to the increase. Excluding non-recurring gains and losses, consolidated income before income tax would have increased by 9.3 percent in 2014. The ratio of income before income tax to consolidated gross revenues stood at 25.2 percent and 23.1 percent in 2013 and 2014, respectively.

Consolidated provision for current and deferred income taxes increased by 57.1 percent from US$34.3 million for the year ended December 31, 2013 to US$53.9 million for the same period in 2014 mainly due to stronger operating income and lower deferred income tax benefit on unrealized foreign exchange loss in 2014. The current provision for income tax was reduced by MICT’s Berth 6 income tax holiday incentive amounting to US$10.4 million and US$12.3 million for the year ended December 31, 2013 and 2014, respectively. Effective income tax rate in 2013 and 2014 stood at 16.0 percent and 22.0 percent, respectively.

Net Income

Consolidated net income increased by 6.0 percent from US$180.7 million for the year ended December 31, 2013 to US$191.5 million for the year ended December 31, 2014 mainly due to strong revenues and operating income, and net non-recurring gains tapered by higher depreciation and amortization expense and interest expense and financing charges on borrowings during the year. Excluding non-recurring transactions, consolidated net income would have increased by 0.8 percent in 2014. The ratio of consolidated net income to gross revenues stood at 21.2 percent and 18.0 percent in 2013 and 2014, respectively.

Net income attributable to equity holders increased by 5.6 percent from US$172.4 million for the year ended December 31, 2013 to US$182.0 million for the same period in 2014. Excluding non-recurring gains and losses, net income attributable to equity holders would have increased marginally by 0.1 percent in 2014.

Basic and diluted earnings per share increased from US$0.072 and US$0.071, respectively, in 2013 to US0.075 in 2014 due to stronger operating results.

Trends, Events or Uncertainties Affecting Recurring Revenues and Profits

The Group is exposed to a number of trends, events and uncertainties which can affect its recurring revenues and profits. These include levels of general economic activity and containerized trade volume in countries where it operates, as well as certain cost items, such as labor, fuel and power. In addition, the Group operates in a number of jurisdictions other than the Philippines and collects revenues in various currencies. Continued appreciation of the US dollar relative to other major currencies, particularly the Philippine peso, Brazilian Reais, Mexican peso and the Euro, may have a negative impact on the Group's reported levels of revenues and profits.

Financial Position

Table 6.11 Consolidated Balance Sheets

	As of December 31				
(In thousands, except % change data)	2014	2015	**2016**	% Change *2014 vs 2015*	% Change *2015 vs 2016*
Total assets	US$3,400,770	US$3,830,799	**US$4,182,126**	12.6	9.2
Current assets	359,623	513,717	**525,010**	42.8	2.2
Total equity	1,473,565	1,826,048	**1,766,080**	23.9	(3.3)
Total equity attributable to equity holders of the parent	1,316,042	1,674,443	**1,624,397**	27.2	(3.0)
Total interest-bearing debt	1,070,447	1,083,070	**1,381,364**	1.2	27.5
Current liabilities	283,545	288,751	**445,843**	1.8	54.4
Total liabilities	1,927,205	2,004,751	**2,416,046**	4.0	20.5
Current assets/total assets	10.6%	13.4%	**12.6%**		
Current ratio	1.27	1.78	**1.18**		
Debt-equity ratio[1]	0.73	0.59	**0.78**		

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

Total assets increased by 9.2 percent from US$3.8 billion as of December 31, 2015 to US$4.2 billion as of December 31, 2016 mainly due to investments in capital expenditures, which include the ongoing construction of port facilities at VICT and IDRC and expansion projects at ICTSI Iraq, CGSA and CMSA; and advances extended to SPIA to fund the Group's share on the ongoing construction and development at the Port of Buenaventura. These investments were funded mainly by cash generated from the Group's operations; and net proceeds from the issuances of perpetual capital securities in 2015 and debt financing. Non-current assets stood at 86.6 percent and 87.4 percent of the total consolidated assets as of December 31, 2015 and December 31, 2016, respectively.

Current assets increased by 2.2 percent from US$513.7 million as of December 31, 2015 to US$525.0 million as of December 31, 2016 primarily due to stronger cash inflows generated from operations; increase in receivables as a result of revenue growth; increase in prepaid taxes due to timing of utilization; and net proceeds from debt financing, tapered by continuous deployment of cash to fund capital expenditures during the period; and redemption of subordinated perpetual capital securities in May 2016. Current assets accounted for 13.4 percent and 12.6 percent of the total consolidated assets of the Group as of December 31, 2015 and December 31, 2016, respectively. Current ratio stood at 1.78 as of December 31, 2015 and 1.18 as of December 31, 2016.

Total equity decreased by 3.3 percent to US$1.8 billion as of December 31, 2016 primarily due to redemption of subordinated perpetual capital securities; and purchase of treasury shares, tapered by net income generated for the period.

Total liabilities increased by 20.5 percent to US$2.4 billion as of December 31, 2016 mainly due to loan availments at CGSA, drawdown from project finance facilities at CMSA and VICT; drawdown from the Group's Revolving Credit Facility; and increase in liability arising from the accrual of lease expense at VICT. Financial leverage, the ratio of total interest-bearing debt to total assets, stood at 28.3 percent and 33.0 percent as of December 31, 2015 and December 31, 2016, respectively.

Meanwhile, current liabilities went up by 54.4 percent from US$288.8 million as of December 31, 2015 to US$445.8 million as of December 31, 2016 mainly due to reclassification of the current portion of the accrued lease expense at VICT; loan availment at OPC; and higher income tax payable as a result of higher taxable income at certain terminals.

Material Variances Affecting the Balance Sheet

Balance sheet accounts as of December 31, 2016 with variances of plus or minus 5.0 percent against December 31, 2015 balances are discussed, as follows:

Noncurrent Assets

1. Property and equipment increased by 20.2 percent to US$1.4 billion as of December 31, 2016 mainly due to increase in capital expenditures arising from ongoing construction of port facilities, expansion projects and port equipment acquisitions at VICT, IDRC and CMSA.
2. Investment properties decreased by 8.6 percent to US$6.3 million as of December 31, 2016 mainly due to recognition of depreciation expense for the year ended December 31, 2016.
3. Deferred tax assets increased by 18.6 percent to US$90.6 million as of December 31, 2016 mainly due to higher deferred income tax benefit from unrealized foreign exchange loss, mainly Parent Company.
4. Investments in and advances to a joint venture and associate increased by 26.6 percent to US$293.6 million as of December 31, 2016 due to continuous funding extended to SPIA for the Group's share on the ongoing construction and development at the Port of Buenaventura.
5. Other noncurrent assets increased by 20.0 percent to US$165.0 million as of December 31, 2016 mainly due to increase in advances to suppliers and contractors for the construction of port facilities at OPC.

Current Assets

6. Cash and cash equivalents decreased by 8.3 percent to US$325.1 million as of December 31, 2016 arising from continuous deployment of cash to fund capital expenditures; and redemption of subordinated capital securities, tapered by strong cash inflows generated from operations and net proceeds from debt financing.
7. Receivables increased by 18.0 percent to US$102.9 million as of December 31, 2016 primarily due to strong revenues at the Parent Company, CMSA, ICTSI Iraq and MICTSL.
8. Spare parts and supplies increased by 21.5 percent to US$33.5 million as of December 31, 2016 primarily as a result of acquisition of spare parts particularly at ICTSI Iraq and TSSA.
9. Prepaid expenses and other current assets increased by 27.6 percent to US$56.3 million as of December 31, 2016 mainly due to increase in input VAT and timing of utilization of prepaid taxes, particularly at the Parent Company, VICT and IDRC.
10. Derivative assets increased to US$7.2 million as of December 31, 2016 mainly due to gain on mark-to-market valuation from interest rate swap at VICT.

Equity

11. Treasury shares increased to US$17.9 million as of December 30, 2016 mainly as a result of acquisition of 8,175,510 treasury shares in 2016.
12. Retained earnings increased by 7.8 percent to US$779.4 million as of December 31, 2016 mainly due to net income attributable to equity holders of the parent for the year amounting to US$180.0 million, tapered by payment of dividends and distributions to holders of perpetual capital securities amounting to US$53.7 million and US$34.2 million, respectively.
13. Perpetual capital securities decreased by 8.5 percent to US$761.3 million as of December 31, 2016 primarily due to redemption of subordinated perpetual capital securities aggregating to US$108.3 million in 2016.
14. Other comprehensive loss grew by 10.4 percent to US$285.4 million as a result of net unfavorable exchange differences on translation of foreign operations' financial statements.
15. Equity attributable to non-controlling interests decreased by 6.5 percent to US$141.7 million as of December 31, 2016 mainly due to unfavorable translation adjustments at YICT.

Noncurrent Liabilities

16. Long-term debt increased by 29.2 percent to US$1.3 billion as of December 31, 2016 mainly due to the net proceeds from the drawdown from project finance facilities at VICT and CMSA, loan availment at CGSA and drawdown of the Group's Revolving Credit Facility during the period.
17. Deferred tax liabilities increased by 6.8 percent to US$71.4 million as of December 31, 2016 mainly due to the income tax effect of unrealized mark-to-market gain on interest rate swap and capitalized borrowing costs, and translation of non-monetary assets to US dollar.
18. Pension and other non-current liabilities decreased by 23.9 percent to US$90.8 million as of December 31, 2016 arising mainly from the reclassification of the current portion of the accrued lease expense at VICT to current liabilities.

Current Liabilities

19. Loans payable increased to US$36.6 million as of December 31, 2016 mainly due to loan availments at YICT and OPC.
20. Accounts payable and other current liabilities grew by 73.1 percent to US$347.7 million as of December 31, 2016 primarily due to reclassification of the current portion of accrued lease expense and increase in payables arising from on-going port development at VICT; and higher output taxes at CMSA and MICTSL.
21. Current portion of long-term debt and debt securities decreased by 66.1 percent to US$18.5 million as of December 30, 2016 due to settlement of maturing term loans of subsidiaries in 2016.
22. Income tax payable increased by 46.9 percent to US$32.3 million as of December 31, 2016 due to stronger operating income at certain terminals, particularly at the Parent Company, PICT, MICTSL and ICTSI Iraq.
23. Derivative liabilities amounting to US$2.0 million as of December 31, 2016 pertain to recognition of loss on mark-to-market valuation from interest rate swap at CMSA.

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

Noncurrent Assets

24. Property and equipment increased by 22.9 percent to US$1.1 billion as of December 31, 2015 brought about by land recognized from the acquisition of TMT and increase in capital expenditures arising from ongoing construction and terminal equipment acquisitions at VICT, IDRC, OPC, BCT, MICT and CMSA and reclassification of land used by LGICT from investment properties.
25. Investments in and advances to a joint venture and associate surged by 64.8 percent to US$231.9 million as of December 31, 2015 due to continuous funding extended to SPIA for the Group's share on the ongoing construction and development at the Port of Buenaventura.

26. Investment properties dropped by 44.1 percent to US$6.8 million as of December 31, 2015 as a result of reclassification of land used by LGICT to property and equipment.
27. Deferred tax assets grew by 31.9 percent to US$76.4 million as a result of higher deferred income tax benefit from unrealized foreign exchange loss, mainly Parent Company.
28. Other noncurrent assets increased by 9.7 percent to US$137.5 million due to increased input VAT on capital expenditures and cash reserves requirement for the Project Finance Facility at CMSA.

Current Assets

29. Cash and cash equivalents grew by 82.4 percent to US$354.5 million as of December 31, 2015 arising from cash inflows generated from operations and net proceeds from issuances of perpetual capital securities in August 2015 and drawdown from the Project Finance Facility at CMSA in December 2015, tapered by continuous deployment of cash to fund capital expenditures and settlement of debt during the period.
30. Spare parts and supplies increased by 5.6 percent to US$27.6 million as of December 31, 2015 primarily as a result of acquisition of port equipment spare parts particularly at OPC and CGSA.
31. Prepaid expenses and other current assets decreased by 8.8 percent to US$44.1 million as of December 31, 2015 primarily as a result of input VAT refund at MICT.
32. Derivative asset amounting to US$0.3 million was recognized as of December 31, 2015 due to gain on mark-to-market valuation from currency options entered in December 2015.

Equity

33. Treasury shares surged by 541.5 percent to US$7.5 million as of December 31, 2015 mainly as a result of acquisition of 3,510,400 treasury shares totaling US$6.6 million in September 2015.
34. Excess of acquisition cost over the carrying value of minority interest increased by 5.2% to US$142.6 million as of December 31, 2015 mainly as a result of acquisition of 10% non-controlling interest in VICT; and the transfer of 8% ownership interest in IDRC.
35. Perpetual capital securities surged by 146.8 percent to US$831.9 million as of December 31, 2015 primarily due to RCBV's issuance of a US$300.0 million, 6.25 percent perpetual capital securities which was partly used to finance the tendered US$230.0 million, 8.375 percent outstanding subordinated perpetual capital securities in January 2015; and issuance of US$450.0 million, 5.50 percent perpetual capital securities in August 2015. The proceeds will be used for refinancing, funding capital expenditures and general corporate purposes.
36. Retained earnings decreased by 5.3 percent to US$723.2 million as of December 31, 2015 primarily due to dividends and distributions to holders of perpetual capital securities amounting to US$41.2 million and US$33.4 million, respectively, tapered by net income attributable to equity holders of the parent for the year amounting to US$58.5 million.
37. Other comprehensive loss grew by 49.1 percent to US$258.6 million as a result of net unfavorable exchange differences on translation of foreign operations' financial statements.

Noncurrent Liabilities

38. Pension and other non-current liabilities increased by 103.4 percent to US$119.4 million as of December 31, 2015 arising mainly from the receipt of EU grant at BCT and accrual of lease expense at VICT.

Current Liabilities

39. Loans payable dropped by 91.7 percent to US$2.0 million as of December 31, 2015 mainly due to repayment of US$-denominated short term-loans and a foreign currency-denominated short-term loans.
40. Accounts payable and other current liabilities increased by 8.2 percent to US$200.9 million as of December 31, 2015 primarily due to higher accounts payable arising from expansion and port equipment acquisitions at CMSA, OPC and VICT.

41. Current portion of long-term debt and debt securities increased by 14.0 percent to US$54.5 million as of December 31, 2015 due to maturing term loans of subsidiaries in 2016.
42. Current portion of concession rights payable increased by 17.6 percent to US$8.8 million as of December 31, 2015 arising from higher concession fees scheduled for payment in 2016 at MICTSL.
43. Income tax payable increased by 26.7 percent to US$22.0 million as of December 31, 2015 mainly due to higher taxable income particularly at OPC and CGSA.
44. Derivative liabilities decreased by 26.2 percent to US$0.6 million as of December 31, 2015 due to mark-to-market adjustments on outstanding interest rate swap transactions at certain terminals.

Balance sheet accounts as of December 31, 2014 with variances of plus or minus 5.0 percent against December 31, 2013 balances are discussed, as follows:

Noncurrent Assets

45. Property and equipment increased by 32.0 percent to US$934.4 million as of December 31, 2014 mainly due to civil works and acquisition of port equipment in certain terminals; contribution of new terminals, VICT, ICTSI Iraq and IDRC; and the consolidation of YICT in July 2014.
46. Investments in and advances to a joint venture and associate grew by 80.0 percent to US$140.7 million as of December 31, 2014 brought about by the continuous funding extended to SPIA for the Group’s share on the ongoing construction and development at the Port of Buenaventura.
47. Other noncurrent assets increased by 10.6 percent to US$125.3 million due to higher non-current portion of input VAT at Tecplata for its continuing capital expenditures.

Current Assets

48. Cash and cash equivalents declined by 19.8 percent to US$194.3 million as of December 31, 2014 as a result of the Group’s continuous deployment of funds to finance ongoing port development activities.
49. Receivables increased by 6.7 percent to US$90.8 million as of December 31, 2014 due to strong revenues; contribution of new terminals, CMSA and OPC; and the consolidation of YICT, reduced by the settlement of insurance claims at CGSA and BCT.
50. Spare parts and supplies grew by 21.0 percent to US$26.1 million as of December 31, 2014 primarily as a result of acquisition of port equipment spare parts particularly at TSSA and OPC.
51. Prepaid expenses and other current assets declined by 22.6 percent to US$48.4 million as of December 31, 2014 mainly due to the refund of input VAT at CMSA.
52. Non-current assets held for sale amounting to US$16.3 million as of December 31, 2013 pertain to the investment property of a non-operating subsidiary which was sold in January 2014. As of December 31, 2014, non-current assets held for sale is nil.
53. Derivative assets was reduced to nil as of December 31, 2014 as a result of the repayment of the Parent Company’s peso-denominated loans in November 2014.

Equity

54. Treasury shares declined by 14.4 percent to US$1.2 million mainly due to the vesting of shares under the stock incentive plan.
55. Retained earnings increased by 17.5 percent to US$763.3 million as of December 31, 2014 due to stronger net income attributable to equity holders of the parent for the year amounting to US$182.0 million, reduced by dividends and distributions to holders of perpetual capital securities amounting to US$39.1 million and US$29.3 million, respectively.
56. Other comprehensive loss increased by 44.2 percent to US$173.4 million primarily due to weaker local currencies, particularly PHP, RMB, BRL, EUR, MXN, HKR and IDR against the US dollar, and the derecognition of cumulative translation adjustments as a result of the sale of CICTI in January 2014 and deconsolidation of YRDICTL in July 2014.

57. Equity attributable to non-controlling interests surged by 52.0 percent to US$157.5 million as of December 31, 2014 mainly due to the sale and deconsolidation of YRDICTL, consolidation of YICT, non-controlling interest contribution of IDRC, and acquisition of non-controlling interest at Tecplata, reduced by the sale of CICTI in January 2014 and dividends declared to non-controlling interest amounting to US$11.6 million.

Noncurrent Liabilities

58. Long-term debt, net of current portion, increased by 10.2 percent to US$998.2 million as of December 31, 2014 due to the issuance of US$75.0 million medium-term notes under the MTN Programme in April 2014; availment of long-term notes by BCT and CGSA; and acquisition of YICT's long-term loan as part of the consolidation in July 2014 reduced by the repayments of loans and securities at CGSA, AGCT, BCT and Parent Company totaling US$46.8 million.
59. Deferred tax liabilities increased by 11.8 percent to US$68.1 million as of December 31, 2014 mainly due to the consolidation of YICT in July 2014.
60. Pension liabilities and other non-current liabilities increased to US$58.7 million as of December 31, 2014 arising from the accrual of lease expense at VICT and EU grant at BCT.

Current Liabilities

61. Loans payable increased by 103.8 percent to US$24.5 million mainly due to new short-term loans obtained by the Parent Company and CGSA, and the consolidation of YICT, reduced by the scheduled amortizations.
62. Accounts payable and other current liabilities increased by 16.4 percent to US$185.7 million as of December 31, 2014 primarily due to higher accounts payable arising from port equipment acquisitions at VICT and ICTSI Iraq.
63. Current portion of long-term debt and debt securities grew by 40.2 percent to US$47.8 million as of December 31, 2014 arising from higher term loans of subsidiaries scheduled for repayment in 2015 and the consolidation of YICT.
64. Income tax payable increased by 9.2 percent to US$17.4 million as of December 31, 2014 mainly due to higher taxable income particularly at OPC and MICT.

Liquidity and Capital Resources

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

Liquidity

The table below shows the Group's consolidated cash flows for the years ended December 31, 2014, 2015 and 2016:

Table 6.12 Consolidated Cash Flows

	For the Year Ended December 31				
(In thousands, except % change data)	2014	2015	**2016**	% Change *2014 vs 2015*	% Change *2015 vs 2016*
Net cash provided by operating activities	US$387,821	US$407,737	**US$466,948**	5.1	14.5
Net cash used in investing activities	(340,777)	(547,611)	**(468,466)**	60.7	(14.5)
Net cash provided by (used in) financing activities	(94,138)	297,079	**(21,679)**	415.6	(107.3)
Effect of exchange rate changes on cash	(843)	2,979	**(6,226)**	453.4	(309.0)
Net increase (decrease) in cash and cash equivalents	(47,937)	160,184	**(29,423)**	434.2	(118.4)
Cash and cash equivalents, beginning	242,235	194,298	**354,482**	(19.8)	82.4
Cash and cash equivalents, end	US$194,298	US$354,482	**US$325,059**	82.4	(8.3)

Consolidated cash and cash equivalents decreased by 8.3 percent to US$325.1 million as of December 31, 2016 arising from continuous deployment of cash to fund capital expenditures; and redemption of subordinated capital securities, tapered by strong cash inflows generated from operations and net proceeds from debt financing.

Net cash provided by operating activities increased by 14.5 percent from US$407.7 million for the year ended December 31, 2015 to US$466.9 million for the same period in 2016 mainly due to stronger results of operations.

Net cash used in investing activities decreased by 14.5 percent to US$468.5 million mainly due to the absence of acquisition of a subsidiary; and lower advances granted to SPIA at US$52.4 million in 2016 as the project at the Port of Buenaventura nears completion. In May 2015, the Group acquired a subsidiary, TMT, for US$54.5 million. Capital expenditures for 2016 amounted to US$391.9 million. The Group finances these requirements through existing cash, cash generated from operations, external borrowings and/or equity issuances, as necessary.

Net cash used in financing activities for the year ended December 31, 2016 amounted to US$21.7 million mainly due to redemption of subordinated perpetual capital securities amounting to US$108.3 million; increased distribution to holders of perpetual securities; and increased debt servicing costs, tapered by net cash proceeds from the drawdown from project finance facilities at CMSA and VICT; drawdown from the Group's Revolving Credit Facility and loan availments at CGSA and OPC. Net cash provided by financing activities for the year ended December 31, 2015 includes net proceeds from issuance and exchanges of debt and equity instruments amounting to US$482.3 million.

Capital Resources

The table below illustrates the Group's capital sources as of December 31, 2014, 2015 and 2016:

Table 6.13 Capital Sources

	As of December 31				
(In thousands, except % change data)	2014	2015	**2016**	% Change *2014 vs 2015*	% Change *2015 vs 2016*
Loans payable	US$24,479	US$2,027	**US$36,598**	(91.7)	1705.5
Current portion of long-term debt	47,774	54,465	**18,486**	14.0	(66.1)
Long-term debt, net of current portion	998,194	1,026,578	**1,326,280**	2.8	29.2
Total short and long-term debt	1,070,447	1,083,070	**1,381,364**	1.2	27.5
Equity	1,473,565	1,826,048	**1,766,080**	23.9	(3.3)
	US$2,544,012	US$2,909,118	**US$3,147,444**	14.4	8.2

The Group's total debt and equity capital increased by 8.2 percent as of December 31, 2016 primarily due to increase in debt financing activities to fund expansion projects, capital expenditures and other general corporate requirements; and net income generated during the period, tapered by repayment of maturing loans.

Debt Financing

The table below provides the breakdown of the Group's outstanding loans as of December 31, 2016:

Table 6.14 Outstanding Loans

(In thousands)	Company	Final Maturity	Interest Rate	Amount
Short-Term Debt				
Secured RMB Term Loan	YICT	2017	Fixed	US$21,598
US Dollar Term Loan	OPC	2017	Floating	15,000
				36,598
Long-Term Debt				
Unsecured US Dollar Bond	ITBV	2023 – 2025	Fixed	749,503
Secured AUD Term Loan	VICT	2023 – 2031	Fixed*	180,097
Unsecured US Dollar Bond	Parent	2020	Fixed	179,229
Secured US Dollar Term Loan	CMSA	2027	Fixed*	172,370
Unsecured US Dollar Term Loans	CGSA	2017 – 2021	Fixed/Floating	37,944
Unsecured US Dollar Term Loan	IGFBV	2019	Floating	15,000
Secured Euro Term Loan	AGCT	2023 – 2024	Fixed	7,761
Secured Pakistani Rupee Term Loan	PICT	2017	Floating	2,862
				1,344,766
Total Debt				1,381,364
Less current portion and short-term				55,084
Long-term debt, net of current portion				**US$1,326,280**

**Under interest rate swap agreement*

As of December 31, 2016, 70.1 percent of the Group's total debt capital is held by the Parent, ITBV and IGFBV, which includes the US$179.2 million senior notes issued in 2010 and due in 2020; US$749.5 million MTN issued from 2013 to 2015 and due in 2023 to 2025 and US$11.3 million term loan due in 2019, respectively.

The table below is a summary of debt maturities, net of unamortized debt issuance cost, of the Group as of December 31, 2016:

Table 6.15 Outstanding Debt Maturities

(In thousands)	Amount
2017	US$19,917
2018	16,503
2019	39,974
2020	214,436
2021 and onwards	1,053,936
Total	US$1,344,766

Outstanding Debt as of December 31, 2016

MTN Programme

On January 9, 2013, ICTSI Treasury B.V. (ICTSI Treasury), a majority-owned subsidiary through ICTSI Ltd., established the MTN Programme that would allow ICTSI Treasury from time to time to issue medium-term notes (MTN), unconditionally and irrevocably guaranteed by ICTSI and listed on the

Singapore Stock Exchange. The aggregate nominal amount of the MTN outstanding will not at any time exceed US$750.0 million (or its equivalent in other currencies), subject to increase as described in the terms and conditions of the Programme Agreement. In August 2013, the maximum aggregate nominal amount of the MTN outstanding that may be issued under the Programme was increased to US$1.0 billion.

Pursuant to the MTN Programme, on January 9, 2013, ICTSI Treasury and ICTSI signed a Subscription Agreement with HSBC and UBS AG, Hong Kong Branch, for the issuance of 10-year US$300.0 million guaranteed MTN (the "Original MTN"). The Original MTN were issued on January 16, 2013 to mature on January 16, 2023 at a fixed interest rate of 4.625 percent p.a., net of applicable taxes, set at a price of 99.014 and payable semi-annually in arrears. Moreover, on January 28, 2013, an additional US$100.0 million guaranteed MTN was issued to form a single series with the original MTN.

In June 2013, ICTSI purchased a total of US$6.0 million of ICTSI Treasury's US$400.0 million MTN at US$5.7 million.

In September 2013, ICTSI Treasury further issued US$207.5 million notes from the MTN Programme at a fixed interest rate of 5.875 percent p.a. payable semi-annually and will be due in 2025 ("2025 Notes"), in exchange for US$178.9 million of ICTSI's US$450.0 million senior notes due in 2020 ("2020 Notes"). Concurrent with the exchange offer, noteholders of the 2020 Notes provided their consent to the modifications to the terms and conditions of the 2020 Notes to conform to the terms and conditions of all the notes issued under the MTN Programme. Moreover, on April 30, 2014, an additional US$75.0 million notes were issued to form a single series with the 2025 Notes.

In January 2015, an additional US$117.5 million notes were issued to form a single series with the 2025 Notes. Of this new issue, US$102.6 million was used to fund the exchange for US$91.8 million of the 2020 Notes.

As of December 31, 2016, outstanding notes under the MTN Programme amounted to US$749.5 million.

The aggregate net proceeds of the issuances under the MTN Programme were used to fund new projects and capital expenditures, refinance some of ICTSI's existing debt and for other general corporate purposes.

US Dollar-denominated Notes

In March 2010, ICTSI signed a Subscription Agreement with HSBC and JP Morgan Securities, Ltd. for the issuance of US$250.0 million ten-year senior notes (the "Original Notes") bearing interest at a fixed rate of 7.375 percent, net of applicable taxes, payable semi-annually in arrears. In April 2010, ICTSI tapped a further US$200.0 million (the "Further Notes") of the Original Notes increasing the size to US$450.0 million. The Further Notes were issued in May 2010 bearing interest at the fixed rate of 7.375 percent, net of applicable taxes, and was set at a price of 102.627 for an effective yield of 7.0 percent. The Original and Further Notes are collectively referred to as the "Notes".

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

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

In September 2013, ICTSI Treasury exchanged newly issued US$207.5 million 5.875 percent Notes due 2025 for ICTSI's US$178.9 million 7.375 percent Notes due 2020 ("2020 Notes"). The 2020 Notes were then reduced from US$450.0 million to US$271.1 million. In January 2015, a total of US$117.5 million 5.875 percent Senior Unsecured Notes due 2025 were issued to form a single series with the 2025 Notes from the MTN Programme were issued at a price of 102.625 and US$102.6 million of which was used to exchange with holders of US$91.8 million 7.375 percent Senior Notes due 2020.

As at December 31, 2016, the outstanding balance of the 2020 Notes amounted to US$179.2 million.

Revolving Credit Facility Programme

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

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

As of December 31, 2016, outstanding balance amounted to US$15.0 million.

US dollar and Foreign Currency-denominated Term Loans and Securities

CGSA. In October 2015, CGSA availed of a three-year unsecured Term Loan with BBP Bank, S.A. amounting to US$4.0 million at a fixed interest rate of 6.78 percent. On March 29, 2016, CGSA (as "Borrower"), Metropolitan Bank and Trust Company (as "Lender") and ICTSI (as "Surety") signed a loan agreement which consists of two tranches of loans amounting to US$32.5 million (Tranche I) and US$7.5 million (Tranche II) with floating interest rates. Tranche I has a final maturity in March 2021 while Tranche II in May 2017. As of December 31, 2016, the outstanding balance of the loans aggregated to US$37.9 million.

YICT. On December 5, 2016, YICT obtained a US$21.6 million (RMB150.0 million) short-term loan from Yantai Port Holdings at an interest rate of 4.35 percent per annum and maturity date of January 25, 2017. The loan was used to refinance YICT's maturing loan with Agricultural Bank of China. As of December 31, 2016, the outstanding balances of the short-term loan of YICT amounted to US$21.6 million (RMB 150.0 million).

PICT. As of December 31, 2016, PICT has an outstanding loan with Habib Bank Limited amounting to US$2.9 million (Rs.298.8 million). The loan carries a mark-up at the rate of six months KIBOR plus 0.75 percent and is secured against all present and future property and equipment and underlying port infrastructures of the concession right.

CMSA. On October 21, 2015, CMSA signed a US$260.0 million Project Finance Facility with International Finance Corporation and Inter-American Development Bank (IADB). The CMSA Project (the Project) is for the development and operation of a Specialized Container terminal at the Port of Manzanillo in Manzanillo, Mexico. The terminal will have a capacity of 2.2 million TEUs when completely built. The development will be done in three phases with phase one creating capacity of 750,000 TEUs. Phase two, which is expected to be completed by year 2020, will increase the terminal's capacity to 1.4 million TEUs. The financing package, which has a tenor of 12 years and a long availability period of four years, will help CMSA finance the completion of phases one and two of the Project. Interest is payable semi-annually based on floating interest rate computed at 6-month LIBOR plus loan spread with a weighted average of 2.80 percent. As of December 31, 2016, outstanding balance of the loan amounted to US$172.4 million.

VICT. On July 15, 2016, VICT signed a syndicated project finance facility with various international and regional banks for principal amount of US$300.0 million (AUD398.0 million) with interest rates based on Australian Bank Bill Swap Reference Rate (bid) (BBSY) plus average margin of 3.1% per annum and maturities until 2023, 2026 and 2031. As of December 31, 2016, outstanding balance from the project finance facility amounted to US$180.1 million (AUD249.9 million).

OPC. On November 28, 2016, OPC availed of a US$15.0 million short-term loan from Metropolitan Bank and Trust Company. The loan bears interest at LIBOR plus a spread of 1.6 percent and matures on November 23, 2017.

Loan Covenants

The loans from local and foreign banks impose certain restrictions with respect to corporate reorganization, disposition of all or a substantial portion of ICTSI's and subsidiaries' assets, acquisitions of futures or stocks, and extending loans to others, except in the ordinary course of business. ICTSI is also required to maintain specified financial ratios relating to their debt to EBITDA, debt to equity and earnings level relative to current debt service obligations. As of December 31, 2016, ICTSI and subsidiaries are in compliance with their loan covenants.

There was no material change in the covenants related to the Group's long-term debts. As at December 31, 2016, the Group has complied with its loan covenants.

Equity Financing

Perpetual Capital Securities

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

On August 26, 2015, RCBV issued US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities ("New Securities") unconditionally and irrevocably guaranteed by ICTSI. The cash proceeds received by RCBV amounted to US$436.3 million, net of debt issue cost, will be used for refinancing, funding capital expenditures and general corporate purposes.

On March 10, 2016, RCBV (the "Issuer") and ICTSI (the "Guarantor") sent a notice to The Hong Kong and Shanghai Banking Corporation Limited (HSBC, as "Trustee" and "Agent") for the redemption of the remaining US$108.3 million of the US$350-million Subordinated Guaranteed Perpetual Capital Securities ("Securities") and payment of accrued distributions on May 5, 2016. The securities were eventually redeemed on May 2, 2016.

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

Risks

ICTSI and its subsidiaries' geographically diverse operations expose the Group to various market risks, particularly foreign exchange risk, interest rate risk and liquidity risk, which movements may materially impact the financial results of the Group. The importance of managing these risks has significantly increased in light of the heightened volatility in both the Philippine and international financial markets.

With a view to managing these risks, the Group has incorporated a financial risk management function in its organization, particularly in the treasury operations.

Foreign Exchange Risk

The Group has geographically diverse operations and transacts in currencies other than its functional currency. Consequently, the Group is exposed to the risk of fluctuation of the exchange rates between the US dollar and other local currencies such as Philippine Peso, BRL, MXN and EUR that may adversely affect its results of operations and financial position. The Group attempts to match its revenues and expenses whenever possible and, from time to time, engages in hedging activities. Changes in exchange rates affect the US dollar value of the Group's revenues and costs that are denominated in foreign currencies.

The Group's non-US dollar currency-linked revenues were 48.7 percent and 45.6 percent of gross revenues for the periods ended December 31, 2015 and 2016, respectively. Foreign currency-linked revenues include the following: (1) arrastre charges of MICT; and (2) non-US dollar revenues of international subsidiaries. ICTSI incurs expenses in foreign currency for the operating and start up requirements of its international subsidiaries. Concession fees payable to port authorities in certain countries are either denominated in or linked to the US dollar.

The below table provides the currency breakdown of the Group's revenue for the year ended December 31, 2016:

Table 6.16 Revenue Currency Profile

Subsidiary	USD/EUR Composition	Local Currency
ICTSI	42 % USD	58 % PhP
SBITC/ICTSI Subic	44 % USD	56 % PhP
DIPSSCOR		100 % PhP
HIPS		100 % PhP
SCIPSI		100 % PhP
BIPI		100 % PhP
MICTSI		100 % PhP
LGICT		100 % PhP
BCT	74 % USD/1 % EUR	25 % PLN
TSSA		100 % BRL
MICTSL	100 % EUR	
PTMTS		100 % IDR
YICT		100 % RMB
AGCT	85 % EUR	15 % HRK
CGSA	100 % USD	
NMCTS		100% BND
ICTSI Oregon	100 % USD	
BICTL	100 % USD	
PICT	76 % USD	24 % PKR
OJA	70 % USD	30 % IDR
CMSA	48 % USD	52 % MXN
OPC	100 % USD	
ICTSI Iraq	94 % USD	6 % IQD
IDRC	100 % USD	

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates (cash flow interest rate risk) relates primarily to the Group's bank loans and is addressed by a periodic review of the Group's debt mix with the objective of reducing interest cost and maximizing available loan terms. The Group also enters into interest rate swap agreements in order to manage its exposure to interest rate fluctuations.

Liquidity Risk

The Group manages its liquidity profile to be able to finance its working capital and capital expenditure requirements through internally generated cash and proceeds from debt and/or equity. As part of the liquidity risk management, the Group maintains strict control of its cash and makes sure that excess cash held by subsidiaries are up streamed timely to the Parent Company. The Group also monitors the receivables and payables turnover to ensure that these are at optimal levels. In addition, it regularly evaluates its projected and actual cash flow information and continually assesses the conditions in the financial market to pursue fund raising initiatives. These initiatives may include accessing bank loans, project finance facilities and the debt capital markets.

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

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

Consolidated Financial Statements

The Group's 2016 consolidated financial statements and accompanying notes are incorporated herein by reference.

Changes in and Disagreements with Accountants of Accounting and Financial Disclosure

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

Information on Independent Accountant

The principal external auditor is the firm SGV & Co. The Group has engaged Mr. Arnel F. De Jesus, partner of SGV & Co., for the audit of the Group's books and accounts in 2016.

External Audit Fees and Services

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

	2014	2015	**2016**
Audit Fees	US$939.3	US$1,057.8	**US$1,070.2**
Audit-Related Fees	–	880.4	**379.1**
Tax Fees	92.0	295.6	**72.9**
Other Fees	14.8	73.1	**151.1**

Audit Fees include the audit of the Group's annual financial statements. The consolidated audit fees increased in 2015 and 2016 as a result of additional scope of work for new operating and start-up terminals.

Audited-Related Fees include the review of interim financial statements and issuance of comfort letters for the capital market raising transactions of the Group. The amount in 2015 pertains to the issuances of three comfort letters as a result of the capital market raising transaction of the Group and project financing in one of the subsidiaries while the amount in 2016 pertains to the issuance of a comfort letter relating to the Group's liability management exercise.

Tax fees paid to SGV & Co./Ernst & Young are for tax compliance, tax advisory services and transfer-pricing studies. In 2015, the amount increased mainly due to the transfer-pricing studies and tax advisory on tax planning for the restructuring of our subsidiaries in Latin America.

Other fees mainly include due diligence services related to business development and other various one-time engagements.

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

The reappointment of SGV & Co. as the Company's external auditors was approved by the stockholders in a meeting held on April 21, 2016.

Estimated Capital Expenditures and Sources of Financing

The Group's capital expenditures for 2017 are expected to be approximately US$240.0 million, excluding the Group's estimated share on the joint venture project with PSA amounting to US$25.0 million to complete the development of the Port of Buenaventura at SPIA. The estimated capital expenditure budget will be utilized mainly to complete the Phase 2 of the terminal construction at VICT; to complete the development of port facilities at IDRC and expansion projects at ICTSI Iraq and CMSA; to continue the rehabilitation and development work at OPC; to begin the expansion project at MICT; and for maintenance requirements. The Group expects to fund these capital expenditures through a combination of available cash, internally-generated funds, third party loans and other fund raising activities, if necessary.

Compliance with Leading Practice on Corporate Governance

(a) Evaluation System

On January 25, 2007, an evaluation system to measure compliance with the Revised Manual of Corporate Governance was finalized and approved by the Board to measure or determine the level of compliance of the Board of Directors and top level management.

(b) Measures being undertaken by the Corporation to comply with the adopted leading practices on good corporate governance.

Anti – Bribery Policy and Procedure

ICTSI has established its Anti – Bribery Policy and Procedure which strictly prohibits bribery of any kind, and to anyone, whether private individuals or government officials. Local business customs or culture is not a valid excuse for engaging in bribery. ICTSI employees are prohibited from asking for, accepting or receiving bribes, or any other personal benefit that would induce the employee to breach his/her duty to act in good faith, to act impartially or in accordance with a position of trust. All *employees are guided by the ICTSI Anti-Bribery Compliance Policy and Procedure.*

Employee Trainings

Part of ICTSI’s objectives is to impart basic knowledge and skills to new employees and to assist existing employees to function more effectively by keeping them abreast of recent developments and concepts which they could use in their respective fields.

In 2016, ICTSI implemented the following programs in its flagship operations in Manila International Container Terminal (MICT):

1.) Behavioral trainings which are initiated by the company as part of organization development. These include:

    a. 7 Habits of Highly Effective People;
    b. Team building;
    c. Interaction Management;
    d. Basic Management Programs and Leadership trainings;
    e. Ports Operation and Strategy;
    f. Ports Planning and Design;
    g. Work Attitude and Values Enhancement Seminar / Tatak ICTSI;
    h. Customer Service Training;
    i. Employee Discipline Workshop;
    j. People Management Conference;
    k. Labor and Employee Relations Summit;
    l. PSQI Leadership Training;
    m. Team Building Sessions; and
    n. STAR Program for Supervisors.

2.) Company Orientation Programs which include:

    a. Operations for Non-Operations;
    b. Orientation for newly hired employees;
    c. Orientation re: government mandated benefits;
    d. Orientation for HMI;
    e. Orientation for Retiring Employees;
    f. Operations for Non-Operations;
    g. Counterfeit Detection;
    h. Ugnayan sa Pantalan;
    i. Claims for Non-Claims;
    j. ISO Workshop; and
    k. CFS Warehousing.

3.) Technical training programs for skills enhancement

    a. Reach Stackers, Quay Cranes, Rubber Tired Gantries, Sidelifter;
    b. Hatch Clerk Training;
    c. Crossby Rigging Training;
    d. PISM Purchasing & Supply Chain Trainings;
    e. NIAT Bookkeeper Certification;
    f. Certified Management Accountant Program;
    g. Digital Communication & Branding;

h. CISCO CCNA Switching & Routing Course; and
i. Basic Non-Life Insurance.

Health, Safety and Productivity of its Employees

ICTSI (MICT) maintains its own medical and dental facilities for the use of its employees and their dependents. **Medical Services** include medical check-ups, consultations, treatments, minor surgeries, issuance of medical certificates and approval of sick leave applications. Further, all regular employees and their immediate dependents are provided access to clinic medicines (i.e., antibiotics, maintenance medicines, over-the-counter (OTC) medicines, etc.) Annual drug test for all employees during Company's scheduled APE and Random Drug Test per month for minimum of 100 employees is also conducted. ICTSI also provides free Chest X-Ray for dependents with suspected Pulmonary Tuberculosis.

This also includes services of duly licensed nurses whose duties are to assist the doctor in the treatment of employees and/or their dependent/s, dispense medicine to patients based on the doctor's prescription, file medical records of employees and/or their dependents, apply first aid and/or other immediate/necessary treatment to employees especially in cases of injuries sustained in accidents or incidents occurring within the company premises in the absence of a doctor, assist in transporting employee patients to accredited hospitals in case of emergencies, and conduct home visits to absent employees upon the written request from authorized representative/officer of ICTSI.

Dental Services are performed by duly licensed dentists whose duties include oral check-ups, oral prophylaxis, tooth filing, and tooth extraction.

ICTSI (MICT)'s medical and dental facilities provide round the clock services for employees and their dependents. ICTSI (MICT) also maintains its own ambulance to address emergency medical cases. A fire truck is always on stand-by within the terminal premises to provide immediate service and assistance in cases of fire and other catastrophes.

ICTSI (MICT) also introduced a health insurance plan which provides employees access to medical insurance coverage for their Out-Patient and In-Patient (hospitalization, consultation, laboratory, etc) medical needs. It is provided through an approved Health Care Provider and offers a choice of Employee. This health insurance plan varies by maximum amount limits. Employee also has the option to use his/her medical and dental reimbursement (MDR) benefit to enroll his/her dependents in any of our available Dependent Programs. This MDR benefit may also be used for the order and free delivery of medicines via MEDEXPRESS, a delivery service drugstore.

Annual Physical Exam is also conducted religiously in order to promote health awareness and early detection of illnesses. Standard exams include Physical Examination of the doctor, Electrocardiogram (ECG), X-ray, Complete Blood Count, Urinalysis, Fecalysis and Visual Acuity Screening. During the APE event, our partner healthcare professionals also provides Cardiometabolic Workplace Wellness program which includes Biometric Tests (Blood Sugar, Cholesterol, Blood Pressure screening, Body Mass Index (BMI /Obesity screening and Foot Doppler test) which helps us in profiling our employees and assessing their overall cardiometabolic health status thus, helping us further to reduce rates of illnesses like Hypertension, Diabetes, Dyslipidemia, etc. Also, from the baseline workforce profiling gathered during APE, we design and provide a customized wellness program like prevention of lifestyle-related diseases, Smoking Cessation campaign among others.

Employees with adverse finding after the above exams shall be directed to consult a specialist for further examination and medication. We have also tapped the services of different medical groups to provide us with seminars and briefing on diseases and medical conditions most common to our employees.

Safety Training

Programs and policies for year 2016 in ICTSI (MICT):

- Full implementation of Personal Protective Equipment (PPE) Policy to all- Zero Tolerance;
- Distributed new uniform with high visibility marks both upper garments and working pants for operation employees;
- Conducted trainings and drills on the following: Fire Prevention and Suppression; Fire Explosion; First Aid with Basic Life Support; Earthquake Preparedness; Chemical Safety; and Port Safety and Health Standards;
- Intensified the monitoring and strict implementation of "No Rider Policy"; and
- Intensified the "No loitering" policy inside the yard.

Other Programs:

- Intensified the terminal inspections;
- Enhanced monitoring of traffic flow and movements of port equipment in the terminal;
- Thorough inspection of all cargo gears of vessels at anchorage basin;
- Safeguarding of visitors & port users during terminal visits, tours and orientations;
- Intensified the follow-up inspections;
- Intensified the training for ERT members;
- Intensified the coordination between Safety and Operations Officers and Staff and upgraded the research and development methods;
- Conducted specialized training course on the proper identification, related legislative regulations and other specifications for dangerous goods handled in the port;
- Full compliance to the requirements of ISO 9001:2008 & 1400:2004 standards, PPA, DENR, DOLE-BWC and the BFP; and
- Conducted refresher course to ICTSI equipment operators (Dock work Safety and Health Course).

Accident Prevention:

- Intensified the tool box meeting in different sections, reminded/reoriented Terminal guidelines and procedures as well as safe working habits;
- Intensified the mobility and visibility of Safety Officers;
- Intensified the yard inspections and safety visibility;
- Regular roving inspection and monitoring of the Terminal to ensure that safety is properly implemented and exercised;
- Regular monitoring of the container stacking at the container yard;
- Proper implementation of the terminal guidelines;
- Improved outside truck drivers orientation;
- Regular inspection of firefighting equipment;
- Regular inspection of building, equipment and facilities;
- Ensuring safety of dockworkers while on board vessels;
- Maintenance of proper housekeeping inside the MICT premises; and
- Strict implementation of personal protective equipment for Employees, Port Users, Contractors and Visitors.

ICTSI (MICT) is committed to provide a safe and healthful place of work in accordance with industry standards and in compliance with government requirements. To meet this commitment, ICTSI abides by the following principles:

- Place the highest priority on the health and safety of all employees and port users;
- Provide health and safety training to employees to empower or incident prevention program;
- Encourage employees to perform their jobs properly in accordance with established procedures and work practices;
- Ensure the Company's operation and other activities comply with applicable government regulations.
- Provide full cooperation to clients, statutory authorities and local communities;
- Communicate and consult with employees to be able to continually improve work procedures and maintain safe practices in the performance of their jobs; and
- Monitor performance and conduct regular audits to ensure health and safety management system is up to date and continually improved.

Through these principles, ICTSI believes that:

- Accident loss can be controlled through good management combined with active employee involvement;
- Safety is the direct responsibility of all managers, supervisors, employees, contractors and port users;
- All employees will be aware of their statutory duty to take reasonable care of the health and safety of themselves and others who may be affected by their actions; and
- Health and safety for the company, in general will be steered towards a higher education.

(c) Revised Manual of Corporate Governance

The Group adopted a Manual on Corporate Governance in January 2003 and submitted to SEC its latest Revised Manual on Corporate Governance ("CG Manual") on July 30, 2014. The Company submitted a Certificate last January 5, 2017, which states that the Company is in full compliance thereof. The Company likewise submitted its 2015 Consolidated Changes in the Annual Corporate Governance Report on January 8, 2016 and will submit its 2016 Annual Corporate Governance Report on or before May 30, 2017, pursuant to SEC Memorandum Circular 20 - 2016. The Company's Compliance Officer was appointed in February 2014. Last February 9, 2016, concurrent as Chief Financial Officer, Rafael D. Consing, Jr. was appointed as the new Compliance Officer. The Compliance Officer coordinates with the Philippine SEC with respect to compliance requirements, monitor compliance with the revised manual and report any governance-related issues to the Board. The Company has not deviated from its CG Manual and further commits itself to principles and best practices of governance in the attainment of corporate goals.

(d) Continuing Improvements for Corporate Governance

ICTSI continues to improve its corporate governance, systems and processes to enhance adherence to practices of good corporate governance, which includes annual trainings for its Board of Directors and key officers pursuant to SEC Memorandum Circular 20-2013. These improvements are being updated and documented in its Annual Corporate Governance Report.

Recognition and Awards in 2016

2016

December: **Platinum Award**
For the third year in a row, ICTSI was honored by The Asset Corporate Awards in the Platinum category as one of the elite companies in Asia that has shown All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations at a gala dinner on December 15, 2016 in Hong Kong.

Best Project Finance Deal
The syndicated loan facility worth AUD398 million signed by Victoria International Container Terminal and seven leading global financial institutions was awarded Best Project Finance Deal by FinanceAsia's Achievement Awards for Australia and New Zealand 2016. The awarding ceremony was held on February 7, 2017 in Australia at a gala dinner organized by FinanceAsia.

Best Corporate Liability Management
ICTSI's USD345.4 million tender offer and USD375 million perpetual bonds issued on 13 October 2016 are cited as Best Corporate Liability Management at The Asset Regional House & Deal Awards 2016. The awarding ceremony will be held on February 28, 2017 in Hong Kong at a gala dinner to be organized by The Asset.

November: **Perpetual Bond of the Year**
ICTSI's USD450 million perpetual bonds issued on 15 August 2015 is cited as the Perpetual Bond of the Year at the Corporate Finance Deals of the Year 2016 organized by World Finance.

Best Philippine Deal
ICTSI's USD345.4 million tender offer and USD375 million perpetual bonds issued on 13 October 2016 are cited as the Best Philippine Deal at the FinanceAsia Achievement Awards 2016. The awarding ceremony was held on February 16, 2017 in Hong Kong at a gala dinner organized by FinanceAsia.

October: ICTSI is one of the recipients of the first **Institutional Investors' Governance Awards**. The awarding ceremony was held during the 2016 Investors Forum which was hosted by the Fund Managers Association of the Philippines (FMAP), the Institute of Corporate Directors (ICD), the Philippine Investment Funds Association (PIFA), the Trust Officers Association of the Philippines (TOAP), and PJS Corporate Support Inc. on October 6, 2016 at the Manila Polo Club.

Business of Issuer

Overview

ICTSI is an international operator of common user container terminals serving the global container shipping industry whose principal business includes the operation, management, development and acquisition of container terminals focusing on facilities with total annual throughputs ranging from 50,000 to 2,500,000 TEUs. The primary mechanism for the operation of these terminals is long-term concession agreements with local port authorities and governments through ICTSI and its subsidiaries. Currently, the Group is involved in 28 terminal concessions and port development projects in 18 countries worldwide. These are 25 operating terminals in eight key ports and an inland container terminal in the Philippines, two in Indonesia and one each in China, Ecuador, Brazil, Poland, Georgia, Madagascar, Croatia, Pakistan, Mexico, Honduras, Iraq, Argentina, Colombia and DR Congo; an ongoing port development project in Australia; a sub-concession agreement to develop, manage and operate a port in Nigeria; and a recent acquisition of an existing concession to construct and operate a port in Tuxpan, Mexico. The projects in DR Congo and Colombia started initial operations in the third quarter and fourth quarter of 2016, respectively. Phase 1 of the project in Australia is expected to commence commercial operations in the second quarter of 2017. Construction of the port in accordance with the sub-concession agreement in Nigeria is currently in the planning stage.

In 2014, 2015 and 2016 the Group handled consolidated throughput of 7,438,635 TEUs, 7,775,993 TEUs, and 8,689,363 TEUs respectively.

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

These services fall into three general categories:

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

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

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

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

For the three years ended December 31, 2014, 2015 and 2016, the percentage contribution of foreign operations or operations outside the Republic of the Philippines to revenues from cargo handling services and net income attributable to equity holders of the parent are as follows:

	2014	2015	2016
Gross revenues	61.1%	58.8%	60.5%
Net income attributable to equity holders of the parent*	57.3%	14.8%	31.6%

* Decreased in 2015 mainly because of the impairment charges recognized for Tecplata and JASA and subsidiaries of US$114.6 million. 2016 amount includes loss on pre-termination of lease agreement in IOI of US$23.4 million.

Competition

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

Asia

Currently, South Harbour is MICT's only competitor in the international marine container service market in Manila. The PPA authorized Asian Terminals, Inc. (ATI) to provide fully integrated cargo handling services at the South Harbour from March 1992 to May 2013. It was granted a 25-year extension from May 2013. The PPA's tariffs are applied uniformly to both MICT and the South Harbour. MICT has an estimated market share of 67% of the container traffic in Manila. Other Philippine terminals either dominate the market share or do not have any direct competitor in their immediate area of operations.

After the Company's acquisition of 51% of YICT and divestment of its holdings in YRDICTL in July 2014, higher yielding international container cargo in the Port of Yantai has been handled exclusively by YICT. Domestic cargo has been handled exclusively by YRDICTL.

The Port of Karachi is one of the South Asia's largest and busiest deep-water seaports, handling about 60% of Pakistan's cargo traffic. The port currently has three terminals: ICTSI's PICT, Karachi International Container Terminal (KICT) operated by Hutchison Port Holdings, and Qasim International Container Terminal (QICT) operated by Dubai Ports World. The Company believes that PICT captured 26% of the market in 2016, with QICT and KICT handling 38% and 36%, respectively.

Americas

The Group has seven terminals in the Americas: Tecon Suape, SA (TSSA); Contecon Guayaquil, SA (CGSA); Tecplata, SA (Tecplata); Sociedad Puerto Industrial Aguadulce, S.A. (SPIA); Contecon Manzanillo, SA (CMSA); Operadora Portuaria Centroamericana, SA (OPC) and Terminal Maritima de Tuxpan, S.A de C.V (TMT). TSSA, CGSA, CMSA, OPC and Tecplata are operating; SPIA was substantially completed and started its initial operations in the fourth quarter of 2016; and as at March 9, 2017, management is currently working on a development plan on TMT.

CGSA operates the port of Guayaquil, which serves as Ecuador's main international trading gateway. The port is connected to the main terrestrial highways of Ecuador and has good access to other principal cities in the country. As CGSA handles substantially the country's container traffic, it faces limited competition, generally, from small private ports. CGSA has an estimated market share of 67% of the traffic at the port.

OPC, on the other hand, dominates the Honduras market and a good portion of the El Salvador, Nicaragua and Guatemala markets. OPC faces limited competition from Puerto Castilla due to the competitor's small capacity. OPC has captured 84% of the container market in 2016.

The Manzanillo market, where CMSA operates, is currently dominated by SSA de Mexico, S.A. de C.V with 60% market share. CMSA's entry in the market is designed to address the congestion at the competing terminals and the competitor's inability to further expand their capacity to absorb the growing demand. CMSA has an estimated 26% market share.

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

Europe, Middle East and Africa (EMEA)

The Group has six operating terminals in the EMEA region: Baltic Container Terminal (BCT); Madagascar International Container Terminal, Ltd. (MICTSL); Batumi International Container Terminal (BICTL); Adriatic Gateway Container Terminal (AGCT); ICTSI Iraq; and IDRC. Compared with other operating terminals in the region, BCT faces stiffer competition. The stiff competition comes from Deepwater Container Terminal (DCT) in Gdansk, which has made efforts in 2011 to strengthen its efficiency by adding new equipment and has already commissioned the second berth in December 2016. Currently, BCT's market share is estimated to be at 15.7% of the container traffic in Poland. In contrast, MICTSL is dominating the Madagascar container market and practically has no competition.

Key Competitive Strengths

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

Globally diversified revenue base

ICTSI owns or operates ports in 18 countries across three geographic regions namely: Asia, the Americas, and EMEA. This geographical scoping reduces the concentration of ICTSI's business in any particular country, region or industry. In 2016, Asia accounted for 52.4% of throughput and 51.5% of consolidated gross revenues from port operations, the Americas accounted for 34.6% of throughput and 34.3% of consolidated gross revenues from port operations, and EMEA accounted for 13.0% of throughput and 14.2% of consolidated gross revenues from port operations. Moreover, port facilities in various terminals serve a number of different shipping lines, which reduces reliance on any one particular customer. There is no single dominating customer, and no customer has contributed to more than 10% of the Group's consolidated gross revenues in 2014, 2015 and 2016.

Leading market positions in key targeted markets

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

Experienced and dynamic management team

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

Established track record of improving operational efficiency and performance

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

Strong and stable cash flows and strong capital structure

Furthermore, the Group believes that its major terminals provide stable cash flows because of its globally diversified operations and long-term concession agreements, which have a revenue-weighted average remaining term of approximately 17 years. In addition, the Group's terminals focus on end-destination cargo, which accounts for substantially all of the Group's consolidated throughput volume. The Group believes that its focus on end-destination cargo limits concentration risk to individual container shipping lines in that if a shipping line that calls at one of its terminals ceases to operate, the cargo intended for that particular destination will simply transfer to another shipping line that is still calling in that terminal.

Demonstrated ability to control operating costs

Lastly, the Group has continuously demonstrated its ability to control operating costs effectively, which allows the Group to generate profitable margins in both weak and strong economic environments. Cost containment measures are continuously enforced all throughout the Group.

Principal Suppliers

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

Customers

Consistent with the high degree of concentration in the global shipping industry, major container shipping lines contribute significantly to the Group's business and revenues. However, ICTSI's business, primarily serving domestic markets as oppose to transshipment business, is as such not dependent on a single or a few customers, of which the loss of any or more would have a material adverse effect on the Group's operations taken as a whole (In a the domestic market the departure of a specific shipping line or consortium will not automatically result in loss of volumes to the Gate-way terminal operator since cargo volumes then shift to another shipping line or consortium). Although the Group provides services to many of its customers at two or more of its terminals, each entity negotiates contracts independently at each port and generally does not entertain any bulk rebates. The Group conducts selected marketing and sales activities with its shipping line customers, and concentrates on such commercial activities in jurisdictions in which it is a new entrant to ensure an early ramp-up of volumes as part of the commercial strategy. The Group maintains Terminal Service as well as Service Level Agreements with a number of shipping lines specifying service and performance standards. The Company will continue to maintain high-level relationships with a number of its clients, as it believes that this engagement is necessary to anticipate changes in a dynamic shipping industry and in turn to ensure alignment with ICTSI's service delivery. On the other hand, its business or profitability is not materially dependent on any relationship with any individual customer. As also seen in the previous years, ICTSI's customer base remains very broad. There is no single dominating customer, and no customer has contributed to more than 10% of the Group's consolidated revenues in 2014, 2015 and 2016.

Related Parties

Related party transactions are discussed in Part IV, Item 12 of this report, and in Note 23, *Related Party Transactions*, to the 2016 Annual Audited Consolidated Financial Statements.

Intellectual Property, Licenses, Contracts and Agreements

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

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

Government Regulations and Licenses

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

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

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

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

As of December 31, 2016, there are no pending requests for government approval for any of the Group's principal activities, except those arising from new or ongoing bids to operate, manage, or develop ports, which the Group's Business Development Offices undertake.

Development Activities Expenses

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

	Amounts	% of Revenues
2014	US$9.3	0.88%
2015	9.2	0.88%
2016	6.2	0.55%

Insurance

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

Safety, Quality, Maintenance and Compliance with Environmental Laws

The Group provides regular inspection and maintenance of its equipment and facilities. It has established formal procedures for the maintenance and inspection of equipment that follow international guidelines or manufacturers' recommendations. Formal corporate policies are issued to address maintenance of critical components such as the structure, hoisting mechanisms, twist locks, safety devices interlocks and load path crane components. From time to time, the Group commissions structural professional consultants to provide testing of equipment, such as crane structures. Purchase of wire ropes are always accompanied with load test certificates which are requirement that the suppliers must comply. Wire ropes installed on different container handling equipment are monitored and tested for defects through visual and mechanical inspection and discarded from usage based on established discard criteria. All these activities are recorded and maintained in the Asset Management System.

The Group also strives to adhere to strict standards of quality, safety and consistency of service in managing the ports. The operations of MICT received an ISO 9001:2008 Quality Management Systems Certification and an ISO 14001:2004 Environmental Management Systems Certification. CGSA has received five certifications: ISO 9001:2008 Quality Management Systems Certification; OHSAS 18001:2007 Occupational Health and Safety Certification; ISO 28000:2007 Supply Chain Security Management Systems Certification, ISO 14001:2004 Environmental Management Systems Certification and BASC for Safe and Secure International Trade. BCT has received four certifications: ISO 9001:2008 Quality Management Systems Certification, ISO 14001:2004 Environmental Management Systems Certification, ISO 22000:2005 Food Safety Management Certification and ISO5001:2011 Energy Management Systems Certification. TSSA has received two certifications: ISO 9001:2008 Quality Management Systems Certification and an ISO 14001:2004 Environmental Management Systems Certification. PICT has received ISO 9001:2008 Quality Management Systems Certification. MICTSL has received two certifications: ISO 9001:2008 Quality Management Systems Certification and ISO 14001:2004 Environmental Management Systems Certification. CMSA has received four certifications: ISO 9001:2008 Quality Management Systems Certification, ISO 14001:2004 Environmental Management Systems Certification, OHSAS 18001:2007 for Occupational Health and Safety Certification and ISO 28000:2007 for Supply Chain Security Management Systems Certification. PTMTS has received ISO 9001:2008 Quality Management Systems Certification. SCIPSI has received three certifications: ISO 9001:2008 Quality Management Systems Certification, 14001:2004 Environmental Management Systems Certification and OHSAS 18001:2007 Occupational Health and Safety Certification. DIPSSCOR has received ISO 9001:2008 Quality Management Systems Certification. YICT has received ISO 9001:2008 Quality Management Systems Certification. As a component of ICTSI Enterprise Risk Management mitigation program under the company Group Board Audit Committee, the Global Health, Safety, Security and Environment (HSSE) Section has been established in the third quarter of 2015 tasks to come up with global HSSE Manual that will be the foundation for tackling occupational health, safety and environment challenges based on the development of global guidelines and locally customized programs and ensure implementation and compliance of relevant health and safety regulatory requirements in all ICTSI Terminals. Recently, ICTSI has launched the formation of Global Health, Safety, Security and Environmental (HSSE) Department, managed from the Corporate Office specifically to monitor and streamline the implementation of the above quality, safety, security and environmental management systems.

All of the Group's terminals are compliant with the regulations set forth under the International Ship and Port Facility Security (ISPS) Code, a comprehensive set of required and voluntary measures implemented under the International Convention for the Safety of Life at Sea to enhance the security of ships and port facilities, developed in response to the perceived threats to ships and port facilities. The Port Facility Security Plan is assessed regularly for relevancy and effectiveness. ISPS certifications are maintained valid and renewed as it expires. As part of the Group's efforts to be ISPS Code compliant, it has included weighing and scanning stations at the ports' gates or premises.

Costs incurred by ICTSI and subsidiaries in obtaining these certifications including complying with environmental laws amounted to US$0.6 million in 2014, US$0.7 million in 2015 and US$0.2 million in 2016. The cost, particularly of the Parent Company, had been substantially minimized but still within compliance due to the reduction of testing interval, test parameters and contract enhancement modification, such as, in used oil and solid waste collection.

Employees

The Group has a total of 7,967, 7,962 and 8,009 permanent employees as of December 31, 2014, 2015 and 2016 respectively. The Group generally does not hire contractual employees as the Group believes that it can achieve greater efficiency with a dedicated staff of employees who are familiar with the Group's internal systems. The following table shows the number of employees by activity and location:

	As of December 31		
	2014	2015	2016
Employees by Activity			
Operations	5,073	5,207	5,129
Engineering	1,023	1,064	1,058
Finance and administration	1,245	1,059	1,116
Corporate offices	186	198	164
Others	440	434	542
Total	7,967	7,962	8,009
Employees by Geographic Region			
Asia	3,674	3,639	3,792
Americas	3,254	3,184	2,947
EMEA	1,039	1,139	1,270
Total	7,967	7,962	8,009

The Group does not anticipate any major change or increase in its labor force in the ensuing 12 months from its existing operating terminals. There are no current or known threats from employees to engage in any work stoppage across all terminals.

Majority or a large portion of these employees are union members. As of December 31, 2014, 2015 and 2016, approximately 56.4 percent, 56.6 percent and 65.29 percent respectively, of the labor force are unionized. The Group has collective bargaining agreements (CBA) in many of the ports in which it operates.

Asia

MICT. On April 25, 2014, ICTSI and the Nagkakaisang Manggagawa sa Pantalan ng ICTSI – National Federation of Labor Unions (NMPI-NAFLU), the bargaining unit for MICT workers, renewed its CBA for another five years effective up to April 24, 2019.

A five-year CBA between ICTSI and Anchorage Labor Union-ICTSI-NAFLU (ALU-ICTSI-NAFLU), the bargaining unit for the MICT Anchorage Division, was also signed on February 27, 2014, effective until February 26, 2019.

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

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

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

PICT. The Democratic Employees Union (PICT-DEU) was formed on April 23, 2014 as the bargaining unit for PICT workers. The first CBA was signed on January 16, 2015, effective for a period of two years. The CBA expired on January 17, 2017 and negotiations for the renewal of the CBA are in progress.

Americas

CGSA. There is a non-unionized Works Council since October 2008 and a CBA signed initially on July 16, 2009. The CBA was renewed on September 25, 2015 and will be effective for the next two years. Besides the benefits that any worker is entitled by law, CBA secures for the employees some additional benefits: in-out transportation, food service and uniform. There have been no cases of strikes or walkouts since CGSA took over operations in 2007.

TSSA. The administrative and maintenance employees in TSSA are represented by the Sindicato dos Auxiliares de Administracao de Aramazens Gerais do Estado de Pernambuco (SINDAGE). The CBA with SINDAGE is renewed every two years and was last signed on February 28, 2015. TSSA and the union have a good relationship and there had not been any major labor disturbances, such as strikes, slowdown, boycott or mass absences in years. The employees receive benefits such as dental and health insurance, local restaurant privileges, support for professional development, leaves and transportation services. The CBA will expire on June 30, 2017, with the base date amended in February 2016. Occasional workers at the customs inspections area and all other operations personnel, both represented by occasional labor unions, have entered into a CBA with TSSA. The CBA relating to customs inspections area workers expired in February 2017 and is currently under negotiation for renewal. Meanwhile, the CBA relating to all other operations personnel will expire in June 2017.

ICTSI Oregon. The labor union that performs stevedoring and terminal work for ICTSI Oregon is the International Longshore and Warehouse Union (ILWU). ILWU are not employees of ICTSI Oregon. ICTSI Oregon is a member of the Pacific Maritime Association (PMA), a West Coast employers group that negotiates a coastwise CBA on behalf of its members. Individual negotiations by members are not allowed. Non-members may negotiate directly with the union. The current ILWU-PMA contract expired on June 30, 2014 and currently still subject to negotiation. A tentative agreement was ratified in May 2015 retroactive to July 2014. Under the ratified CBA, slowdowns, work stoppages or other interruptions are handled through the contract arbitration process. Resolution of this coastwise agreement did not necessarily alleviate the ILWU's slowdowns and other actions against ICTSI Oregon as the slowdown and disruptions continued.

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

EMEA

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

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

MICTSL. MICTSL assumed the CBA entered into by the previous port operator. The agreement sets out the obligations of the port operator with respect to matters such as medical care, housing allowances and holidays. A salary grid is produced from time to time under the agreement that sets forth applicable wages. Under the CBA and applicable employment regulations, union representatives may only be dismissed after the employer has successfully petitioned the Labour Inspectorate to do so. The right to strike is protected, provided that at least 48 hours' notice is given to management. In 2009, there was a two-day temporary operational disruption due to political unrest wherein the then President of Madagascar was ousted by the military. The disruption did not produce any adverse effect on MICTSL. In 2010, MICTSL experienced two strikes attributed to the politicization of the concession agreement and privatization of port operations. The CBA was renewed on October 1, 2015 for a period of five years, and can be subject of a review three years after effectivity date upon the request of either of the parties.

Risks Relating to the Group's Business

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group is subject to the risk of system failures.

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

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

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

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

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

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

Properties

Principal Facilities

Asia

Philippines - MICT. MICT provides a full range of container cargo handling services to shipping lines transporting international containerized cargo to and from the Port of Manila with an estimated handling capacity of 2,750,000 TEUs per year. MICT occupies a total land area of 105 hectares, of which 94 hectares have been developed, and includes six berths. MICT also has a 1,750-meter long wharf which can accommodate six to seven ships, depending on the ships' sizes. In 2012, ICTSI completed the development of Berth 6, which was a condition for the extension of the MICT Contract and to accommodate increasing volume. Adjacent to the MICT wharf is a container yard, with a total stacking capacity of 62,625 TEUs, 1,534 TEUs of which are refrigeration-ready with reefer plugs. MICT also has three one hectare container freight stations (warehouses): two for imports; and one for exports. The facility also has a truck holding area, with 400 truck parking bays. MICT has three gates: two with six lanes; and one with seven lanes.

The terminal is fully equipped with security features recommended by the United States Homeland Security Agency, including gamma ray scanning devices and a closed-circuit television surveillance system.

On May 14, 2008, the Board of Investments of the Philippines approved ICTSI's registration of the construction of Berth 6 of the MICT with Pioneer status under the Omnibus Investments Code of 1987, which entitles Berth 6 to an income tax holiday for a six-year period from November 2011, among others. Berth 6 was completed and inaugurated in July 2012, and increased the terminal capacity to 2,500,000 TEUs per year. The new berth features additional 14 hectares of container space, two additional quay cranes for offloading ships and ten RTGs. A third quay crane was delivered in 2013. On July 2, 2015, the Board of Investments (BOI) approved the registration of ICTSI's construction of Berth 7 of the MICT as "New Operator of Port Infrastructure (Berth 6)" on a Non-Pioneer status under the Omnibus Investment Code of 1987. Berth 7 is entitled to an income tax holiday of three years starting from July 2017 or actual date of commercial operations, whichever is earlier.

As of December 31, 2016, ICTSI has a total of 13 quay cranes complemented by seven reach stackers, 45 rubber-tired gantries (RTGs), and a huge fleet of transportation equipment.

Philippines - New Container Terminal 1. Subic Bay International Terminal Corporation (SBITC) originally developed, managed and operated the NSD Waterfront Area in Subic, Philippines. However, in April 2008, the NSD Waterfront Area was replaced by the New Container Terminal (NCT-1). NCT 1 is a 14-hectare terminal with a 280-meter berth and controlling depth of 13 meters, making it possible to handle post-Panamax vessels. The estimated handling capacity of NCT-1 is 300,000 TEUs per year. As of December 31, 2016, SBITC has two post-Panamax cranes, four reach stackers, two empty container handlers, three forklifts, 22 prime movers and 30 chassis.

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

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

Philippines - Mindanao Container Terminal (MCT). Mindanao International Container Terminal Services, Inc. or MICTSI operates the MCT located at Phividec Industrial Estate, Misamis Oriental. MICTSI has a 24-hectare terminal area for infrastructures, equipment and support facilities and handles containerized and non-containerized cargo. The terminal also has a 300-meter berth with a controlling depth of 13 meters that can service two vessels at once. The terminal is also supported by an 11-hectare yard area inclusive of container yard road networks, with a storage capacity of 6,816 TEUs. The terminal is also equipped with 262 reefer plugs at 440 volts. The estimated handling capacity of MCT is 250,000 TEUs per year. As of December 31, 2016, MICTSI has a reach stacker, two quay cranes, two empty container handlers and four RTGs.

Philippines - Sasa Wharf. DIPSSCOR is a cargo handler at the Sasa International Port in Davao City, Philippines and the facilities are not for the exclusive use of DIPSSCOR. The terminal covers an area of 16.75 hectares with 10 berthing positions of 10.6 meters in depth and occupying a total length of 1,093 meters. The total throughput capacity of the terminal is 500,000 TEUs per year. As of December 31, 2016, DIPSSCOR has three RTGs, six reach stackers, an empty container handler and 12 forklifts.

Philippines - Makar Wharf. SCIPSI is a stevedoring and cargo handling service provider at the Makar Wharf, Port of General Santos, General Santos City, Southern Mindanao. The Makar Wharf is a general purpose wharf handling domestic and international containerized, general and roll-on/roll-off cargo as well as domestic passenger traffic. The terminal surface area is 14 hectares that includes nine berths at 850 meters in length with 8-12 meters depth. The terminal is also equipped with 204 reefer plugs and has a total capacity of 250,000 TEUs per year. As of December 31, 2016, SCIPSI has three reach stackers, 14 chassis, 14 prime movers and 16 operating forklifts.

Philippines - Hijo Port. In 2012, ICTSI, through its wholly owned subsidiary, Abbotsford, together with Hijo Resources Corp., a diversified group involved in leisure and tourism, agribusiness, property development and port operations, invested in HIPS for the construction, development and operation of Hijo Port. Hijo Port is a private commercial port owned by HIPS located in Barangay Madaum, Tagum, Davao del Norte in the Gulf of Davao. The existing port sits within a reclaimed land of about 10.3 hectares. It has two berths at 120 meters and 150 meters long, and various terminal support facilities. HIPS currently has a container handling capacity of 300,000 TEUs per annum. HIPS is currently handling break bulk cargo. As of December 31, 2016, HIPS has one mobile harbor crane, an empty container handler and two forklifts.

Philippines – Calamba, Laguna. On March 2, 2015, LGICT commenced operation of its one-stop inland container terminal located in Calamba City, Laguna. LGICT is 60%-owned by IW Cargo Handlers, Inc., a wholly-owned subsidiary of the Company, and 40% owned by Nippon Container Terminals Co. Ltd., Transnational Diversified Corporation and NYK Fil-Japan Shipping Corp. LGICT primarily operates as an extension of the seaport operations of MICT and is intended to function as a regional logistics hub, which will service and support the operations of exporters and importers. LGICT is situated on a 21-hectare property that is 58 kilometers from Metro Manila, located near various economic export zones and adjacent to a railroad. As of December 31 2016, LGICT has two reach stackers and three side lifters.

China - Port of Yantai. YICT's terminal covers an area of 76.6 hectares with four berthing positions of 14 to 17 meters in depth and occupying a total length of 1,300 meters. The estimated handling capacity of YICT is 1,300,000 TEUs per year. As of December 31, 2016, YICT has seven quay cranes, which handle loading and unloading of cargoes with the support from one empty container handler, three RTGs, five reach stackers, 17 prime movers, 20 forklifts, 20 RMGs, 32 chassis, and a large fleet of transportation vehicles.

Indonesia - Makassar Container Terminal. Makassar Terminal Services (MTS) supplies and operates equipment for PT Pelabuhan Indonesia IV (Pelindo IV), the Indonesian government agency which operates the Port of Makassar. MTS covers an area of 12.4 hectares with 850-meter berth length and seven berthing positions with 12 meters of depth. The total port terminal capacity is 650,000 TEUs with the estimated handling capacity of MTS at 250,000 TEUs per year. As of December 31, 2016, MTS has two quay cranes, three RTGs, and 10 prime movers.

Indonesia - Port of Tanjung Priok. In July 2012, ICTSI acquired 100% of the equity interest of OJA through its indirect majority owned subsidiary, JASA. OJA is an Indonesian limited liability company engaged in the loading and unloading of general goods and containers at the Port of Tanjung Priok, Jakarta, Indonesia. OJA has existing cooperation agreements with PT. Pelabuhan Indonesia II (Pelindo) under a profit sharing scheme. The scheme covers the terminal operations for fields 300, 301, 302 and 303, which are operated by Pelindo and located in Terminal III Operation of Tanjung Priok Port. These cooperation agreements have terms of two years that can be extended by the parties. On June 5, 2013, OJA signed a 15-year Cooperation Agreement with Pelindo, Tanjung Priok Branch for international container stevedoring services under a profit sharing scheme. The terminal has a capacity of 400,000 TEUs per year, berth length of 600 meters and 5.86 hectares container yard. As of December 31, 2016, the terminal has a mobile harbor crane, two reach stackers, seven quay cranes, 30 rail mounted gantries, and thirty-one fleet of transportation equipment supporting its operations.

Pakistan - Karachi Port. In October 2012, ICTSI, through its wholly owned subsidiary ICTSI Mauritius, completed the acquisition of a majority shareholding in PICT. PICT has a contract with Karachi Port Trust for the exclusive construction, development, operations and management of a common user container terminal at Karachi Port for a period of 21 years commencing on June 18, 2002. The terminal has a capacity of 750,000 TEUs per year and a berth length of 600 meters with a depth of 13.5 meters. As of December 31, 2016, PICT has six quay cranes supplemented by three empty container handlers, 11 reach stackers, 16 forklifts, 20 RTGs and 35 prime movers, 56 chassis and a large fleet of transportation equipment handling the existing operations at Karachi Port.

Australia – Port of Melbourne. On May 2, 2014, the Company and Anglo Ports, through their 90%-owned subsidiary, VICT, signed a contract with the Port of Melbourne Corporation for the design, construction, commissioning, maintenance, operation and financing of Melbourne's Webb Dock new international container terminal and empty container park. The contract grants a lease concession until 2040. Phase 1 of the terminal will comprise one berth of 330 meters fitted with three neo-Panamax ship-to-shore cranes, 23.7 hectares of yard and off-dock area with fully automated operations from gate to quayside, delivering an estimated capacity of 350,000 to 500,000 TEUs. The terminal itself will be able to handle vessels with a capacity in excess of 8,000 TEUs, and will also feature a 10-hectare empty container park with a working capacity of around 200,000 TEUs.

The investment for the development of the new international container terminal and empty container park is estimated at approximately AUD439 million (US$407 million) for Phase 1 and 2. An additional investment of AUD150 million (US$139 million) is estimated to increase the capacity of the terminal from 1.6 million to 1.8 million TEUs. Phase 1 of the project is expected to commence commercial operations in the second quarter of 2017. The second phase is expected to be completed in the last quarter of 2017 and is expected to add an additional two neo-Panamax ship-to-shore cranes on a second 330-metre berth.

On full completion and as required, the aggregate 35.4-hectare terminal will comprise up to eight neo-Panamax ship-to-shore cranes in 660 meters of berth, and will be able to handle 1.6 million to 1.8 million TEUs annually, with the empty container park's capacity increasing to 280,000 TEUs.

On February 4, 2015, a share sale agreement between the Company and Anglo Ports for the Company's acquisition of Anglo Ports' 10.0% stake in VICT took effect. VICT became a wholly-owned indirect subsidiary of the Company as a result of the sale.

Americas

Ecuador - Guayaquil Container and Multipurpose Terminal. CGSA is the exclusive operator of a container terminal in the Port of Guayaquil, Ecuador. The total land area of the terminal is 148 hectares, of which 115.4 hectares is developed. The total berth length is 1,717.5 meters with 10 berthing positions including tugboat berth with 10.5 meters of depth. The estimated handling capacity of CGSA is 1,400,000 TEUs per year with 3,800 reefer plugs to accommodate increasing demand for the containerization of bananas.

In 2008, CGSA completed upgrades to its inventory and maintenance processes and IT services. CGSA had also made physical improvements of the terminal including container and multipurpose yard improvements, construction of a new berth as a reinforcement of an existing one, construction of an electric substation, and acquisitions of cranes and RTGs. New reefer stations and plugs were also added to accommodate the shift from bananas as break bulk cargo to containers. As of December 31, 2016, CGSA has six quay cranes and three mobile harbor cranes that are supported by 23 RTGs, 14 reach stackers and a huge fleet of transportation equipment that handle movement of containerized cargoes at the terminal.

Brazil - Suape Container Terminal. TSSA is the exclusive operator of the container terminal in the port in Suape, Brazil until the earlier of (a) throughput of 250,000 boxes (approx. 400,000 TEUs) for three consecutive years or (b) after the first 15 years of the concession. The terminal covers a developed area of 41.1 hectares and undeveloped area of 4.5 hectares. TSSA has a 660-meter long two-berth wharf, a 30-hectare container yard, 576 reefer plugs, and a 4,000-square meter CFS and a truck weighing scale. The estimated handling capacity of TSSA is 700,000 TEUs per year.

TSSA has completed the build-out of the infrastructure of the Suape Container Terminal, including the acquisition of equipment and the development of civil works, such as yard expansions. As of December 31, 2016, TSSA has six quay cranes, six reach stackers, six empty container handlers, 13 forklifts,14 RTGs, 38 prime movers, 48 chassis and numerous transportation equipment that complement the servicing of all movements of containerized cargoes inside the terminal.

Colombia - Port of Buenaventura. SPIA owns 225 hectares of land in the Aguadulce Peninsula in Buenaventura. SPIA was granted a 30-year concession by the Colombian National Institute of

Concessions to develop, construct and operate a container handling facility in Aguadulce. The Aguadulce Peninsula is across the channel from the existing Port of Buenaventura. Buenaventura is located on the west coast of Colombia. It is the biggest port in the country and the only Colombian port on the Pacific coast. SPIA started initial operations in the fourth quarter of 2016. As of December 31, 2016, SPIA has three empty container handlers, three reach stackers, four quay cranes and 10 RTGs.

Argentina - Porta de la Plata. In October 2008, Tecplata was granted a 30-year concession to build and operate an all-purpose port terminal in the Port of La Plata, Argentina, by the *Consorcio de Gestion del Puerto La Plata*, which would expire in 2038. The port development project covers 41.2 hectares, 29.6 hectares of which is from the concession agreement and 11.6 hectares is from *Compania Fluvial del Sud S.A.* via a Usufruct Agreement for a term of 20 years renewable at Tecplata's option for another 20 years. The development of the terminal will be done in three phases with an estimated total handling capacity of 1,000,000 TEUs. In September 2010, Tecplata signed a civil works agreement with Dycasa, S.A. and began Phase 1 of the construction of the terminal facility in October 2010. Phase 1 has an estimated handling capacity of 450,000 TEUs with 600-meter berth having four berthing positions and controlling depth of 36 feet. As of December 31, 2016, Tecplata has four quay cranes, two reach stackers, three empty container handlers, seven forklifts, 18 prime movers, 20 chassis and 9 RTGs. As at March 9, 2017, Tecplata is ready to operate.

Mexico - Port of Manzanillo. In June 2010, ICTSI signed a 34-year concession for the development and operation of the Second Specialized Container Terminal (TEC-II) at the Port of Manzanillo in Mexico. ICTSI established CMSA to operate the Port of Manzanillo. The port development project covers about 77 hectares with 1,080 meters of seafront. The development of the container terminal will be done in three phases. Construction of Phase 1A development, which started in November 2011, was completed and CMSA formally commenced commercial operations in November 2013. The handling capacity of CMSA is 750,000 TEUs in 2016 with 360 reefer plugs. The total berth length of the first phase is 720 meters with two berthing positions with 16 meters of depth. As of December 31, 2016, CMSA has six quay cranes supported by five reach stackers, five empty container handlers, 16 RTGs, 22 forklifts, 32 prime movers, 32 chassis and a huge fleet of transportation equipment.

United States of America - Port of Portland. In May 2010, ICTSI Oregon, a subsidiary of ICTSI, signed a 25-year lease with the Port of Portland in Oregon, U.S.A. for the operation of the container/ break bulk facility at Terminal 6. ICTSI established ICTSI Oregon to operate the Port of Portland. In February 2011, ICTSI Oregon took over the terminal operations. The terminal includes a 78-hectare container/break bulk facility at Terminal 6 with 869-meter berth having three berthing positions and controlling depth of 13.1 meters. The facility also includes a 78-hectare container yard and 0.5-hectare hazardous cargo control area. The estimated handling capacity of ICTSI Oregon is 700,000 TEUs per year. As of December 31, 2016, ICTSI Oregon has 10 forklifts, 23 reach stackers and 54 chassis, which will be transferred to the Port of Portland on March 31, 2017 in accordance with the Lease Termination Agreement signed by ICTSI Oregon and the Port of Portland on March 8, 2017.

Honduras - Puerto Cortés. On February 1, 2013, ICTSI won and was awarded the Contract for the Design, Financing, Construction, Maintenance, Operation and Exploitation of the Specialized Container and General Cargo Terminal of Puerto Cortés in the Republic of Honduras for a period of 29 years through a public hearing held in Tegucigalpa, Honduras. The Container and General Cargo Terminal of Puerto Cortés cover a developed area of 36.3 hectares and undeveloped area of 10.5 hectares. The terminal currently has 800-meter pier having three berthing positions and depth of 12.5 meters and has a capacity of 680,000 TEUs. OPC started its commercial operations in December 2013. As of December 31, 2016, OPC has one quay crane, four mobile harbor cranes, 17 reach stackers, 26 forklifts, and a huge fleet of transportation equipment.

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

EMEA

Poland - Gdynia Container Terminal. BCT has the exclusive lease contract to operate the Gdynia Container Terminal in Gdynia, Poland. The terminal covers an area of 57 hectares and its facilities include an 790-meter long wharf with five berths (four of which are for container loading and unloading operations and one of which is equipped with a hydraulic ramp for roll-on roll-off operations), a container stacking yard, a cargo handling zone, a warehouse and a rail facility with three rail tracks. The estimated handling capacity of BCT is 1,200,000 TEUs per year. As of December 31, 2016, BCT has two mobile harbor cranes, two rail-mounted gantries, three reach stackers, eight quay cranes, 18 RTGs, 23 forklifts, 33 chassis, 37 prime movers and a large fleet of transportation equipment that handle loading and unloading of containerized cargo at the terminal.

Madagascar - Port of Toamasina. MICTSL manages, operates and develops the Port of Toamasina, Madagascar. The terminal covers an area of 19 hectares and its facilities include two berths with a combined length of 307 meters and a depth in excess of up to 12 meters. The estimated handling capacity of MICTSL is 400,000 TEUs per year. As of December 31, 2016, MICTSL has one empty container handler, three mobile harbor cranes, four forklifts, four reach stackers, six RTGs, 19 prime movers and 21 chassis.

Georgia - Port of Batumi. BICTL operates a container terminal and a ferry and dry bulk handling facility in the Port of Batumi, in Georgia. BICTL covers an area of 13.6 hectares, 10.0 hectares of which is still undeveloped. BICTL has two berths with combined length of 465 meters and depth between 8 and 10.5 meters. The estimated handling capacity of BICTL is 150,000 TEUs per year. As of December 31, 2016, BICTL has two empty container handlers, two mobile harbor cranes, four reach stackers, eight prime movers and eight forklifts.

Croatia - Brajdica Container Terminal. In March 2011, ICTSI, through its wholly owned subsidiary, ICBV, entered into a Share Purchase Agreement with Luka Rijeka D.D., a Croatian company to acquire a 51% interest in AGCT. AGCT operates the Brajdica Container Terminal in Rijeka, Croatia with a concession period of 30 years until 2041. The port includes a 17 hectare yard, with a combined 790-meter quay and depth of 10.5 to 14.2 meters. The current capacity is 600,000 TEUs per year with 252 reefer plugs. As of December 31, 2016, AGCT has four quay cranes, six RTGs, two rail-mounted gantries, five reach stackers, an empty container handler, four forklifts, nine prime movers and 17 chassis to support its operations.

Iraq – Port of Umm Qasr. On April 8, 2014, ICTSI, through its wholly owned subsidiary ICTSI Dubai, and General Company for Ports of Iraq (GCPI) signed the Contract for the Construction and Operation of Three New Quays and Management and Operation of Quay No. 20 (“Contract”) in the Port of Umm Qasr (“Port”) in Iraq. The Contract grants ICTSI the rights to: (a) manage and operate the existing container facility at Berth 20 of the Port for a period of 10 years, (b) build, under a build-operate-transfer (BOT) scheme, a new container and general cargo terminal in the Port for a concession period of 26 years, and (c) provide container and general cargo terminal services in both components. On March 1, 2016, an addendum to the Contract (“Addendum”) was signed by the parties granting ICTSI, through ICTSI Dubai, the right to manage and operate an additional existing Quay No. 19 for a total of 13 years, with the first three years for the completion of rehabilitation works. Also, the Addendum extended the original term for the management and operation of Quay No. 20 from 10 to 13 years. ICTSI commenced trial operations at Berth 20 in September 2014 and full-fledged commercial operations in November 2014. ICTSI commenced commercial operations of Berth 19 in June 2016. Phase 1 of the expansion project under the BOT scheme will have 250 meters of berth with an estimated capacity of 300,000 TEUs. When fully developed, the facility will have 600 meters of quay with an estimated capacity of 900,000 TEUs. Phase 1 is expected to be completed and fully operational by first quarter of 2017.

The Port covers an area of 78.2 hectares, 35.2 hectares of which is still undeveloped. The Port has two berths with length of 400 meters and depth of 12.5 meters. The estimated current handling capacity of the Port is 600,000 TEUs per year. As of December 31, 2016, the terminal has two mobile harbor crane, one empty container handler, two quay cranes, 12 forklifts, 12 reach stackers, 20 chassis and 20 prime movers.

Congo - River Port in Matadi, Democratic Republic of Congo. On January 23, 2014, ICTSI, through its subsidiary, ICTSI Cooperatief, forged a business partnership with SIMOBILE for the establishment and formation of a joint venture company, ICTSI DR Congo. ICTSI DR Congo will build a new terminal along the river bank of the Congo River in Matado and manage, develop and operate the same as a container terminal, as well as provide exclusive container handling services and general cargo services therein. SIMOBILE is a concessionaire of a parcel of land along the Congo river in the district of of Mbengu, Township of Matadi in the Democratic Republic of Congo, intended for port use. The facility to be constructed in Phase 1 will consist of two berths that will be able to handle 175,000 TEUs and 350,000 metric tons. The capacity and berth length can, subject to demand, be doubled in Phase 2. The first phase comprise two berths with an expected total length of 350 meters, which service shipping lines, importers and exporters. Phase 1 was completed in the fourth quarter of 2016. Initial operations started in the third quarter of 2016 while commercial operations started in January 2017.

Nigeria - Deep Water Port in the Lagos Free Trade Zone (LFTZ). On August 10, 2012, ICTSI and Lekki Port LFTZ Enterprise signed a sub-concession agreement, which grants ICTSI the exclusive right to develop and operate, and to provide certain handling equipment and container terminal services for a period of 21 years from the start of commercial operations. The container terminal will have a quay length of 1,200 meters, an initial draft of 14 meters with the potential for further dredging to 16.5 meters, and maximum capacity of 2,500,000 TEUs. With these features, shipping lines will be able to call with the new regional standard large vessels.

On January 26, 2014, ICBV executed a Share Purchase Agreement with CMA Terminals (CMAT), a member of CMA-CGM Group. Under the said Agreement, ICBV agreed to sell its 25 percent shareholdings in LICTSLE to CMAT, subject to certain conditions precedent to completion. Construction of the port in accordance with the sub-concession agreement is currently in the planning stage. As at March 9, 2017, the conditions precedent have not been satisfied.

Other Properties Owned by ICTSI and Subsidiaries

Location	**Descriptions/Owner**	**Encumbrance**
Cabuyao, Laguna, Philippines	20-hectare property that was original site of the inland container depot project/ICTSI Warehousing, Inc. (IWI)[1]	None
Calamba, Laguna, Philippines	25-hectare property which is the site of LGICT’s one-stop inland container terminal/ICTSI	None
Bauan, Batangas, Philippines	20-hectare (approximately) property in Batangas acquired from AG&P in December 1997/BIPI[2]	None

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[1] *100% owned by ICTSI*

[2] *60% owned by IWI*

Market for Issuer's Common Equity and Related Stockholder Matters

Market Information

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

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

As of the latest practicable trading date on March 9, 2017, the share prices of ICTSI were:

		In US Dollar	*In Philippine Peso*
Opening	:	US$1.52	₱76.50
High	:	1.53	76.90
Low	:	1.48	74.50
Closing	:	1.51	75.95

[*] *Amounts expressed in Philippine peso have been translated to USD using the closing exchange rate quoted from the Philippine Dealing System as at the end of March 9, 2017.*

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

Calendar Period	**Price/Common Share***			
	High		**Low**	
	In US Dollar	*In Philippine Peso*	*In US Dollar*	*In Philippine Peso*
2015				
Quarter 1	US$2.635	₱117.80	US$2.416	₱108.00
Quarter 2	2.528	114.00	2.351	106.00
Quarter 3	2.418	113.00	1.606	75.05
Quarter 4	1.849	87.00	1.423	66.95
2016				
Quarter 1	**US$1.526**	**₱70.30**	**US$1.194**	**₱55.00**
Quarter 2	**1.445**	**68.00**	**1.202**	**56.55**
Quarter 3	**1.755**	**85.10**	**1.268**	**61.50**
Quarter 4	**1.629**	**81.00**	**1.380**	**68.60**

[*] *Amounts expressed in Philippine peso have been translated to USD using the closing exchange rates quoted from the Philippine Dealing System as at the end of each quarter in 2015 and 2016.*

Holder

The number of stockholders of record as of the latest practicable date on February 28, 2017 was 1,427. Common shares issued and outstanding as of the same date were 2,045,177,671 shares (including 17,130,267 treasury shares). While Preferred A and B shares outstanding as of the same date were 3,800,000 shares and 700,000,000 shares, respectively.

As of February 28, 2017, the public ownership level of the Company is at 50.85% based only on common shares. The public ownership level of the Company is at 37.81% if both common and Preferred B voting shares are considered.

The following are the Company’s top 20 registered common stockholders as of February 28, 2017:

Name		No. of Shares Held	% of Total*
1.	PCD Nominee Corporation (Non-Filipino)	832,729,161	30.48%
2.	PCD Nominee Corporation (Filipino)	745,112,639	27.28%
3.	Bravo International Port Holdings Inc.	279,675,000	10.24%
4.	Achillion Holdings, Inc.	80,000,000	2.93%
5.	Sureste Realty Corporation	23,016,176	0.84%
6.	A. Soriano Corporation	22,064,102	0.81%
7.	Enrique Razon	18,143,687	0.66%
8.	Enrique K. Razon Jr. as voting trustee	15,936,201	0.58%
9.	Razon Industries, Inc.	6,058,133	0.22%
10.	Stephen Paradies	4,087,473	0.15%
11.	Deerhaven, LLC	4,000,000	0.15%
12.	Felicia S. Razon	868,725	0.03%
13.	Cosme Maria De Aboitiz	527,343	0.02%
14.	Ma. Consuela R. Medrano &/or Victorino S. Medrano Jr	250,000	0.01%
15.	Jose Manuel M. De Jesus	241,600	0.01%
16.	Jose Sy Ching	220,000	0.01%
17.	Ong Tiong	213,360	0.01%
18.	Silverio J. Tan	200,000	0.01%
19.	Ma. Socorro S. Gatmaitan	196,000	0.01%
20.	Alberto Mendoza &/or Lawrence Mendoza	192,457	0.01%

As of February 28, 2017, 700,000,000 Preferred B shares (25.62%)* are held by Achillion Holdings, Inc. and 3,800,000 Preferred A shares (0.14%)* are held by International Container Terminal Holdings, Inc.

**Percentage ownerships were computed using total number of issued and outstanding common shares, preferred B voting shares and preferred A non-voting shares of 2,731,847,404 (which excludes treasury shares) as of February 28, 2017.*

Dividends and Dividend Policy

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

	2014	2015	**2016**
Date of Board approval	April 10, 2014	April 16, 2015	**April 21, 2016**
Cash dividends per share	US$0.019 (₱0.85)	US$0.020 (₱0.90)	**US$0.020 (₱0.91)**
Record date	April 28, 2014	May 4, 2015	**May 5, 2016**
Payment date	May 9, 2014	May 15, 2015	**May 18, 2016**

Dividends may be declared only out of the unrestricted retained earnings. A board resolution is required for declaration of dividends. In addition, approval of stockholders representing at least two - thirds of the outstanding capital stock is required for the payment of stock dividends. Dividends are payable to all common stockholders, on the basis of outstanding shares held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to stockholders whose names are recorded in the stock and transfer book as of the record date fixed by the Board. Preferred A shareholders are entitled to dividends at rates to be fixed by the Board. As of December 31, 2016, the Board has not set the dividend rate for Preferred A shares. On the other hand, Preferred B shareholders shall earn no dividends.

Moreover, retained earnings were reduced by distributions paid out by Royal Capital B.V., a subsidiary of ICTSI, to holders of Securities aggregating US$29.3 million in 2014, US$33.4 million 2015 and US$34.2 million in 2016. Please refer also to Note 15, *Equity*, to the 2016 Audited Annual Consolidated Financial Statements.

Of the total retained earnings of US$763.3 million, US$723.2 million and US$779.4 million, as of

December 31, 2014, 2015 and 2016, respectively, undistributed cumulative earnings of subsidiaries in retained earnings position amounting to US$562.5 million, US$650.6 million and US$840.7 million, as of December 31, 2014, 2015 and 2016, respectively, are not available for dividend distribution.

On December 29, 2014, the existing appropriation of US$313.2 million was released from appropriation due to the completion of foreign and local projects such as CMSA and was re-appropriated for the same amount for new and ongoing projects, among others, in Subic, Australia, Colombia and Iraq. On the same date, the Parent Company appropriated additional US$73.6 million of its retained earnings for additional working capital requirements and domestic and foreign expansion projects in the ensuing year. On December 23, 2015, the Parent Company appropriated US$40.3 million for additional working capital requirements and its continuing foreign expansion projects in 2016. On April 21, 2016, the Parent Company released US$90.0 million from appropriated retained earnings. As at December 31, 2014, 2015 and 2016, total appropriated retained earnings of the Parent Company amounted to US$386.8 million, US$427.1 million and US$337.1 million, respectively.

Recent Sale of Unregistered Securities

On May 15, 2013, ICTSI issued 53,110,811 new common shares to Mr. Enrique K. Razon, Jr. for a subscription price of Php91.00 per share. This is an exempt transaction under SRC Rule 10.1(e) (The sale of capital stock of a corporation to its own stockholders exclusively, where no commission or other remuneration is paid or given directly or indirectly in connection with the sale of such capital stock.)

Description of Registrant's Securities

ICTSI's capital stock comprised of common and preferred shares. Common shares are listed and traded in the Philippine Stock Exchange. Preferred shares comprising of preferred A and B shares are not traded. Details and movement in the shares of stock of ICTSI are disclosed in Note 15, *Equity*, to the 2016 Audited Annual Consolidated Financial Statements.

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

The Preferred A shares, which were subscribed to by International Container Terminal Holdings, Inc., are non-voting, entitled to dividend at rates to be fixed by the Board, non-cumulative, convertible to common shares under such terms to be provided by the Board, redeemable at such price and terms determined by the Board and have preference over common shares in the distribution of the assets of the Parent Company (see Note 15.3 to the 2016 Audited Annual Consolidated Financial Statements). As of December 31, 2016, the Board has not fixed the dividend rate and terms of conversion of Preferred A shares.

The Preferred B shares were issued to Achillion Holdings, Inc. (Achillion). As at March 9, 2017, Preferred B shares have the following features: voting; issued only to Philippine Nationals; not convertible into common shares; earn no dividend and redeemable at the option of the Board.